MEMBERS PRESENT

Lizabeth Rasmussen, Acting Chairperson, representing Kenneth Cory, State Controller

Nancy Ordway, representing Jesse R. Huff, Director of Finance

Jock O'Connell, representing Leo T. McCarthy, Lieutenant Governor

MEMBERS ABSENT

NONE

STAFF PRESENT

Claire Dedrick, Executive Officer

Robert Hight, Chief Counsel

James Trout, Assistant Executive Officer

Lance Kiley

W. M. Thompson

Jane Smith, Secretary

ALSO PRESENT

Jan Stevens, Supervising Deputy Attorney General
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ACTING CHAIRPERSON RASMUSSEN: Let's call the
meeting to order. It's the meeting of the State Lands
Commission and the first item of business is the confirmation
of the minutes of the meeting of April 24th, 1986.

Are there any questions, comments on the minutes?
The minutes are approved by consensus.

The second item is the report of the Executive
Officer.

EXECUTIVE OFFICER DEDRICK: No report today,
Commissioners.

COMMISSIONER ORDWAY: Excuse me. For the record
could we have it indicated who's voting for this meeting?

MR. HIGHT: For the record Lizabeth Rasmussen is
sitting in a voting capacity for the Controller and John
O'Connell will be sitting in a nonvoting capacity for the
Lieutenant Governor.

ACTING CHAIRPERSON RASMUSSEN: Thank you. The next
item on the calendar is the consent agenda, Items 1 through
24. These are items that have been deemed to be
noncontroversial.

Are there any items from the consent agenda that
anyone would like to pull out for discussion? I see no
hands.
The consent agenda has been moved. Any questions, comments? Consent agenda is approved by consensus of the Commission.

On the regular agenda Item 41 has been pulled off calendar.

EXECUTIVE OFFICER DEDRICK: Excuse me. Exactly what I was going to remind you of. Sorry to interrupt.

ACTING CHAIRPERSON RASMUSSEN: First item on the regular calendar is Item 25, Riverbank Holding Company. Any report from the staff at this point?

EXECUTIVE OFFICER DEDRICK: Bob, do you want to give the staff report?

MR. HIGHT: I'm wondering if --

COMMISSIONER ORDWAY: For some reason we can't hear you with your mike. Your mike's not on.

MR. HIGHT: This is a request which was put over from last month by Riverbank Holding Company for an exemption from the Commission's river moratorium.

The staff of the Commission has on Item 26 the report on the carrying capacity of the Sacramento River and it is our request in that item that the Commission put out the report for public comment for two months and the moratorium would remain in effect during that length of time.

ACTING CHAIRPERSON RASMUSSEN: Would it be more appropriate to take up Item 26 first?
EXECUTIVE OFFICER DEDRICK: That's what we were wondering if you would like to do that.

ACTING CHAIRPERSON RASMUSSEN: Why don't we do that, take Item 26 up?

EXECUTIVE OFFICER DEDRICK: Commissioners, as you recall, at the time that the Riverbank proposal came in initially which was about a year and a half ago, the Commission expressed concern that there was a lot of proliferation of marinas and not any real knowledge as to what the significance of that was on the river.

As a result, asked the staff to put together a study of what you might call cumulative effects, although it's not intended as an environmental impact report, but rather a study of the impacts of increasing marina developments. And for the period of the study, called for a moratorium on new marina construction or increases in the size of existing marinas.

The staff met at length with a variety of, with all of the local and federal agencies who have authority on the river in developing the scoping of the proposal for the river study. We also spent a good deal of time with various members of the public in that process.

The contract was awarded last fall to the consultants, who are present by the way. Anne Sands in the front row here in the very pretty dress is head of the
consulting joint venture that did the work. The report -- I should at this point stop. I should have stopped sooner and let Lance Kiley who was in charge of making all this happen give you the report.

MR. KILEY: The staff went in to, as Clare said, conducted interviews with various people and members of the public and also with all the affected local agencies. We took a trip, went so far as to take a trip down the river on a riverboat with all the political people that we could gather from all the local jurisdictions to scope the study. And then once the study got underway, the consultant conducted a fairly thorough study given the guidelines that we had at that time.

We are now at the point where the staff feels and the consultant feels that traffic from boat ramps contributes quite a lot to the overall traffic on the river and the staff is requesting an augmentation of the contract to cover a further study of boat ramp traffic on the river and also a study of wave wash effects on the levee, on the levee system, on the berm system adjacent to the levee system on the river to determine what effects wave washes may have on some of the residential structures that exist between the levee and the river along the Garden Highway area.

EXECUTIVE OFFICER DEDRICK: The consultant’s report includes about 30 conclusions and 56, as I recall,
recommendations, some of which could be quite controversial.

What staff would propose is that because of the

generally wide public interest in the study and the result

that it may have both for the decision making of this

Commission and for the other governmental agencies with

responsibility on the river, that would put the report out

for public review for 60 days and return with recommendations

to you on, at the August meeting or sometime in August. We

also recommend --

COMMISSIONER ORDWAY: Question.

EXECUTIVE OFFICER DEDRICK: Certainly.

