APPEARANCES

Kenneth Cory, State Controller, Chairman
Leo T. McCarthy, Lieutenant Governor, Commissioner,
and Jock O'Connell, Office of the Lieutenant
Governor
Nancy Ordway, for Jesse R. Huff, Director of Finance,
Commissioner

STAFF PRESENT:

Claire Dedrick, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight, Counsel
N. Gregory Taylor, Counsel
Jane Smith, Secretary
# INDEX

<table>
<thead>
<tr>
<th>Proceedings</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmation of Minutes</td>
<td>1</td>
</tr>
<tr>
<td>Report of Executive Officer (No report)</td>
<td>1</td>
</tr>
<tr>
<td>Consent Calendar C1 through C23, with the exception of C12 being off calendar</td>
<td>2</td>
</tr>
</tbody>
</table>

## Regular Calendar Items

<table>
<thead>
<tr>
<th>Item 24</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 25</td>
<td>3</td>
</tr>
<tr>
<td>Item 26</td>
<td>3</td>
</tr>
<tr>
<td>Item 27</td>
<td>4</td>
</tr>
<tr>
<td>Item 28</td>
<td>5</td>
</tr>
<tr>
<td>Item 29</td>
<td>5</td>
</tr>
<tr>
<td>Item 30</td>
<td>5</td>
</tr>
<tr>
<td>Item 31</td>
<td>5</td>
</tr>
<tr>
<td>Item 32</td>
<td>7</td>
</tr>
<tr>
<td>Item 33</td>
<td>7</td>
</tr>
<tr>
<td>Item 34</td>
<td>7</td>
</tr>
<tr>
<td>Item 35</td>
<td>11</td>
</tr>
<tr>
<td>Item 36</td>
<td>12</td>
</tr>
<tr>
<td>Item 37</td>
<td>12</td>
</tr>
<tr>
<td>Item 38</td>
<td>13</td>
</tr>
<tr>
<td>Item 39, Presentation by Kip Skidmore</td>
<td>14</td>
</tr>
</tbody>
</table>

## Adjournment

| Adjournment | 38 |

## Reporter's Certificate

| Reporter's Certificate | 39 |
CHAIRMAN CORY: We'll call the meeting to order.

We have some housekeeping items here. First, representing the Lt. Governor this morning is Jock O'Connell. And for all of you out there who can read, you should not read the sign because it's incorrect. Jack, he's probably off at the annual tribute in Washington, D.C. for some of our other public officials. Had I muted the outside speakers before I said that?

(Laughter.)

CHAIRMAN CORY: Is the mute on or off? Can you hear?

EXECUTIVE OFFICER DEDRICK: They can hear.

CHAIRMAN CORY: Fine. Now that we've got that established, we can proceed.

We are going to, first, confirm the minutes for the regular meeting of the 27th of March and the special meeting of the 31st, and the special meeting of the 14th. Any corrections or additions? Without objection, we will confirm the minutes as presented.

We have the report of the Executive Officer.

EXECUTIVE OFFICER DEDRICK: No report this morning, sir.

CHAIRMAN CORY: Good work.
EXECTIVE OFFICER DEDRICK: You're welcome. Thank you.

CHAIRMAN CORY: The next item is the consent calendar. For the people in the audience, these are the calendar items prefixed by the letter C. They will be taken up in one vote and all of them approved at once, unless someone in the audience has an objection to the proposed action by the staff.

If you have any such objection, please let us know now before we take the motion, and we will remove them and debate those items individually. While people are trying to make sure they don't have any objections, I would like to comment that on C-13 — I believe it's Bolinas Community Public Utilities District and Colinas Beach and Cliff Association — Assemblyman Filante has given us a letter in support of that item as the staff proposes be disposed of.

The other item is that Item C-12, the Wilcoxson matter, is removed from the calendar. So, without objection, the consent calendar, Item C-1 through 23, excluding C-12, will be approved. That shall be the order.

The first item of our agenda is Item 24, the status of the Department of Parks and Rec. for transfer of 950 acres of State school land located in Santa Cruz County to the Department of Parks and Recreation.
EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman.

Senator Sam Farr has indicated an interest in this subject and it is on the calendar for that reason.

CHAIRMAN CORY: Why don't we put this on hold and we will take it up when Mr. Farr is able to be here.

EXECUTIVE OFFICER DEDRICK: Thank you, Mr. Chairman.

CHAIRMAN CORY: Okay. Next item is Item 25, Kings County Title Company, as trustee, is the applicant. And the staff is recommending that we deny without prejudice application for State-owned property set forth in Chapter 1200.

As I understand it, this is to allow negotiations to continue and not a time deadline to run.

EXECUTIVE OFFICER DEDRICK: That is correct.

CHAIRMAN CORY: And Kings County Title is aware of this action?

EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman.

CHAIRMAN CORY: Okay. Without objection, Item 25 is approved as recommended. Or denied -- the application is denied without prejudice.

Item 26, consideration of expenditure of tidelands revenues to pay for 50 percent of the $375,000 on city tidelands, which the city tidelands will receive benefit of.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, there's an error in the summary. The number is twice 375,000.
CHAIRMAN CORY: So that 375 is the one-half.

