MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

ROOM 447
STATE CAPITOL
SACRAMENTO, CALIFORNIA

THURSDAY, JANUARY 21, 1988
10:00 A.M.

Nadine J. Parks
Shorthand Reporter

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TELEPHONE (916) 362-2345
MEMBERS PRESENT

Gray Davis, State Controller, Chairman
Leo T. McCarthy, Lieutenant Governor, Commissioner
LaFenus Stancell for Jesse R. Huff, Director of Finance, Commissioner

STAFF PRESENT

Claire T. Dedrici, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight, Staff Counsel
Jan Stevens, Deputy Attorney General
Wilbur "Moose" Thompson
Lance Kiley
Lisa Beutler
Sue Breece, Commission Secretary
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CHAIRMAN MC CARTHY: Ladies and gentlemen, welcome to this meeting of the State Lands Commission.

As some of you know, I've been serving as Chairman throughout the year of 1987. And it's my pleasure now to turn the Chair over to my fellow Commissioner, Gray Davis, for the year 1988.

We'd arranged sometime back to rotate the Chair every other year. And I certainly hope he equals my record for succinctness in running these meetings: a four-hour limit on any meeting.

(Laughter.)

CHAIRMAN MC CARTHY: Congratulations, Gray.
CHAIRMAN DAVIS: Thank you, Leo.
CHAIRMAN MC CARTHY: Here's the gavel. And thanks to all of the staff for their great cooperation during the past year to help me out so many times. Thank you.

EXECUTIVE OFFICER DEDRICK: Thank you, Governor.
CHAIRMAN DAVIS: Thank you, Governor. I just want to say at the outset that I think we, as a Commission, made a lot of progress in 1987. And, as I've indicated before, I see my role as a steward, if you will, for local government, and particularly the people whose lives are
affected by decisions we make. I think too often in the past, Commissions which have siting or permitting responsibilities retreat to the relative comfort of Sacramento and make decisions that greatly affect the lives of people up and down the State.

And one of the things we were able to do last year was to hold meetings in areas directly affected by pending decisions. I think that's important to give people an opportunity to present their views without having to make a trek all the way to Sacramento.

And I hope, from time to time, we can do that in calendar year 1988. But I, for one, look with favor on proposals that pass muster at the local level and meet the terms and conditions that local officials are essential for approval.

And I just want to signal that as -- for all the different applicants that may come before me at least -- to the extent to which they have been able to accommodate and satisfy, local officials will be persuasive in my judgments.

With that, let's begin with this meeting. And I guess the --

EXECUTIVE OFFICER DEDRICK: The confirmation --

CHAIRMAN DAVIS: Up closer? (Speaking of microphone) All right. The first item of business is to
confirm our minutes of our November 19th meeting.

Does anyone have any objection to adopting the
minutes? If not, they'll be deemed adopted.

Oh, I might add one other thing. If anybody wants
to comment on an item coming before the Commission, there
are forms to fill out to enable you to do so. Where are
those forms kept?

EXECUTIVE OFFICER DEDRICK: The front desk.

CHAIRMAN DAVIS: They're at the front desk. So,
please come forward and fill out a form, and it will
ensure that you're allowed to testify on the item you're
here -- the item that brings you here.

All right. We have approved the minutes,
The next item of business is the consent calendar,
Items C-1 through C-9. Is there any party or any member
of the public that would like to comment on any of the
consent calendar items? Any objection to the Commission
adopting the consent calendar?

Hearing no objection, the consent calendar is
adopted unanimously.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, before
you begin the regular calendar, Item 19 on the regular
calendar has been pulled. I'm sorry. Item 19 on the
regular calendar has been pulled. I'm not sure that that
was put on your calendar.
CHAIRMAN DAVIS: Are there any other deletions or --

EXECUTIVE OFFICER DEDRICK: That's it.

CHAIRMAN DAVIS: All right. Let's start with

Item 10.

EXECUTIVE OFFICER DEDRICK: Item 10, Mr. Chairman, is authorization to approve an agreement and encumbrance of a lease for financing the improvements of the Delta King, the riverboat located in the Sacramento River.

CHAIRMAN DAVIS: Are there any parties that want to speak to this item? Any opposition to the approval of this item?

Any members have any questions or concerns?

COMMISSIONER STANCELL: No.

CHAIRMAN DAVIS: Move adoption.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: That will be a unanimous vote.