COMMISSIONER ORDWAY: The report is going out when

for 60 days?

EXECUTIVE OFFICER DEDRICK: As of today.

COMMISSIONER ORDWAY: As of today. So the 60 days

would be over late July?

EXECUTIVE OFFICER DEDRICK: That's correct.

COMMISSIONER ORDWAY: Our August meeting I believe

is the 28th of August?

EXECUTIVE OFFICER DEDRICK: Yes.

COMMISSIONER ORDWAY: Is it possible to deal with

this prior to the 28th of August? Does that give staff

enough time to review the comments submitted?

EXECUTIVE OFFICER DEDRICK: Say that again.

COMMISSIONER ORDWAY: Is it possible to deal with
the comments that come in on the report prior to the 28th of
August?

EXECUTIVE OFFICER DEDRICK: Yes, I would think that
two or three -- well, what do you think, Lance, is two weeks
enough time for you to handle that?

MR. KILEY: The staff could handle that. I'm not
sure that the consultant could. I think the consultant has a
need to examine at least some of the really high intensity
use periods during the month of July, for example, during the
weekend periods. I'd have to defer to the consultant as to
whether they can put that together in that period of time.

COMMISSIONER ORDWAY: And advance it maybe two
weeks.

EXECUTIVE OFFICER DEDRICK: The other thing I was
thinking is you don't really have to have a 60-day public
review period. We could have a 45-day public review period.
But Anne, do you think -- how far into July do you think
you're -- we were thinking that the heavy use weekends are
certainly July 4th weekend and that, the beginning part of
the month. Would that be enough to give you the
confirmation, let you know whether you're confirming or have
problems with your existing data?

MS. SANDS: It would be tight. I'm not sure that
we'd come up with a clean product. It would be real enough
numbers.
MR. MEYER: The problem would be time for review by
your staff. We could probably set a target in mid-July.

EXECUTIVE OFFICER DEDRICK: Well, if we can hit a
target in mid-July --

COMMISSIONER ORDWAY: Why don't we leave it up for
the staff to determine, but I would prefer to have it earlier
if we can reasonably do that rather than delaying it until
the end of August.

EXECUTIVE OFFICER DEDRICK: Do you think the
Commission would be willing to have a special meeting on the
20th?

COMMISSIONER ORDWAY: Yes, I would be.

EXECUTIVE OFFICER DEDRICK: In that case I'm sure we
can do what you're asking for.

MR. KILEY: The staff would be very happy to apply
every effort that we possibly can, too.

COMMISSIONER ORDWAY: Fine. Thank you.

EXECUTIVE OFFICER DEDRICK: That would still leave
two or three months before winter weather hits.

COMMISSIONER ORDWAY: That's correct.

EXECUTIVE OFFICER DEDRICK: I think that would be
wise.

ACTING CHAIRPERSON RASMUSSEN: I think you have an
idea of the direction we're heading then. We want to be as
accommodating as possible and get our study done.
EXECUTIVE OFFICER DEDRICK: Yes, I think I understand.

ACTING CHAIRPERSON RASMUSSEN: On this item we have been asked to augment the contract in the amount of $30,000.

EXECUTIVE OFFICER DEDRICK: That is within the budgeted amount of money. We still have money in the budget.

ACTING CHAIRPERSON RASMUSSEN: Any questions or concerns on that? Then I assume that the augmentation is approved by consensus of the Commission.

Anything else under Item 26 then?

EXECUTIVE OFFICER DEDRICK: Well, there are other resolutions we'd like you to adopt that are all on Page 147.3.

MR. KILEY: These are the resolutions essentially authorizing distribution for public comment which the staff strongly feels should be done since the public was involved in the process up to this point and in extending the moritorium for the period of the study.

ACTING CHAIRPERSON RASMUSSEN: Any questions on that?

COMMISSIONER ORDWAY: I have a question on four. Maintaining the moritorium until when? I would assume that would be till the August meeting?

EXECUTIVE OFFICER DEDRICK: Until the Commission is ready to lift it. We would assume that would be the August
meeting also.

COMMISSIONER ORDWAY: The August special meeting?

EXECUTIVE OFFICER DEDRICK: Whatever time you're ready to, you feel you have the data you need to lift the moratorium.

COMMISSIONER ORDWAY: But it would be back on calendar at that time?

EXECUTIVE OFFICER DEDRICK: That's correct.

MR. KILEY: That's correct.

ACTING CHAIRPERSON RASMUSSEN: Any other questions on these four items? The recommendations by the staff on Page 147.3 are approved as presented by consensus of the Commission and we'll return to Item 25.

Has the staff made its presentation? Was there anything else that the staff needed to add at this point?

EXECUTIVE OFFICER DEDRICK: Well, staff is obviously recommending that the exemption not be granted.

ACTING CHAIRPERSON RASMUSSEN: I have one request to speak from Kip Skidmore. We need your name and who you're representing for the record, please.

MR. SKIDMORE: My name is Kip Skidmore. I represent Riverbank Holding Company.

In light of the study that you're now going to issue on the public, we would like to have this item continued to give us time to look at the study and see how it affects us.
We have a critical problem that is June 1st to apply for a state grant. However, in light of the study, I think we probably should review that prior to that.