EXECUTIVE OFFICER DEDRICK: That's correct. It should read 750. 50 percent of 750 or 50 percent up to $375,000.

CHAIRMAN CORY: You slipped that one in at the last minute.

EXECUTIVE OFFICER DEDRICK: Sorry about that.

CHAIRMAN CORY: And on this item, is this the one where we have been urging them to do some consolidation?

MR. TROUT: This is correct.

EXECUTIVE OFFICER DEDRICK: Excuse me. Mr. Trout, he really does want to talk about it.

MR. TROUT: This project would not actually acquire any land. It's to acquire equipment and things like that. Because of the layout, we have been urging them to consolidate their holdings. And we'd like the Commission to kind of support us in that. It will be good for the Trust.

CHAIRMAN CORY: Any questions from the Commissioners? Any questions from anyone in the audience?

Without objection, Item 26 will be approved as presented.

Item 27, approval of a nonexclusive geophysical survey permit on tide and submerged lands, Grizzly Bays, Contra Costa County. Anybody in the audience on this item?
Any questions from the Commissioners?

Without objection, Item 27 will be approved as presented.

Item 28, approval of specifications for invitation for bids on crude oil, Tidelands Tract 20, Long Beach Unit.

Is there anyone in the audience on this item? Any questions from the Commissioners? Without objection, Item 28 will be approved as presented.

Item 29. This is a reduction in the amount of letter of credit for royalty oil sales, the South Elwood Field. This is due to declining oil prices. Anybody in the audience on this item? Any questions of the Commissioners?

Without objection, Item 29 will be approved as presented.

Item 30, Continental Maritime of San Diego, Inc., a dredging permit for 6,000 cubic yards of material in San Diego Bay and disposal at an approved offshore site.

Is there anybody in the audience on this item? Any questions of the Commissioners?

Without objection, Item 30 will be approved as presented.

Item 31, monitoring of subsidence and seismic hazards in the Long Beach Unit. Moose?

MR. THOMPSON: On the map directly behind you shows
the results of a six-month survey that was run between
November of '84 -- this is a full year. I'm sorry. November
of '85, November 84-85. It shows a small drop in elevation
in this particular area. But the real key is this map over
here, which shows the results of twenty and a half years
of elevation. You can see that whole area actually has been
rebounded here. So, what happens, this land surface has
been raised and it tends to go up and down slightly.

These are the magnitude here (indicating), coming
up maybe three or four-tenths of a foot. Small changes
there (indicating) between zero and five-hundredths of a
foot.

CHAIRMAN CORY: What is that red line?

MR. THOMPSON: That red line shows that there are
subsidence, bench elevations there going down more than
500 foot in this area, between zero and 0 there.

COMMISSIONER ORDWAY: And the other side of the
green?

MR. THOMPSON: Green is all positive up to plus
three-tenths here. And then the twenty-and-a-half-year
trend in that same area, you can see it actually has come
up a tenth of a foot.

So, that that spot right there and this spot
right here (pointing). So that actually it has -- the
elevation is higher than it was 20 years ago, even though
in a year period it's gone down.

CHAIRMAN CORY: Any questions of Commissioners?

Any questions from anyone in the audience? And do we need a specific approval on this, or is this information?

MR. THOMPSON: Informational.

CHAIRMAN CORY: Okay. Item 32, fifth modification of the budget. Fifth and sixth are routine?

MR. THOMPSON: Routine.

CHAIRMAN CORY: Okay. Seventh you want to take up with the budget.

MR. THOMPSON: Please.

CHAIRMAN CORY: Okay. Anybody in the audience on the fifth modification and the sixth modification in Items 32 and 33?

Without objection, those two items will be approved as presented.

Moose, you're up for the -- you'll take up the seventh modification of the budget and the plan for development for the 86-87 fiscal year.

MR. THOMPSON: There's a statutory requirement that the City of Long Beach has to approve a plan and budget and send it to the Commission for their approval.

The statutory requirements also force the City of Long Beach to start consideration of this budget in December and January of the previous year. They did that.
They started in December of '85 and worked on it in January of '86.

And the only thing that went wrong along the way is that crude oil prices went to pieces.

They were preparing a budget at this point in time right here (indicating) when crude oil prices were $22. The budget was being typed up at this particular time.

We're now --

(Laughter.)

MR. THOMPSON: The city recognized this fact when they were going through this cover letter that talks about the budget being prepared under $16 and modification is required.

What we're asking you to do here is follow up with the statutory requirements, approve the plan and budget, subject to modification in June.

The City of Long Beach is in the audience and we have worked together to bring back to you a modification that is more realistic than this oil price (indicating).

CHAIRMAN CORY: So the modification, you want to wait until June so you'll have the latest data before fiscal year starts upon which --

MR. THOMPSON: And we hope it doesn't get any worse than it is now.

CHAIRMAN CORY: To wait rather than to put
something together now --

MR. THOMPSON: Yes. The opposite of this is to have a public hearing. And I don't think the City of Long Beach or ourselves want that. It's much better to handle it, much more orderly to come in with the first modification.