EXECUTIVE OFFICER DEDRICK: Item 11 is the approval of a 49-year general permit public agency lease to the Department of Fish & Game for a parcel of tide and submerged land in McNulty Slough, Humboldt County.

CHAIRMAN DAVIS: Any party or member of the public want to comment on that item? Any opposition to the adoption of Item 11?

COMMISSIONER STANCELL: No.
CHAIRMAN DAVIS: I move that adoption, and it's unanimously approved.

Item 12.

EXECUTIVE OFFICER DEDRICK: Item 12 is the consideration of a master lease between the San Francisco Port Commission and the San Francisco Redevelopment Agency for a sublease for the Delancey Street Foundation. The approval of the Commission is required by the statute that lifted the trust on these parcels.

CHAIRMAN DAVIS: Is there anyone here from Delancey Street that wants to make a comment, from San Francisco? Any objection to the adoption of this item? Move it's adoption.

COMMISSIONER STANCELL: I second.

CHAIRMAN DAVIS: Again, it's unanimously approved.

Item 13.

EXECUTIVE OFFICER DEDRICK: Item 13 is the authorization for Score International to hold an off-road vehicle race for three days beginning January 29th in the area of Vidal Junction in San Bernardino County.

CHAIRMAN DAVIS: Any party want to comment on that? Any member of the public?

COMMISSIONER STANCELL: I move its adoption.

CHAIRMAN DAVIS: Members? I move it's adoption.

That's unanimously approved as well.
EXECUTIVE OFFICER DEDRICK: Item 14 is a public agency permit to the Los Angeles County Flood Control District for a parcel of submerged land west of Topanga State Beach in Los Angeles County.

CHAIRMAN DAVIS: Any comment from a party or a member of the public? Any objection to the adoption of this item? I move its adoption, and it's unanimously approved.

Item 15?

EXECUTIVE OFFICER DEDRICK: Item 15, Hugh Turner, the Alamar Marina, is a partial settlement of a lease dispute between the agency -- between us and the lessee.

CHAIRMAN DAVIS: Any comments from any party or any member of the public? Any objection to the adoption of this item?

Move its adoption.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's --

EXECUTIVE OFFICER DEDRICK: Item 16 --

CHAIRMAN DAVIS: -- unanimously approved.

EXECUTIVE OFFICER DEDRICK: Excuse me, Mr. Chairman.

Item 16, this is Maurice Enderle. This is the approval of an extension of a salvage permit for people who are looking for a sunken vessel with silver on it in the
CHAIRMAN DAVIS: Any member of the -- any party or any member of the public want to comment on this item? Any opposition to our adoption of this item? I move its adoption.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 17, San Diego Gas & Electric Company. This is an approval of the amendment to their -- and a renewal of their general right-of-way lease for gas and electric cable lines in San Diego Bay.

CHAIRMAN DAVIS: That's $22,000 annual rent?

EXECUTIVE OFFICER DEDRICK: That's correct, sir.

CHAIRMAN DAVIS: Any --

EXECUTIVE OFFICER DEDRICK: About six acres.

CHAIRMAN DAVIS: Pardon me?

EXECUTIVE OFFICER DEDRICK: It's approximately six acres spread out.

CHAIRMAN DAVIS: Any party or member of the public want to comment on this item? Is there any objection to our adoption of this item? I move its adoption.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved. Item 18.
EXECUTIVE OFFICER DEDRICK: Item 18 is the Sonoma County Department of Public Works and other public agency permit in this case for a bridge crossing over Estero Americano in Marin and Sonoma Counties.

CHAIRMAN DAVIS: Anyone here from Marin or Sonoma Counties? Any party or member of the public want to comment? Any objection to our adoption of this item? I move its adoption.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: That is unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 20, John Stringer, dba Golden Gate Island Resort. This is the approval of a termination of a lease and the acceptance of a quitclaim deed for a parcel in Miner Slough, Solano County.

CHAIRMAN DAVIS: What's the name of the yacht club involved in this?

EXECUTIVE OFFICER DEDRICK: Golden Gate Island Resort. Oh, the private yacht club? I'm sorry. I missed your point. Just a minute. I'll find out. Do we know?

MS. BEUTLER: What is the question?

EXECUTIVE OFFICER DEDRICK: Do we know the name of the private yacht club that did hold this --

MS. BEUTLER: At Collinsville?