I would, however, in asking this item be pulled, I would like to have Mr. David Shore, the local city councilman for this district, make his comments. Those I think are germane to the item. With that I would like to have the item put over until we have time to look at the study.

COMMISSIONER ORDWAY: So you'd be looking at probably the August meeting also?

MR. SKIDMORSE: After reviewing the document, I probably could look at that in three or four days after I get the document, communicate with the staff as to whether we want it on the next regularly scheduled meeting or wait until August. My position at the moment is since we're going to lose our funding anyway June 1st, we'll probably just wait until the study is completed.

COMMISSIONER ORDWAY: My only reason for asking if you want it to be put over until August is it appears there's going to be additional work done and more data available. I assume that you'd want to be able to look at that also.

MR. SKIDMORSE: Yes. And I'm also going to talk to Boating and Waterways and find out if we miss the June 1st deadline if they anticipate funds being available to distribute at their September meeting. I don't think so
because there are a number of applications in there, but I would like to find out. The item on exception from the moratorium I would like, but I would also request the staff issue a Letter of Agency to the City of Sacramento so that they are able to at least start their EIR process. I heard at this last meeting at the request of the Commission that we deal with the EIR. The EIR --

COMMISSIONER ORDWAY: By Letter of Agency you mean an acknowledgement that the City of Sacramento would be the lead agency on any environmental document?

EXECUTIVE OFFICER DEDRICK: No.

MR. SKIDMORE: I'm not sure exactly --

COMMISSIONER ORDWAY: I'm not sure of the term that you're using.

MR. SKIDMORE: I'm using the term that the staff is using, that the City of Sacramento is also using, the letter that they need in order to proceed with an environmental impact assessment or a study. It doesn't commit, as I understand it, it doesn't commit the Commission to anything and it certainly doesn't commit the staff to anything.

COMMISSIONER ORDWAY: If I remember right from the last meeting, that means that we would basically acknowledge the City of Sacramento as the lead agency. I don't think I have a problem with that because that's typically the case. But if it goes beyond that, I just don't know what it is that
you're referring to. So I would ask staff of, either our
staff, or the city staff, to inform me.

MR. KILEY: As the staff understands the Letter of
Agency and its meaning, the Commission would be consenting as
a property owner to the processing of this application. That
the environmental treatment would be included in that.

These things are usually issued in connection with
upland parcels where one property owner owns a parcel,
somebody else is proposing to develop it. The developer as
the applicant is required to have a Letter of Agency.

The staff feels that the Commission is acknowledging
that the project is going to go forward with this type of
letter.

COMMISSIONER ORDWAY: Wait a minute. I'm probably
one of the few nonlawyers in the room. You've just lost me.

EXECUTIVE OFFICER DEDRICK: Commissioner, we have
some concerns about this.

COMMISSIONER ORDWAY: I'd like to understand what it
is first and then I'd like to hear the concerns.

EXECUTIVE OFFICER DEDRICK: We are not certain, but
we do think -- this is the first time this has ever been
raised with State Lands by the city, this question of a
Letter of Agency, to my knowledge and to the knowledge of the
staff that's discussed it.

It appears to confer a property right. I do not
feel that we know enough about it to recommend that you make a decision on that today. I would like to be able to review it and get back to you on it before you commit yourself.

ACTING CHAIRPERSON RASMUSSEN: Is this a city term, their term for this document?

EXECUTIVE OFFICER DEDRICK: Yes.

COMMISSIONER ORDWAY: Could Mr. Shore when he comes up maybe tell us what the term means? I'm still not sure what the term means.

EXECUTIVE OFFICER DEDRICK: I cannot tell you what the term means.

COMMISSIONER ORDWAY: Whoever is coming up, if you could identify yourself for the record. Would you use the mike and identify yourself for the record.

MR. WESTLEY: I haven't filled out one of the documents, but my name is Tom Westley. I'm a co-managing partner of the Riverbank Holding Company, the applicant. I'm also an attorney and I have spoken with the city in some detail with respect to this subject and Mr. Lance Kiley also.

I talked to Mac Hailes who is the head of Planning Development for the City of Sacramento. And essentially what this document is -- actually, they're requesting two documents. One, a simple Letter of Consent that reflects that, as is normally the case, the lead agency for the environmental study would be the City of Sacramento. And the
reason they want that, and this is something separate and
apart from the the Letter of Agency, and the reason they want
that is they feel since the moritorium is in place, that
there's some unique aspect of this particular --

COMMISSIONER ORDWAY: I have no problem with that.

MR. WESTLEY: That's the first thing that was
requested and apparently refused by staff. Second is this
Letter of Agency. And the Letter of Agency is like Mr. Kiley
indicates. It is normally done when there is another owner
of the land in which we're attempting to develop. In this
particular case, the State of California owns the land under,
has the water rights and owns the land under this particular
parcel. They feel, again, I guess because they're looking at
it quite closely based upon the fact there is a moritorium
and it is an issue, that they feel that they want to be
comfortable, have a comfort level established by getting this
Letter of Agency which simply says in my understanding that
the State of California consents to an ongoing process to
determine the environmental impact of this particular point.