You take the seventh modification of this year's plan and budget, we are tailoring our expenditures, reducing the rig activity. They show the direction that that first modification of next year's plan and budget will be headed towards.

CHAIRMAN CORY: Why don't you go through the seventh modification just in a nutshell so we can get that approved.

MR. THOMPSON: The seventh modification, then, is an approval to do these various reductions in expenditures. The major one is to change the rig activity down to only using two drilling rigs.

There are a bunch of other specific actions that are being -- taking place. And this is to change the plan with respect to following those reductions.

CHAIRMAN CORY: And the operating contractor is -- these are his plans for living within the changing oil prices?

MR. THOMPSON: This was a mutual thing. This was
proposed in a letter from the general manager and agreed
to by the City of Long Beach. And I think the State Lands
is also going along with it. We think it's a very logical
way to approach this.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, James
Hemphill, who is the Director of the Division of Oil
Properties, is present in the audience from the City of
Long Beach if you'd like to talk to him.

CHAIRMAN CORY: Mr. Hemphill, do you have anything
you wish to add to this or --

MR. HEMPHILL: No, I think Mr. Thompson covered it
very well. We have been working closely with him.

CHAIRMAN CORY: Would you speak up, we can't hear
you.

MR. HEMPHILL: We've been working closely with
Mr. Thompson --

EXECUTIVE OFFICER DEDRICK: I'm sorry, Jim, the
acoustics in this room are a little --

MR. HEMPHILL: We've been working very closely
with Mr. Thompson and the State Lands Commission staff, and
with our contractor in reducing the expenditures in the
Long Beach Unit and the whole tidelands operations. We
concur with everything that he's --

MR. THOMPSON: Our major problem is that this has happened
so fast, that we are in constant catchup. Also, there's a very,
very strong possibility that the City and State will receive
$7.75 for a portion of the oil that's produced in the Long
Beach Unit for the month of May. This gives you an idea
of the urgency of our situation in reducing costs.

CHAIRMAN CORY: Okay. Any questions from the
Commissioners?

Without objection, then, we will approve the
seventh modification, Item 34 on our agenda. That will be
the order. And 35 is -- we will then -- the next item
before us is approving the budget plan with the clear
understanding that in June, you will be bringing to us a
revised one to reflect sudden changes in the world market.

MR. THOMPSON: And the City of Long Beach concurs
with our action.

MR. HEMPHILL: That's absolutely correct.

COMMISSIONER ORDWAY: Is there any sense of what
the difference is, what we're looking at today and what
we'll look at in June, what the magnitude of change will
be?

MR. THOMPSON: I think if you look at the 7.75
oil price that we're going to have -- the present budget
proposal is $187 million approximately. I think we're going
to have to cut at least another approximately $30 million
out of it to bring it to an even position.

MR. HEMPHILL: That's the range we've been looking
COMMISSIONER ORDWAY: Thank you.

MR. THOMPSON: We've been really working hard on this and we're running fast trying to get caught up.

CHAIRMAN CORY: Okay. No further questions?

Without objection, the plan for development operations and budget will be approved as presented, with the understanding you'll be back to us.

Thank you very much.

Item 36, cessation of concurrent criminal jurisdiction in San Bernardino County, National Training Center and Fort Irwin.

Anybody in the audience on this item? Is this a standard cessation?

MR. HIGHT: Correct, Mr. Chairman.

CHAIRMAN CORY: Without objection, Item 36 will be approved as presented.

Item 37 is the approval of a compromise title settlement agreement between Lands Commission and Walter F. And Anne H. Kieckhefer, real property on the Petaluma River in the City of Petaluma, Sonoma County.

Anybody in the audience on this item?

Any questions from the Commissioners on this proposal?

MR. HIGHT: Mr. Chairman, on this action, you will
be acting as Land Bank Commissioners in addition, because we will be accepting $11,000.

CHAIRMAN CORY: Into the Land Bank.

MR. HIGHT: Yes.

CHAIRMAN CORY: And we can do it in one action --

MR. HIGHT: Yes.

CHAIRMAN CORY: -- acting as both.

MR. HIGHT: Yes.

CHAIRMAN CORY: No further questions? Without objection, Item 37 will be approved as presented.

Item 38, City of Chula Vista has an annexation proposal. Pardon me while I get my "love notes" squared away here.

This is Palomar/Bay Boulevard reorganization, annexation to the City of Chula Vista.

Anybody in the audience on this item? Any questions from the Commissioners? Without objection, Item 38 will be approved as presented.

I have a note here that Mr. Farr is out of town, and the purpose of that Item 24 on the agenda was to get some input from him; is that correct?

EXECUTIVE OFFICER DEDRICK: Yes. It was on the calendar at his request.

CHAIRMAN CORY: Can we put that over until the next meeting?
EXECUTIVE OFFICER DEDRICK: I would think so.

CHAIRMAN CORY: Without objection, we'll put Item 24 over. And we now come up to Item 39, Riverbank Holding Company, a request by Riverbank Holding Company for exemption of the Commission's Marina River Moratorium, Sacramento County.

And we have a request here from Mr. Kip Skidmore, managing partner, to talk to us on this item.