EXECUTIVE OFFICER DEDRICK: No. This is Item 20, This is Miner Slough, Solano County.
I don't think it's in the calendar item. I can't answer your question, sir. Would you like us to -- we can find that out in the next few minutes if you'd like to hold onto it.

CHAIRMAN DAVIS: Let's pass that.

EXECUTIVE OFFICER DEDRICK: Okay.

CHAIRMAN DAVIS: Item 21.

EXECUTIVE OFFICER DEDRICK: Item 21. This is the approval of the three-year agricultural lease to Sunset Farms on a parcel of land in Santa Cruz County. This is the beginning of a process to allow these people to continue to lease the land, but to have more notice as to when the lease will terminate when the Department of Parks is ready to acquire the land.

So, this will be -- we'll be back to you in the fall with an additional other two lessees. The Department of Parks would like to acquire the land; however, they're not able to do so at the moment. For several years, we've been on a one-year lease for this particular parcel.

We're now putting them on a three-year lease, which will -- so that every year they could receive three years' notice to terminate. But at least they have more security in the operation of their lease than they've had in the past.
CHAIRMAN DAVIS: All right. Any party or member of the public want to comment on Item 21? Any objection to our adoption of that item?

I move its approval. Unanimously approved.

Item 22.

EXECUTIVE OFFICER DEDRICK: Item 22 is approval of a public agency permit for the Department of Transportation to widen -- for widening and protection of the Benicia-Martinez Bridge crossing. That's in Solano and Contra Costa Counties.

CHAIRMAN DAVIS: Any member of the Department of Transportation or any member of the public want to comment on that? Any objection to our adoption of the item?

I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved.

Item 23.

EXECUTIVE OFFICER DEDRICK: Item 23, City of Long Beach. This is approval of an interim liquid petroleum gas product sales contract and approval of the specifications and forms for inviting bids for the Long Beach Harbor Department tidelands parcel and Parcel A of Wilmington Field.

CHAIRMAN DAVIS: Anyone here from Long Beach or any member of the public want to comment on this Item?
Any objection to the adoption of this item? I move its approval.

EXECUTIVE OFFICER DEDRICK: Item 24, this is Aggregate --

CHAIRMAN DAVIS: Wait a minute. Hold it a second.

EXECUTIVE OFFICER DEDRICK: Oh, I'm sorry. I thought you said approved.

CHAIRMAN DAVIS: All right. That's unanimously approved. Item 24.

EXECUTIVE OFFICER DEDRICK: Item 24, this is Aggregate Transport Company, Inc. This is a notification of default of hazard removal requirement under a mineral extraction lease on the Sacramento River.

I believe that there are people present who would like to speak to this.

CHAIRMAN DAVIS: Yes. I've got a James Darrough and a John Grattan who have asked to be heard on this issue. You want to come forward, Mr. Grattan?

MR. GRATTAN: Yes. I'm John Grattan, and I represent the applicant, Aggregate Transport. This is Mr. Cavel (phonetic) who's present, the principal.

Members of the Commission, Executive Director --

EXECUTIVE OFFICER DEDRICK: Pull the mike over, John.

MR. GRATTAN: All right. Can you hear? Can you
CHAIRMAN DAVIS: Yes.

MR. GRATTAN: You have in your packet a letter addressed to then Chairman Lieutenant Governor Leo McCarthy, November 17th. That pretty much summarizes our view and our position. And that is that the applicant, Aggregate Transport Company, set out diligently to obtain the required permits so the dredging and navigation hazard removal could take place.

He obtained a Corps of Engineers permit, waste discharge requirement from the Regional Water Quality Board, permit from the Reclamation Board, as well as a Fish & Game agreement.

He also had to obtain a use permit for the disposal of that soil from the new City of West Sacramento. It proved impossible then and impossible now to secure that use permit at the site designated by the State Lands Commission. The reason it was designated by the State Lands Commission is that a negative declaration had been prepared for that site by the State Lands Commission.

We also have in your packet a letter from the Planning Director of the new City of West Sacramento dated November 13th, which also indicates that it would be impossible to secure a use permit for that site then and perhaps in the future.
We think that saddling this applicant with the responsibility or with the burden of performing an impossible task is a penalty and a forfeiture, and we think that the legal and reasonable solution to this impossible situation is to mutually excuse performance.