I mean, it's not, I disagree with staff that this
is, this goes beyond that point, but certainly in talking to
Mr. Hailes, the only thing that he needs in order to start
the process -- because we're between the proverbial rock and
a hard place. We have the city saying we need a Letter of
Agency and we have the staff saying, no, we're not going to
give it to you. So there's no ongoing environmental impact even though they've indicated preliminarily that there's probably going to be a negative declaration.

ACTING CHAIRPERSON RASMUSSEN: Is this Letter of Agency requested from all the participating agencies or just the agency that is the landowner?

MR. WESTLEY: Just the landowner. It's a document that says Riverbank Holding Company is our agent for the purpose of going forward with whatever is contemplated and it can be limited I would think to soothe the staff's real or apparent concerns with respect to whether or not they're going to go beyond what they really want to do. It's something that we have to have in order to go forward. You will not be presented sufficient information to make a ruling even at a later time unless this is given.

COMMISSIONER ORDWAY: Legally what does it commit us to or what would it indicate that we support or not support?

MR. WESTLEY: In my professional opinion it can be drafted to be a very limited document. It can say City of Sacramento, we give the consent to Riverbank Holding Company as our agent to file an application to determine the environmental impact at this particular site and leave it at that period.

COMMISSIONER ORDWAY: May I have a comment from the Attorney General?
MR. STEVENS: I think that the letter will in effect say whatever it says. And it was described by the City of Sacramento as simply a letter consenting to the filing of the application which I guess isn't too far from what Mr. Westley has described.

If there's a representative of the city, I think it would be desirable to have it clarified because there are letters and letters. It's not that accepted --

COMMISSIONER ORDWAY: Mr. Shore, I think it's your turn.

MR. SHORE: Well, I'm a lawyer and I don't understand it either.

(Laughter.)

COMMISSIONER ORDWAY: Would you identify yourself? Some of us know you.

MR. SHORE: I'm Dave Shore. I'm the City Council representative from the City of Sacramento for the district that includes this project. In a moment, we do have Steve Dee from the Planning Department here and I was going to invite him up. I just had a brief comment before I do. Since it's the Planning Department that does the environmental processing, he could probably give you the city's interpretation from the Planning Department standpoint of why they would seek this Letter of Agency.

Real briefly the city is on record of supporting
your study that you've identified in the last item taking a
look at what the, what the capacity is of the river and we
support that. It's our understanding we have a one-to-one
trade here and it's our anticipation that any future
development would probably occur in this area or adjacent to
the central city. This area is next to what's known as
Bannon Island in an area we plan to preserve that attaches to
the American River Parkway. So we view it as one of the
remaining, at least from my perspective, I view it as one of
the remaining areas where we would seek this type of
development.

So with the thought in mind that we support the
study that you're doing and we understand this to be a
one-for-one trade, I would support this project and I would
view it as a positive project from the city's aspect.

If I might, can I bring up Steve Dee and he could
maybe talk to you about the legal aspects from the city
planning perspective?

ACTING CHAIRPERSON RASMUSSEN: Yes, I would like to
hear from him.

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

The Letter of Agency authorizes the project
proponents to file an application for development on land
that is owned by the State Lands Commission. I have also
been instructed by my manager that it implies that the Commission has no problem with the city issuing an entitlement to develop the project. To that extent, we feel that the Commission should consider the implications of issuing a Letter of Agency.

ACTING CHAIRPERSON RASMUSSEN: Thank you.

Does the staff have any response at this point? I assume your recommendation is still the --

MR. HIGHT: I believe, Madam Chairman, that the key words were "entitlements." That the city is looking for the Commission to say that they don't have a problem with the entitlement of use and I think that's the crux of the issue which has yet to be decided.

ACTING CHAIRPERSON RASMUSSEN: I have to say that I have serious reservations about the proposed project and as well I have some serious problems with the existing development and because of both of those reasons, I am not at all willing to issue a letter. And I just think it would be very inappropriate. I have discussed with staff in closed session and asked them to get back to the Commission consistent with our policy and bring us some alternatives as to how we might handle the existing problems that are within this project, the violations that have been outlined. I believe they have been outlined in this agenda item and those alternatives would include but not be limited to litigation.
And I'd just like you to know that because I think there's some serious problems and the State Lands Commission's policy has been to take care of problems when they arise.

Hopefully, it wouldn't come to litigation, but that is a possibility. But for those reasons, I'm not at all inclined to grant a letter.

Are there any comments or questions by the Commissioners?

COMMISSIONER ORDWAY: I would probably be more inclined to grant the letter provided it didn't bind us to anything. But given that only you and I are voting, that's the way that one's going to go obviously.

ACTING CHAIRPERSON RASMUSEN: I think you were tied up with some other business when Mr. Dee made his comments and I think they were rather pertinent.

MR. HIGHT: The city in essence is saying that the Letter of Agency, they would like to see, if I can put words into Mr. Dee's mouth, an entitlement or an authorization by the Commission that this kind of use would be acceptable. And I think that, that's the issue that is before the Commission in Riverbank Holding.