Mr. Skidmore?

MR. SKIDMORE: Chairman and Mr. -- Commissioners, I represent Riverbank Holding Company as the co-managing general partner.

I'd like to kind of make an --

COMMISSIONER ORDWAY: If you could get a little bit closer to the mike just a bit?

MR. SKIDMORE: Okay. Is that better?

COMMISSIONER ORDWAY: That's better.

MR. SKIDMORE: My name is Kip Skidmore. I'm co-managing general partner of Riverbank Holding Company.

And I'd like -- my opening comments would be that when we came here two years ago for our original lease, the moratorium was implemented that same day after ours was approved. We, as a river property owner, support that concept -- that the river needs to be looked at, that stretch of the river that now has a moratorium on it. I
want to make that clear.

We, at that time, were told that that study would take approximately three to four months to complete. It's now going on two years. And I understand that it will probably be another three or four or five months before it's completed.

This particular expansion that we're asking for, we are asking for in the spirit of that moratorium. That is, in our opinion, we are giving up as much dockage as we are asking to add; albeit in a different configuration and different location within the property that we own.

However, again, it is our opinion that we are acting within the spirit of this moratorium. And the staff has provided you with drawings that we have put up on here. And what I'd like to do is kind of -- you all have the correspondence, I assume, that we have sent you.

But, basically, what we're trying to do is we're taking dockage of our Virgin Sturgeon -- excuse me, not our Virgin Sturgeon -- but Virgin Sturgeon that we are subleasing from Lori Patching, a couple hundred feet there (indicating), 450 feet of our Village Marina -- a property that we own that is immediately adjacent to our property downriver, and about 19 berths that we could not put in because of low water.

We use the staff's 30 feet per lineal foot boat to
convert from lineal footage to berths. And we come up with approximately 65 or 66 berths in exchange.

Maybe I'll just here point these out.

This is the Village -- we own property from here to here, approximately ten acres.

This is the Village Marina as it currently is today. I guess these pictures are a couple months old.

This is our existing marina. It sits here (indicating).

The Village Marina --

CHAIRMAN CORY: I have trouble with that statement. Would you go over what your existing marina is.

MR. SKIDMORE: Our existing marina is 158 berths actually constructed from here to here (indicating). Okay?

CHAIRMAN CORY: Would you like to explain why it is you have existing marina on property you don't have under lease?

MR. SKIDMORE: We, in building -- somewhat on the background on this -- we had this lease approved -- I guess it was 6427 here, it was in compliance with the green line. The Corps of Engineers subsequent required us to push this marina in towards shore to get it out of the middle of the river -- their contention was -- push it to shore and extend it downward.

CHAIRMAN CORY: Wait a minute. The Corps of Engineers required you to extend it downward?
MR. SKIDMORE: No. The Corps of Engineers --

CHAIRMAN CORY: Extended it downwards.

MR. SKIDMORE: Yes. The Corps of Engineers gave us

their permit based on that reconfiguration of that marina
to extend it upriver. Okay.

We negotiated with Lori Patching. And I have an

agreement from Lori Patching right here to sublease that

portion, that hundred and some feet of her marina -- of her

lease for a thousand dollars per month, and we've paid her

$18,000 up to this date. Okay? We have that agreement.

As I understand from staff, that -- that agreement

needed the -- the approval of this Commission. Miss

Patching needed to bring that to this Commission. As I

understand it, it's not been done yet.

Okay. But we do have an agreement. We --

CHAIRMAN CORY: That's the part in there that Lori
doesn't have under lease.

MR. SKIDMORE: This segment here, yes. I suppose

we are in violation --

CHAIRMAN CORY: No, you are in violation.

MR. SKIDMORE: In trespass.

CHAIRMAN CORY: And as far as I'm concerned, at the

conclusion of this meeting I think you're going to be asked
to remove your property from our property.

MR. SKIDMORE: Well, I certainly -- at this
particular point in time, I agree with you. We have property over there. We were thinking it's something we couldn't resolve (sic) with the Commission. It's unfortunate that we got ourselves in that position.

CHAIRMAN CORY: On your lease, doesn't it have a statement in it that you can't sublease your property without approval of the Commission?

I mean, the concept that you thought that you could lease Lori's without coming back to this Commission, I find somewhat difficult to --

MR. SKIDMORE: I think Miss Patching would come to this Commission with that request for a sublease. I didn't know it was within ours, unless I'm incorrect. I assumed that Miss Patching was supposed to come to you -- to this Commission to do that.

CHAIRMAN CORY: Go ahead. I just wanted to establish where yours was --

MR. SKIDMORE: Yes.

CHAIRMAN CORY: -- in reality and what you have under lease, because there seems to be a substantive dispute.

MR. SKIDMORE: Yes. We are currently on this particular portion, on land that is -- belongs to the State which we do not have under the lease. Okay?

That is also true of the Village Marina property,
which we bought last May, which we have -- we have told the
Commission staff that there was a suit involved in that,
a dispute as to who owned the water rights under there from
the previous owner. We have indicated to staff that we
acknowledge that the State owns that in spite of the
current property lines and will put that under a lease
pending the outcome of our marina extension request.