If the State Lands Commission thinks that this area still can be dredged and permitted, it should put it out to bid again. The State, in fact, has lost nothing. It was a minimum rent involved. There was a condition for navigation hazard be removed.

We checked with the Corps of Engineers as recently as yesterday. The locks on that site, which would allow navigation, have been shut down since November. There is no indication that those locks are going to be opened up. And they're shut down because there is no navigation, not because there is a navigation hazard. The Corps does not see any economic feasibility in continuing to operate those locks which would allow navigation.

That's -- that's our position. I know there's a staff report. The staff may want to speak to that. And we have some comments on the staff report.

CHAIRMAN DAVIS: Do we have any comments from either Mr. Hight or Miss Dedrick?

MR. HIGHT: Yes. Mr. Chairman, it is -- just briefly, it is the Commission's position that during the
bidding process, the Commission notified all bidders that the Commission had done environmental review and work on the one site, but if that site wasn't available, the bidders should indicate the availability of additional sites.

In the Aggregate Transportation (sic) bid, they indicated the availability of another site which we were led to believe would be available in the event that the other site was not available.

It now appears, from talking to Aggregate Transportation, that the second site is not now available, but it is the position of the staff that it was clear in the bid package that if the environmentally approved site was not available, that it was the duty and burden of the applicant to find a subsequent site.

MR. GRATTAN: May I respond to that?

CHAIRMAN DAVIS: Certainly.

MR. GRATTAN: Applicant did in his bid indicate that he had control over another possible site. However, the bid package indicated that environmental clearance and permits would have to be obtained for this site.

Applicant had no indication until the actual decision of the West Sacramento City Council in October that the designated site by the State Lands Commission
would not be available.

Applicant did check, as this process was going on, with the City of West Sacramento and was told that the site, which he designated (sic), was equally unacceptable to the City of West Sacramento. So -- and even if that site were available to be used, it would require new environmental documentation, probably a four-month period, and a four-month period to get the required waste discharge requirements from the Water Quality Board.

So that was an illusory site.

CHAIRMAN DAVIS: Your position is that they're legally bound to find another site and --

MR. HIGHT: That's correct.

CHAIRMAN DAVIS: And essentially their problem?

MR. HIGHT: That's correct.

CHAIRMAN DAVIS: All right.

COMMISSIONER STANCELL: Mr. Chairman, I think we have a situation here where there are circumstances that appear to be beyond the control of the contractor, where we had a city that did not provide them the necessary permits or whatever to pursue what was clearly legally stated in the contract as I understand it.

But I think, given the situation and the circumstances, even the recommendation that we're making would not allow the contractor to fulfill that
recommendation because of the Fish & Game requirement that you can't do anything in that particular part of the river only at certain times of the year.

So, even if we agreed with the staff recommendation, we would be placing the contractor in a situation where he couldn't comply anyway.

I'm inclined to relieve him of responsibility.

CHAIRMAN DAVIS: Do we have the Attorney General's view on this issue?

MR. STEVENS: We believe the lessee here is certainly in default and the Commission is within its rights to declare a default. It has the discretion, if it desires, to provide for lesser alternatives. But certainly, the facts which are set forth in the staff recommendation would legally justify a finding of default.

CHAIRMAN DAVIS: What would you recommend?

MR. STEVENS: I think, in terms of a legal solution, either position would be justifiable. If, as a policy basis, it's the Commission's determination to give the lessee another chance or to call the whole thing off and go back for bids, basically there's a potential loss of lease revenue, but the Commission would be justified in taking that position and forgiving the lessee.

CHAIRMAN DAVIS: The Chair is inclined to
recommend that let me ask if this is procedurally possible.

Can we adopt the staff's findings that they're in default, but then allow the staff to discuss at our next meeting possible remedies that could be brought before this Commission?

MR. STEVENS: Yes.

MR. HIGHT: But we certainly, Mr. Chairman, could report back to you at the next Commission meeting of any potential settlement that we can arrive at.

CHAIRMAN DAVIS: And would the Attorney General recommend that course of action?

MR. STEVENS: It would be totally justified, essentially, there's 90 days in which a solution could be found. The clock starts ticking, so that in the event there's no solution, the matter could be closed out at that time. It seems like a good idea.