COMMISSIONER ORDWAY: So it would go beyond simply allowing it to be conducted.

MR. SKIDMORE: Our purpose in asking for the EIR at this time, I think time is no longer of critical importance.
that it was a week ago, and that is since we miss our funding
date in any case. We are simply trying to have that EIR
process done concurrently with the review of the moritorium
study. So that when you finish the moritorium study and if
you conclude that this area as the study's preliminarily
concluded will be an area for further development of marinas,
that we don't add another 45 or 60 days on top of that
process, again, making that assumption.

COMMISSIONER ORDWAY: Would the city be comfortable
with a letter that just allowed the EIR process to start?

MR. DEE: The environmental assessment would be
based on a project as defined pursuant to the California
Environmental Quality Act. The project defined in that Act
includes a request for entitlement. The entitlement issued
by the city for this particular project would be a special
permit. That allows the project proponent to move ahead with
construction of the docks. To that extent, the environmental
assessment would have to be viewed in light of the request to
construct.

To simply split out the environmental assessment
apart from the request for the special permit would mean that
you'd have an environmental assessment based on no project
because there would be no request for the entitlement. So
you have to have a request for entitlement in order to have a
project to assess pursuant to CEQA.
MR. SKIDMORE: I'm just asking if it is legally possible. We're not asking to bind the Commission to anything with this environmental impact process. We're simply trying to save ourselves 45 to 60 days.

COMMISSIONER ORDWAY: I'm trying to do that, too. I'm not finding an answer.

MR. SKIDMORE: I don't hear it either.

ACTING CHAIRPERSON RASMUSSEN: Is there any coordination in a situation like this between the environmental process and the environmental study that we are having done? Would that cause an additional problem to have the two things ongoing?

EXECUTIVE OFFICER DEDRICK: No, I don't believe so, Commissioner. The study that we're doing can be used as, by reference, in any environmental impact reports that are done further down the road. It itself does not interfere in any way. It provides information. So it makes it quicker to do the work later.

ACTING CHAIRPERSON RASMUSSEN: That was the second part of my question then. Would the study that we're doing perhaps aid and cut some of the time later on that would be required in the environmental process?

COMMISSIONER ORDWAY: May cut the study time, but it's not going to cut the public comment time. It's all set in statute.
EXECUTIVE OFFICER DEDRICK: That's true.

MR. WESTLEY: Excuse me. May I be heard just for a second? I was just wondering --

COMMISSIONER ORDWAY: I think for the reporter you need to use the mike.

MR. WESTLEY: I'm sorry. Tom Westley again. I'm just wondering whether the city would accept in lieu of the Letter of Agency just a simple statement that it's all right with this Commission or it's all right with this Commission that we go forward with the environmental study and let us take the risk of it.

COMMISSIONER ORDWAY: That's sort of what I asked. I didn't hear a positive response from the city.

MR. DEE: We would be willing to review any Letter of Agency that you submit to the city.

COMMISSIONER ORDWAY: I'm not talking about a Letter of Agency. I'm talking about a letter that simply says the Lands Commission has no problem, with no positive or negative comments on the project, about having the city conduct the environmental impact report on this project. End of statement.

MR. DEE: We would take that under consideration. I can't respond one way or the other at this time though. It's my understanding that we need a Letter of Agency as defined in order to complete our application package.
ACTING CHAIRPERSON RASMUSEN: I'll tell you where I am on this, Nancy, and that is if the only consideration in front of us was whether or not to lift the moratorium or the proposed expansion of the facilities, I think I would have no problem with that. But in light of the fact that we have been given a list of a number of the breaches of the current lease, I'm very hesitant to even do that much at this point.

COMMISSIONER ORDWAY: So I take it if there were to be a motion it would die for lack of a second?

ACTING CHAIRPERSON RASMUSEN: That's right.

COMMISSIONER ORDWAY: Then I will go back to the original item for why we're here which is the request for an exemption from the moratorium which I believe is being asked to put over until August or until a later hearing?

MR. SKIDMORE: After we review the report we'd make that request of staff.

COMMISSIONER ORDWAY: I will make that motion putting the item over without prejudice.

EXECUTIVE OFFICER DEDRICK: The motion is to put the item over without prejudice.

MR. HIGHT: We have one other small problem. The application time under 884 is running. So I guess we would like, from the staff's point of view, so we have additional working time, to deny the application that puts us in a new starting position.
ACTING CHAIRPERSON RASMUSSEN: Which is the staff's recommendation.

COMMISSIONER ORDWAY: When does the time expire?

MR. HIGHT: A --

MR. SKIDMORE: We filed in March.

MR. HIGHT: So it would be -- it's a year, but depending on what happens. It cleans the record.

COMMISSIONER ORDWAY: So we have nine months left?

MR. HIGHT: Yes.

COMMISSIONER ORDWAY: I'm not willing right now to deny because the time of nine months is too short. That may be an option later, but it's to me not an option if we've only used 25 percent of the elapsed time.

EXECUTIVE OFFICER DEDRICK: Commissioner, we do not really have a project before us. And I think that the results --

COMMISSIONER ORDWAY: What we have before us as I understand is a request to be exempted from the moratorium.