But we, again, going to our position on trading
boats for boats -- I'm looking at the spirit of the
moratorium -- we don't want any more boats on the Sacramento
River until this particular study is completed.

I'm here today to show you that the number of boats
that we're adding is not significantly different from the
number of boats coming out using again the 30-foot per boat
to convert lineal footage.

Most of what we're doing is we're taking out
lineal footage as opposed to berths. So, we're taking out
approximately 450 feet of the Village Marina, which is a
dilapidated marina that's a real hazard. That marina at
one time -- as you people who are aware of the river --
expanded 500 feet down the river.

CHAIRMAN CORY: What you're taking out is that
which there is no lease for and no approval for.

MR. SKIDMORE: Yes, you are correct. The previous
owner, since 1975, has been in a dispute with State Lands.
as to the ownership of the underwater portions of that.

When we purchased that property, we made a
commitment to State Lands that we would drop that till we'd
know how it would come out ultimately; that the State owns
the water rights and pending the outcome of that -- this has
been going on since December -- we would put that under
lease. We have no dispute whatsoever that that particular
marina is in trespass at this point in time.

However, that's something since 1975 when that suit
was instituted.

So, we feel that we are on a correct course in
doing what we're doing if we don't -- you know, if you
don't grant the extension request today, we'll have to put
that under lease. To fully realize that.

450 lineal footage, the 200 that we took from the
Virgin Sturgeon, and the number of boats that we were
unable to build in this area because of the low water
configuration, the same number of boats that were on the
river now will be on the river when we complete this.

If I'm incorrect that that's not within the
spirit of the moratorium, then, again, that's your judgment.

CHAIRMAN CORY: Anything else you want to add?

MR. SKIDMORE: Well, in dealing with the
environmental aspects of the project, we were told a week
ago Monday that we needed an environmental impact report
on this particular addition. It was something we weren't aware of for the previous five months. But we have -- you have -- well, staff has before them a letter stating our position on that. And when the 1982 environmental impact report that was done by the City of Sacramento, it was a comprehensive one, in which they looked at -- in addition to the 175-berth marina -- two 300-foot fingers that were for a variety of houseboats and dockage for condominiums that were going to be built on this portion of the land.

Again, This is the city's opinion and the city is represented here, I believe, today. The impact of this thing is negligible and they are going to recommend a negative declaration on it.

Again, through the permit process, the Corps of Engineers in issuing our Corps permit for this particular project, they, in their own assessment, sent notices to the State agencies and city agencies and federal agencies. We have a letter from both the State Clearinghouse -- excuse me, Resources, Dr. Snow, saying the State has no objections to it in light of this except -- with exception of this moratorium (sic).

So, we feel that the State has looked at the thing. The federal has looked at it. The city has looked at it and they're going to -- to -- the city is known as the lead
agency, is looking at a negative declaration on this.

Again, if you wish to address the city staff, I believe they're here.

That is the second issue that was brought before us a week ago, that we couldn't just couldn't be on the agenda because we didn't have an EIR. Our position, again, is that they have adequate information for an EIR, and this Commission could find, if they chose to, find that EIR adequate.

I guess that's a secondary issue to the moratorium issue. The city will not process that until they get some guidance from this Commission on the moratorium.

But, again, I would like to sum it up. I think we are supportive of the study on the river because we are substantial property owners on the river. But the study has gone on for two and a half -- concluded in two and a half years (sic). And we think we are in the spirit of the moratorium by trading the same number of boats. And that's essentially it, our request to you.

CHAIRMAN CORY: Okay. Staff?

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, Mr. Skidmore's comments are very confusing to me. It is a violation of the law, of course, for the city to determine in advance of an application as to whether or not a negative declaration would be granted. And, of
course, they wouldn't do that.

COMMISSIONER ORDWAY: Could we hear from the city?

CHAIRMAN CORY: Could we have the city?

COMMISSIONER ORDWAY: I'm a bit confused.

EXECUTIVE OFFICER DEDRICK: You may.

COMMISSIONER ORDWAY: I'm not clear. Could the city please come up if they're here. It's my understanding that what we have to have before us in dealing with a request for a lease is the environmental document -- either an environmental impact report and/or a negative declaration. And it must not be the promissory note. I'd ask the fleet of lawyers that we have here today --

MR. HIGHT: That's very correct.

COMMISSIONER ORDWAY: -- my understanding.

MR. HIGHT: That's correct.

COMMISSIONER ORDWAY: I know it's my understanding. But isn't that what the law says?

MR. HIGHT: That's what the law says.

CHAIRMAN CORY: Bob Hight has said that. And do you agree with that?

MR. TAYLOR: Yes. That's pretty clear.

COMMISSIONER ORDWAY: Okay. What I'm not clear on is where the city is, because -- again, I'm not a lawyer, but it doesn't seem terribly typical that the city sort of gives a theory on what they're going to do. If you're
going to give a negative dec., let's do it and let's get it here, and let's act on it.

You know, when can we expect that if that's what you're going to do?

MR. SKIDMORE: Excuse me. We haven't applied for that yet. The city cannot process it until we have actually applied for it. We weren't aware that we needed it until last Monday.