CHAIRMAN DAVIS: I'm reluctant to remove them of their responsibilities entirely, because I'm not certain if all potential solutions have been considered and discussed between our staff and the applicant. On the other hand, we shouldn't order them to do something that's impossible to do.

So, I would move that we adopt the staff recommendation that they're in default, but that they have...
90 days to discuss and try and find a remedy with the staff and the Attorney General's Office that can then be brought back before this Commission for approval.

Okay. Well, before -- we should vote on that, but I need to allow another party who asked to be heard on this issue to be heard. So, is there any further comment from the applicant or Mr. Grattan?

MR. GRATTAN: Just one question. If you find that the applicant is in default, the 90-day clock begins to tick, now, we can reach -- we can try and have tried with staff to reach some sort of compromise solution. But actually curing this default within the 90 days is impossible, as Mr. Stancell from the Department of Finance points out, because the Fish & Game embargo or the Fish & Game prohibition of any dredging at this time because of the spawning season.

So, the actual difficulty or the actual breach cannot be cured within those 90 days. And I just want to make sure that the -- the Lands Commission isn't taking a step from which they can't retreat from.

MR. STANCELL: I assume that what you were trying to do is to see if there was a way that we could mutually come to some agreement as to a remedy to the situation, not necessarily meaning that you would have to implement the contract. Is that what you were --
CHAIRMAN DAVIS: Yes, And I purposely did not use that phraseology, cure the defect, although I think that we have to find they're in default. I mean they are in default.

MR. STEVENS: They are in default.

If a solution is found, the Commission can take subsequent action which allows a consummation of the situation next summer within the Fish & Game period.

So, basically, you've got 90 days in which to work something out. It's not essential that the matter be closed at the end of the 90 days if the default has not been cured. This simply the --

CHAIRMAN DAVIS: I understand. Let's hear from Mr. -- and I may be mispronouncing this name.

Darroth (pronouncing)? James Darroth?

Would you please come forward? And you've indicated here that you want to make some comments on this item?

MR. DARROUGH: I'm with the J. E. McAmus Company. We were the contractor -- we were the second bidder on this job. And the Aggregate Transport, I guess, was the higher bidder. But we feel they have been in default, because they did not live up to the contract stating that they had to get the obstruction out of the lock, in front of the lock, at a certain date.
They did not do that. And we kept our deposit up. And we feel they're in default now and we have been ready to go to work. And we feel, the second bidder, we should be awarded the contract and let us go to work. We're ready to go.

We were the contractors that did the Miller Park. We had our dredge in there. We have all the equipment ready to go. We have a place to go with it.

As far as we're concerned, all the people knew that West Sacramento will not let 'em haul out on the river road, because West Sacramento wanted to put in a turn-lane pocket there, and they wanted to widen the bridge, which is almost impossible for a contractor to do.

But our methods of removing the material would not be going over the county roads or city roads, West Sacramento roads. We have other sources that we can put the material in.

Therefore, we feel we should be awarded the contract now, because they've been in default for a long time.

CHAIRMAN DAVIS: Staff have any comments? Is there reason to believe that someone else can do the work for which the contract was originally let, or is it going to be impossible by virtue of the purview for other agencies to grant permission?
MR. HIGHT: It has been -- I guess Mr. McAmus' position that they could do the work, and staff has investigated that. And it is our belief that they can do the work; however, I think before we would make a definitive ruling on that, we would like to investigate it further.

And I think the 90-day window that you have suggested gives us time to further investigate that.

CHAIRMAN DAVIS: All right. Is there any other party or member of the public that wants to comment on this issue?

Any other thoughts from the Attorney General?

MR. STEVENS: No, Mr. Chairman.

CHAIRMAN DAVIS: All right, then I would move that we find the applicant in default and give the staff 90 days, and hopefully it will not take this long, to determine what, if any -- what's the appropriate course of action for this Commission to take.

COMMISSIONER STANCELL: I second it.

CHAIRMAN DAVIS: All right. That's unanimously approved.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, back to Item 20.

CHAIRMAN DAVIS: Yes.

EXECUTIVE OFFICER DEDRICK: The name of the yacht
club is the same as the name of the resort. It's the Golden Gate Island Yacht Club.

CHAIRMAN DAVIS: Do we have any problems on discrimination, such as --

EXECUTIVE OFFICER DEDRICK: Lance, can you speak to this?