EXECUTIVE OFFICER DEDRICK: And what I'm suggesting in relation to Bob's concern is that if the applicant would, you know, withdraw his application and submit a new application after the study period when there's some ground rules and so forth, then the whole problem of 884 goes away and gets into the right context. What we have now is not something that you would want to act on or that we would
recommend that you act on. So you could deny it. But on the other hand, you could also just leave it and when we get into July or August, then we have a better idea of what kinds of boundaries the Commission is going to want on leases in the moratorium, in the study area.

These people could make an application that fitted those boundaries and start running there. The city could then go forward with their process in an orderly fashion and the whole thing I think would work a great deal better than it is right now. Just get things back into a reasonable level.

ACTING CHAIRPERSON RASMUSSEN: Does the applicant have any response to that?

MR. SKIDMORE: That's, that's fine with us. We'll accept that. If you want to go through that process, that's fine. We're, at this time --

ACTING CHAIRPERSON RASMUSSEN: Would you prefer then that we deny the application or that you withdraw?

MR. SKIDMORE: We'll just withdraw the application. I guess we have an application in. I'm hearing, I'm not sure whether we have an application in?

EXECUTIVE OFFICER DEDRICK: I'm not sure. If you have, you've withdrawn it then. Is that adequate?

MR. SKIDMORE: We would just like the door to remain open. If the study's going to drag on through October,
November, December, we would like to resubmit that in September.

COMMISSIONER ORDWAY: I would like it to be before us in August.

ACTING CHAIRPERSON RASMUSSEN: Yes, we will have something in August.

MR. SKIDMORE: Okay.

EXECUTIVE OFFICER DEDRICK: Staff has proposed that it will be before the Commission no later than August.

MR. SKIDMORE: Then we withdraw the application.

ACTING CHAIRPERSON RASMUSSEN: Then Item 25 is --

COMMISSIONER O'CONNELL: To go back to the question of whether the city can proceed with an EIR absent a technical Letter of Agency from us, does the city understand that -- I think that Nancy doesn't have any objection. I don't think the Lieutenant Governor were he here would have any objection to allowing the city to proceed with an EIR under the assumption that that should in no way prejudice any decision made subsequently by this group.

What we would like to do is, speaking as a nonvoting designate of the Lieutenant Governor, we'd like to find some way of accommodating your needs and shortening the amount of time that it takes you to process some of your problems, but without necessarily prejudicing any subsequent decisions taken by the Commission.
Can you, in fact, proceed with what you have to do?

MR. DEE: The way the process would work is that the project proponent would file an application with the city for a special permit to construct the docks in Sacramento. That request would trigger the need for an environmental assessment because the request for entitlement constitutes a project pursuant to CEQA.

Also, to complete the application, we need a Letter of Agency from the State Lands Commission indicating that you have no problem with him filing the application on your property. It also implies that you have no problem with the city going ahead and issuing the request for entitlement. Before that can be done, however, an environmental assessment has to be conducted be it a negative declaration or an environmental impact report.

MR. SKIDMORE: Steve, can't they just put something in their letter that says this does not constitute entitlement or request for entitlement or we don't want to give them entitlement?

MR. DEE: In order for us to conduct an environmental assessment we need a project. A project is a request for an entitlement. The application for a request for entitlement includes a Letter of Agency.

EXECUTIVE OFFICER DEDRICK: That is a city requirement; isn't that correct, Steve?
MR. DEE: That's correct.

EXECUTIVE OFFICER DEDRICK: It has nothing to do with CEQA, it's a requirement of the city?

MR. DEE: Yes. We cannot conduct an environmental --

EXECUTIVE OFFICER DEDRICK: CEQA doesn't say they can't be their own lead agency. They can do that.

MR. DEE: We cannot conduct an environmental assessment on a nonexistent project. The project as defined is the request for entitlement, a special permit to develop the dock project. So for you to say, yes, we concur with the assessment of the environmental impacts is also to imply that you concur with the issuance of the special permit.

ACTING CHAIRPERSON RASMUSSEN: Why has this not come up before? The statement was made earlier that this is the first time we've had this particular problem.

MR. KILEY: In almost every single case, in every single case that I can recall the state -- the moritorium didn't exist for one thing and the State Lands Commission has been working hand and hand with the applicant to go forward with the processing of these things. So it just never came up. The city never had I guess a need to go forward.

EXECUTIVE OFFICER DEDRICK: Normally deals with upland.

MR. KILEY: It normally is an upland procedure. We
have not encountered it because in the vast majority, probably 99 and 44/100ths percent of the projects that come before the city is an upland project.

ACTING CHAIRPERSON RASMUSSEN: Okay.

MR. SKIDMORE: We didn't file one of these letters of agency before we did our major EIR on the project in general. So it's difficult for us to understand, too.

ACTING CHAIRPERSON RASMUSSEN: Okay. Anything else on this item then? Thank you, everyone.

Item 27, please.

COMMISSIONER ORDWAY: Mr. Farr left? He had to catch a plane?