COMMISSIONER ORDWAY: When do you plan on filing for it?

MR. SKIDMORE: Immediately upon this Commission -- if this Commission approves that exemption from the moratorium, then we will apply for it immediately. The city doesn't want to undertake the necessary work to do that negative declaration if the city -- this moratorium is to be continued in place.

Again, we were not aware of this until a week ago Monday that we needed to have an EIR.

CHAIRMAN CORY: Okay. Is the city's position -- would you identify yourself from the city?

MR. DEE: My name is Steve Dee. I'm with the City of Sacramento Planning Division.

CHAIRMAN CORY: And can you -- what's the city's position in this matter?

MR. DEE: The city needs to clarify with the State
Lands Commission, who would be the lead agency in processing
the environmental documentation first of all.

Secondly, we also need to know whether or not
this particular proposal would be subject to the
moratorium. It appears as though it would be according
to staff's recommendation on the part of State Lands.

Moreover, we have to receive an application from
the project proponent to determine whether or not a
negative declaration or a supplemental EIR would be
appropriate. We have not received an application to date.
Therefore, it's premature to determine whether or not a
negative declaration would be appropriate.

However, the city has obtained from the project
proponent a request to review the expansion idea and conducted
a preliminary review and come up with what we feel would be
an appropriate environmental determination. Based on that
sketchy information and that preliminary review process,
we feel that a negative declaration may be appropriate.

However, part of that process involves early
consultation with responsible agencies, including the State
Lands Commission. Input that we receive during that
process would assist staff in making a final determination.

In other words, if we find that there is substantial
concern associated with dock expansion, we may just require
a supplemental EIR be prepared. That's assuming that we're
the lead agency, of course.

So, I believe that Mr. Skidmore meant to say that; however, he is not working with the CEQA process on a day-to-day basis like we are. So, I'm taking the liberty of clarifying some of his statements.

COMMISSIONER ORDWAY: Is there any reason why the city wouldn't be the lead agency? I'm asking both you and, I guess, the lawyers.

MR. DEE: I think the moratorium has clouded that issue. So, we're looking for guidance from the State on that.

MR. HIGHT: Typically the local entity is the lead agency. That does not prevent the Lands Commission from being the lead agency. It's typical that the local entity is the lead agency.

EXECUTIVE OFFICER DEDRICK: One of the reasons for that is because the impacts are substantial. It impacts traffic, air pollution. Primarily traffic. The local governments usually want to be the lead agency on these projects.

COMMISSIONER ORDWAY: One question to staff. I know I was not at the meeting where the moratorium was voted on. Can you tell me exactly when that meeting was? I'm getting conflicting dates.

MR. SKIDMORE: Say June 12th, 1984.
EXECUTIVE OFFICER DEDRICK: It was. June 12th, 1984.

COMMISSIONER ORDWAY: So, it will be two years in two months.

EXECUTIVE OFFICER DEDRICK: Wait a minute. I don't believe that's the date your lease was terminated. No, it was in the summer. I think it was August.

MS. SMITH: May 31st, 1983?

EXECUTIVE OFFICER DEDRICK: No, it was in the summer. I think it was August. Lance Kiley?

MR. KILEY: I'm looking.

MR. SKIDMORE: June 12th, 1984.

EXECUTIVE OFFICER DEDRICK: June 12th, 1984. That's when your lease was terminated.

MR. SKIDMORE: That was the same day. It was the same day.

EXECUTIVE OFFICER DEDRICK: That's right. That's right. We did terminate the lease, grant their lease, and impose a moratorium that day, and asked us to report back to you with the method of implementation of the moratorium, which we did in July or August of that summer.

COMMISSIONER ORDWAY: When's the report going to be done?

EXECUTIVE OFFICER DEDRICK: We will be in in the
next calendar in May with a preliminary -- with a report on the status of the studies and so forth.

The original contract will be completed and fulfilled with our consultant, our contractor consultant at that time.

And we'll either -- the staff -- some staff would like to continue the study through the summer to cover the peak period. That's a matter of discretion. I'd like not to try to commit us up front. That's because the report is in preparation now, but will be presented to the Commission in May.

COMMISSIONER ORDWAY: So, really, one month from now we'll have enough information to deal with the whole issue of the moratorium in a larger picture then?

EXECUTIVE OFFICER DEDRICK: You will have substantially more information. I would not like to commit myself to say you'll have absolutely enough. But I just can't do that right at the moment, Commissioners. I think so, but I can't guarantee it.

We did not -- in the process of getting funding for this study, the reason for the delay was the question of funding. The Commission directed us to try to enlist the support and assistance of the local governments and to try to see if the local governments would help contribute to the financial support of the program.
We went out, met with the local governments, held
a substantial number of meetings with them. They all
expressed -- all of the agencies, including the Corps of
Engineers -- extremely strong support for the Commission's
going forward both with the moratorium and with the study.
The local governments agreed that on an informal basis
they would not process applications under the moratorium,
but they can't say they won't do that under the law. They
had to deal with it on a case-by-case basis.

This is the only application I know of that has
been submitted that's come to our attention, or that is in
the process of being submitted that was not discussed with
State Lands first.