EXECUTIVE OFFICER DEDRICK: Yes, ma'am. He asked me to urge you to not let it slip -- this item is the purchase by the Department of Parks of the Scaroni Ranch from the State Teachers' Retirement, from the School Lands Trust.

Could I just report to you briefly on a meeting that was held by the Lieutenant Governor with Assemblyman Farr and myself and General Services and Parks? The problem really centers around the disagreements in appraisals between our staff and the staff in the General Services Agency. We frequently do have those disagreements.

I, of course, support our staff entirely and I'm certain they're 100 percent right. On the other hand, General Services is equally certain about theirs. The
Lieutenant Governor suggested that rather than get into that kind of debate that we just split the difference on the price.

We've discussed that, I think the Lieutenant Governor's discussed that with the Controller and he agrees to that. There's a further problem, however, and that is that obviously there isn't any money in SAFCO. So what Assemblyman Farr requested that I put into the record today is that cleaning up this mess in his judgment is good government and he hopes that whatever things that have to happen, that the priority will not slip and that we'll go forward with a settlement of the problem.

COMMISSIONER ORDWAY: It's a priority for us also. As I understand the issue right now, the funding portion of the issue, not necessarily the discussions between General Services and Parks and Lands, the funding for this project is currently in in one house and out in the other which makes it an item of conference. Conference Committee does not begin until next week. I don't see where we as a Commission can take any action until we know whether or not there's an appropriation still existing come the 1st of July.

ACTING CHAIRPERSON RASMUSSEN: I think this is just an informative item.

EXECUTIVE OFFICER DEDRICK: Yes, that is correct.

ACTING CHAIRPERSON RASMUSSEN: I don't think any
action is required.

EXECUTIVE OFFICER DEDRICK: It's a request of Assemblyman Farr.

COMMISSIONER ORDWAY: I would like this --

ACTING CHAIRPERSON RASMUSSEN: Maybe we will know a little bit more at our next meeting.

COMMISSIONER ORDWAY: We may not. The next meeting is scheduled for the 26th of June.

EXECUTIVE OFFICER DEDRICK: Correct.

COMMISSIONER ORDWAY: We may or may not have a '86-'87 budget by that time.

ACTING CHAIRPERSON RASMUSSEN: Probably won't.

COMMISSIONER ORDWAY: So I would ask that we can put it on for information purposes for the June meeting, but it more than likely will not be dealt with until the July meeting. However, what I would suggest, since I know there's some urgency to the project, is that -- I feel very confident that the Legislature will deliver a budget on time. The administration will handle the budget within the proper time framing. I think it would be appropriate to file notice of meeting for, if we like Thursday, it would be the 11th of July, special meeting for the purpose of handling this. And you would know by the 30th of June whether or not there were funds available and whether or not to have a special meeting, but I'd have no problem at all with having, if the funds
aren't available, having a special meeting the 11th of July.

EXECUTIVE OFFICER DEDRICK: Fine.

ACTING CHAIRPERSON RASMUSSEN: Then that takes care of the problem as far as the staff is concerned?

EXECUTIVE OFFICER DEDRICK: Yes, ma'am.

COMMISSIONER ORNDWAY: Could you communicate that to Assemblyman Farr?

EXECUTIVE OFFICER DEDRICK: I certainly will.

COMMISSIONER ORNDWAY: Thank you.

ACTING CHAIRPERSON RASMUSSEN: Item 28, please.

EXECUTIVE OFFICER DEDRICK: This is an approval of an amended land exchange of 550 acres of school lands in Mendocino County to the Harwood Investment Company in exchange for 1175 acres of Harwood land.

ACTING CHAIRPERSON RASMUSSEN: Any questions?

It's been moved and is approved by consensus.

Item 29.

EXECUTIVE OFFICER DEDRICK: Item 29 is the approval or request for approval of the interim agreement for lease with the Union Oil Company on their marine terminal in Contra Costa County. We're requesting a six-month interim lease while we negotiate the long-term lease.

COMMISSIONER ORNDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Any other questions on 29? Twenty-nine is approved as presented.
Item 30 is an information item.

EXECUTIVE OFFICER DEDRICK: Item 30 is a report to you on the status of the deferment of the drilling operations as requested by the Commission on the Chevron leases in the Carpinteria area.

ACTING CHAIRPERSON RASMUSSEN: Any questions on Item 30?

COMMISSIONER ORDWAY: No.

ACTING CHAIRPERSON RASMUSSEN: Item 31.

EXECUTIVE OFFICER DEDRICK: This is the approval of a reduced letter of credit that is required under a royalty oil sales contract because the value of oil for which they owe us money goes down.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: It's been moved. Any questions on Item 31? Thirty-one is approved as presented.

Thirty-two.

EXECUTIVE OFFICER DEDRICK: It's a public interest dredging permit to the City of Oceanside for 400,000 cubic feet of material.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Any questions on Item 32? Item 32 has been moved and is approved as presented.

Item 33.

EXECUTIVE OFFICER DEDRICK: Is the final
authorization to cancel the geothermal lease for MSR Public
Power Agency in Mendocino County for failure to meet drilling
requirements.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Item 33 has been
moved. Any questions? Approved as presented.

Item 34.

EXECUTIVE OFFICER DEDRICK: The Notice of Intent by
the City of Long Beach, Los Angeles County, to spend $83,675
for electrical power service upgrade at their convention
center.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Question on 34?

Approved as presented.

Item 35 is an information item.

EXECUTIVE OFFICER DEDRICK: It's a report on the
equity adjustment Elder bill affair and Moose Thompson will
quickly report to you.

MR. THOMPSON: This is just another report on the
progress of this.

We started back in December of '85 in which the City
of Long Beach sent out some inquiry letters. They sent out
17 letters. We've gotten six responses so far to implement
this thing. On half of those responses have been negative.

One has suggested that the implementation costs be
passed on to the royalty owner which I don't think was ever considered in the original bill, and Chevron's proposed an additional payment is that they're now talking about a cost of money through deferment. That is something that has to be borne with the state.

We're going to meet early in June with representatives of the town lot people of the City of Long Beach, ARCO who is a town lot working interest handler, and see again if we can go over all the problems here and see if there's any future in it, whether this bill can ever be implemented or not.

ACTING CHAIRPERSON RASMUSSEN: This is the item that Mr. Elder is interested in?

MR. THOMPSON: We stopped by this morning and talked to Elder's office.

ACTING CHAIRPERSON RASMUSSEN: I want staff to make sure that Mr. Elder gets all the information.

MR. THOMPSON: Yes.

ACTING CHAIRPERSON RASMUSSEN: Any questions on Item 35?

Item 36.

MR. HIGHT: Item 36, Madam Chairman, is the authorization for the Commission to have criteria for repayment of the environmental costs.

COMMISSIONER ORDWAY: Motion.
ACTING CHAIRPERSON RASMUSSEN: Item 36 has been moved. Are there any questions? Misspelled the word "criteria."

MR. HIGHT: He was only a lawyer.

ACTING CHAIRPERSON RASMUSSEN: Item 36 is approved as presented.

Item 37.

MR. HIGHT: The authorization to settle a lawsuit with Tehama County whereby the private property owner will acknowledge the state's navigation rights and provide the state will own everything below the high waterline.

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Any questions on Item 37? It's been moved and is approved as presented.

Item 38.

MR. HIGHT: Is the authorization to enter into a boundary line agreement in the City of Los Angeles for the harbor area. The area will go from the Southern Pacific Land Company to the harbor and it will cleanup the respective areas and allow the city to develop the port.

ACTING CHAIRPERSON RASMUSSEN: Any questions on Item 38?

COMMISSIONER ORDWAY: Motion.

ACTING CHAIRPERSON RASMUSSEN: Moved and it is approved as presented.
Item 39.

EXECUTIVE OFFICER DEDRICK: Item 39 is a request for delegation for executing agreements for services for the '86-'87 fiscal year. These include: Reproduction, helicopter flying, legal -- that's the Attorney General's office -- data processing, geothermal reservoir simulation, OCS planning coordination, a couple of contracts with the Controller's office for work that we're doing for them at Marina Del Rey, and some oil and gas expertise contracts with the State Reclamation Board.

ACTING CHAIRPERSON RASMUSSEN: Any questions on Item 39?

COMMISSIONER ORDWAY: I believe it's called the Health and Welfare Data Center.

EXECUTIVE OFFICER DEDRICK: Did I miss that? I'm sorry.

COMMISSIONER ORDWAY: Just so the record is correct.

ACTING CHAIRPERSON RASMUSSEN: Any other questions?

Item 39 is approved as presented.

Item 40.

MR. HIGHT: Is an augmentation of the existing budget for the Attorney General for this year for $400,000.

ACTING CHAIRPERSON RASMUSSEN: Should we make them --

COMMISSIONER ORDWAY: Question on this for the
Attorney General's office. I assume that we're, in the processing of this this morning, we will expeditiously see a request for change in schedule for an increase in members from the Attorney General's office. I just want to remind you that the Legislature tends to pick on Finance when the departments don't process their paper work quickly. And since this is a current year cost, we're almost to the end of May, we will have a 30-day wait and we hope that the Attorney General's office will ---

MR. STEVENS: I believe it's underway.

MR. HIGHT: I believe it's already in the process.

EXECUTIVE OFFICER DEDRICK: We'll let you know.

MR. STEVENS: That's right.

COMMISSIONER ORDWAY: For both parties, Lands and the Attorney General's office?

MR. STEVENS: Yes.

ACTING CHAIRPERSON RASMUSSEN: Item 40 is approved as presented. Item 41 is off calendar. So that completes the agenda.

Any other business to come before the Commission?

EXECUTIVE OFFICER DEDRICK: No.

ACTING CHAIRPERSON RASMUSSEN: Meeting is adjourned. Thank you.

(Thereupon the Meeting of the State Lands Commission was adjourned at 9:55 a.m.)
CERTIFICATE OF SHORTHAND REPORTER

I, Cathleen Slocum, 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 by me, Cathleen Slocum, and hereinafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have herein set my hand this day of June, 1986.

[Signature]

Cathleen Slocum
Certified Shorthand Reporter
License No. 2822