The local governments then, over a period of six or
eight months, made it clear that they were not going to
contribute money. They came back to the Commission. The
Department of Finance then provided money and that became
available in the '85 fiscal year.

So, the study began at the end of the summer in
'85 rather than '84 as we had hoped to be able to do it.
We lost the peak season as a result of that.

So, the staff request is if you want us to pursue
this through the peak season -- we have a lot of data. We
do not have current peak season data -- then we will need
to go on through August of this year with the study and have
an augmentation to the contract in order to do that.
So, that's -- that is --

CHAIRMAN CORY: That's next month's agenda item.

EXECUTIVE OFFICER DEDRICK: That's next month's agenda item. I've just given you a brief rundown on it.

COMMISSIONER ORDWAY: I just wanted to get a sense of when you were going to start to come to some closure, or at least start to acquire enough information to be able to make logical decisions as Commissioners on this issue.

EXECUTIVE OFFICER DEDRICK: Yes. Commissioners, I think it's clear from the chart which --

CHAIRMAN CORY: Let me -- before we get into that, something was said that tends to refresh my memory. The lease for Riverbank Holding was approved at the same time as the moratorium. That sort of jogs my memory to something.

As I recall, construction was underway on this marina, wasn't it?

MR. SKIDMORE: Absolutely not.

EXECUTIVE OFFICER DEDRICK: No.

CHAIRMAN CORY: I'm confusing it with the one upriver? Okay. That's what I wanted to double check. Okay. Go ahead.

EXECUTIVE OFFICER DEDRICK: I was just going to say that staff is recommending very strongly that you do not exempt this project from the moratorium. We believe it
will -- that it will, in fact, will increase the number of boats on the river. We have had, for the period of the 18 months that the moratorium has been in effect, several other applications to come in, ask for exemptions to the moratorium. Only two exemptions have been granted. And I will tell you exactly what those were.

The first one was very shortly after the moratorium was imposed. We found that an applicant was almost all the way through the process. I came to the Commissioners. I told him that I thought this was something the Commissioners would consider exempt from the moratorium.

The Commissioners indicated that was the case. We therefore submitted it to you for an exemption.

The other issue was a marina in Freeport, which was on the extreme edge of the study area. The applicant was requesting a reduction in the number of boats in his marina, and the Commission granted that reduction as an exemption from the moratorium.

No other exemptions have been granted by the Commission. I think if you look at the pictures as they stand before you, you can see that regardless of the discussion, the number of berths proposed exceeds the number of boats that are in that picture now where boats could tie up.

The question as to whether or not it's appropriate—
that is to say, Mr. Skidmore's claim that he's entitled to the number of berths that are on the shallow water side of his marina -- I think is without merit. The Corps of Engineers -- the original proposed marina would have extended much further into the river. The Corps of Engineers judged that to be an impedence with navigation.

The size of the marina was reduced for that reason. The Commission concurred in that reduction, and gave a lease for the approved area that would not impede navigation.

The application was for a large number -- for many more berths than the lease actually granted. The berths --

the tie-ups and berths are now in excess of --

COMMISSIONER ORDWAY: Excuse me. I really don't need to hear about the project. Okay? The project is not the issue today. The issue today, as I understand it, is whether or not we exempt them from the moratorium in order to consider them for lease.

Given that we are one month away from having information, my personal preference would be to put this item over until we have a calendar that will deal with the moratorium, and then we can deal with this. That is my personal choice.

I would like to hear from the applicant.

MR. SKIDMORE: That is fine with us. We were told, and we have been -- and, Claire, correct me if I'm
wrong -- that the peak use study is a very critical part of this thing. It will take through the months of July and August, at which time the report will have to be written. We don't really expect to see any kind of report -- I don't think the staff does really -- until the fall.

That does have tremendous financial impact on us. You're going to simply put this item over to the May calendar to review the data that you have to that point in time without that peak use study, we would certainly agree with that. We support that. We've attended meetings that your staff has held on this moratorium and one month will not make that difference to us financially. Five months will. But I don't hear the staff --

CHAIRMAN CORY: Even though the intention is to put it over for one month, unless there's some drastic changes in my understanding of the facts -- I'm going to do everything I can to make sure you don't get it. Because I think you're not entitled to it for a whole lot of reasons. I think you've been a bad tenant. I think you have not paid timely.

You have trespassed on adjoining land. I have some serious reservations whether you're the kind of tenant the State of California wants to do business with.

MR. SKIDMORE: Well, you're certainly entitled to
your opinion, Mr. Cory.

CHAIRMAN CORY: And, you know, that is my concern. I spent 12 years trying to build up the State Lands Commission where we don't have people coming in taking State property and not paying for it. And I find it disconcerting when somebody enters into a lease and then doesn't pay timely, and when the inquiries seem to imply that the reason they didn't pay it was they had better use for the money. Well, the State could have used that money in a timely manner.

MR. SKIDMORE: I will agree with you that the rent was not paid in a timely manner. But I think that's the only issue in terms of the tenancy that were, you know --

CHAIRMAN CORY: You trespassed on our property.

MR. SKIDMORE: Yes. We're -- 20 feet of your property. I suppose we need to resolve that issue.

CHAIRMAN CORY: I think the resolution is removing your facilities from our property is the resolution I'm going to fight for. I want you to clearly understand that.

MR. SKIDMORE: That's fine.

CHAIRMAN CORY: You want to start dealing with your subtenants, if you have any, as to how you're going to deal with them.

MR. SKIDMORE: We came here simply asking the question of the number of boats. We ask that question. If
you're going to broaden it, that certainly is one of your prerogatives as Chairman.

We simply came in here with 65 boats we're going to take out and we're going to put 65 more boats back in the water --

CHAIRMAN CORY: 65 boats you're taking out, part of which are not under lease and nothing exists of them.

MR. SKIDMORE: Technically you're correct. The marina's been there since 1940 with -- in excess of 1,006 lineal feet of dockage, the Village Marina. So --

CHAIRMAN CORY: There haven't been 65 boats there.

MR. SKIDMORE: No, but it's continually washed out; there's less than 450 feet of --

CHAIRMAN CORY: You're giving us nothing and putting in 66 --

MR. SKIDMORE: That's absolutely incorrect. We are giving you 66 boats or thereabouts, depending on how the staff measures the dockage, and we are adding 66. I want to make that very clear. That is what we are doing. That is simply what we are doing.

COMMISSIONER ORDWAY: Excuse me, Mr. Chairman.

CHAIRMAN CORY: Go ahead.

COMMISSIONER ORDWAY: This is all very interesting, but I think it's not quite germane to the point as I see calendar Item 39.
CHAIRMAN CORY: I'm willing to put it over and I'm willing to kill the application.

COMMISSIONER ORDWAY: I'm comfortable putting it over because I'd like -- like I said, I was not here the day the moratorium was enacted. I would like to see at least what we have for information before I would feel comfortable in making a decision.

I also have one other question of the city. Is there anything keeping you from -- should the applicant start the paperwork -- you doing whatever environmental work needs to be done?

MR. DEE: If the State feels the city is the appropriate lead agency, then there's nothing preventing us from conducting the environmental process as the lead agency.

CHAIRMAN CORY: That's something that takes place in the normal course of events. It doesn't require Commission action.

MR. DEE: Just wanted to afford the State an opportunity to participate as the lead agency if they saw fit.

COMMISSIONER C. WAY: Well, we would be the responsible agency in any event. But, typically, the local government is the lead agency. So, if the applicant were to start the necessary paperwork, you could proceed. And we
could put this over -- we could put our portion over for a month to see what's going on.

MR. DEE: That's correct.

COMMISSIONER ORDWAY: And should it ever come to a point of an issuance of a lease, the appropriate documents, what we would have to deal with, would be before us. Because in the absence of environmental documents to deal with, I am not going to vote on any lease. The law is very clear as to what I have to have in front of me before I can vote.

But I would move that we put the item over for a month.

CHAIRMAN CORY: We have a motion that is before the Commission. The only question I want Mr. Skidmore to clearly understand is that, you know, that is not clear sailing on the substantive issue when it gets before us. And I do not want him to spend any more money on something that may not come to pass.

MR. SKIDMORE: That's understood.

CHAIRMAN CORY: Do that in fairness to you. And I think one of the things you need to start spending money on is the cost of removing what you have under trespass circumstances.

Without objection, we'll put the item over. Is there any other items to come before --
EXECUTIVE OFFICER DEDRICK: Mr. Chairman, before you leave this item, there's one thing I would like to clarify. And that is that the Commission has not at this point made the decision one way or the other as to whether or not to go forward --

COMMISSIONER ORDWAY: My motion is to simply put Item 39 intact without prejudice over.

CHAIRMAN CORY: That's the only thing --

EXECUTIVE OFFICER DEDRICK: I understand that. I wanted to be sure that Mr. Skidmore didn't think that it also meant --

COMMISSIONER ORDWAY: Let's make sure the record is very clear on that. It's simply that Item 39 will appear in May. Thank you very much.

CHAIRMAN CORY: The only item that we've approved. Is there any other item to come before the Commission?

EXECUTIVE OFFICER DEDRICK: No, Mr. Chairman.

CHAIRMAN CORY: Without objection, we stand adjourned.

(Thereupon the hearing was adjourned.)

--000--
CERTIFICATE OF SHORTHAND REPORTER

I, Nadine J. Parks, a shorthand reporter of the State of California and a disinterested person herein, hereby certify that I was present at the time and place of the foregoing hearing before the State Lands Commission; that as such reporter, I reported all proceedings held in shorthand writing and thereafter caused my shorthand writing to be transcribed into typewriting.

I further certify that I am not of counsel or attorney to any of the parties to said hearing and am disinterested in the outcome of said hearing.

IN WITNESS WHEREOF, I have set my hand this 20th day of May, 1986.

Nadine J. Parks
Shorthand Reporter

PETERS SHORTHAND REPORTING CORPORATION
3433 AMERICAN RIVER DRIVE, SUITE A
SACRAMENTO, CALIFORNIA 95825
TELEPHONE (916) 972-8894