MR. KILEY: None that I know of. I don't believe so. I'm not really that familiar with the Golden Gate Yacht Club, so I can't speak directly to it --

EXECUTIVE OFFICER DEDRICK: However, they're giving up the lease.

MS. BEULLER: They're returning it to us.

EXECUTIVE OFFICER DEDRICK: Giving up the lease.

CHAIRMAN DAVIS: All right.

EXECUTIVE OFFICER DEDRICK: But our standard lease form, I have been informed, does contain -- I'm getting nods all around the table, including the attorneys -- does contain an antidiscrimination clause.

CHAIRMAN DAVIS: All right. Returning to Item 20, does any party or member of the public care to make comment? Is there any objection to our adoption of that issue? I move the adoption. And that's unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 25, Mr. Chairman, is the second modification of the Long Beach Plan and
Budget, which allows for an additional half-year drilling rig activity at Wilmington Oil Field.

CHAIRMAN DAVIS: Anyone here from Long Beach or any member of the public that wants to make a comment on this issue?

Any opposition to our adoption of this item?

I move its adoption.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: Unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 26 is the third modification of the Long Beach Plan and Budget, Mr. Thompson, was there something you'd like to -- is there anything you need to say on this issue?

MR. THOMPSON: I might add that we had another crude oil price cut. A couple of days ago, we're down to a little over $11 for 17 gravity crude now.

So, the projections in here are not really meaningful now.

COMMISSIONER STANCELL: What's the impact of this?

MR. THOMPSON: The oil price used in that is much higher, and see, that's only for the first quarter of the fiscal year, which ended last October. So, there will be another one coming in ending December 31st that will be a lot more meaningful.

CHAIRMAN DAVIS: That means the previous revenue
projections will be on the high side.

MR. THOMPSON: Yes.

CHAIRMAN DAVIS: Which is clearly of interest to
the gentleman on my left.

MR. THOMPSON: Definitely.

CHAIRMAN DAVIS: All right. Is there any comment
from representatives of Long Beach or any members of the
public on Item 26? Any objection to our adopting this
item? I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: And that's unanimously approved,

Item 27.

EXECUTIVE OFFICER DEDRICK: Item 27, issuance of
a subsurface oil and gas lease of tide and submerged land
in the Mokelumne River in Sacramento and San Joaquin
Counties to Corbin J. Robertson with Quintana Petroleum as
the operator.

The reason this lease is negotiated is because
there's no possible access for other than the proposed
lessee.

CHAIRMAN DAVIS: Any party or member of the public
want to comment on this item? Any objection to our
adoption of this item?

I move its approval.

EXECUTIVE OFFICER DEDRICK: Item 28 --
CHAIRMAN DAVIS: It's unanimously approved.

EXECUTIVE OFFICER DEDRICK: I'm sorry, I apologize, Mr. Chairman. I think I'm trying to hurry you along too fast.

CHAIRMAN DAVIS: I'm going to beat the Lieutenant Governor's four-hour limit by a good deal.

(Laughter.)

EXECUTIVE OFFICER DEDRICK: I'm sorry. Item 28 is a public agency dredging permit for the Sacramento-Yolo Port District for the Sacramento deep water channel in Sacramento, Solano, Yolo, and Contra Costa Counties.

CHAIRMAN DAVIS: Any party or member of the public want to comment on this item? Any objection to our adoption of this item?

I move its approval.

COMMISSIONER STANCELL: Second it.

CHAIRMAN DAVIS: It's unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 29, this is a denial without prejudice of an application for a geothermal prospecting permit by the Big Foot Development Company for -- I mean by the Cape Mining and Exploration Company and of an application for a surface lease by Big Foot Development for an area called Slab City in Imperial County.

The reason for the denial is that 884 is running
and we haven't been able to complete the necessary work.

And as I understand it, this is with the
concurrency of the applicant; is that correct?

MR. KILEY: I believe he's concurred in this,
yeah. He couldn't get his financing together. I think
that was the most serious problem at this point,

EXECUTIVE OFFICER DEDRICK: Okay.

CHAIRMAN DAVIS: All right. Is anyone here from
Cape Mining and Exploration? Any member of the public
want to comment?

Any objection to our adoption of this item?

Move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved,

EXECUTIVE OFFICER DEDRICK: Item 30 is an approval
of a geophysical survey permit for Inland -- for State-
owned lands in San Joaquin Delta area -- Contra Costa,
Sacramento, and San Joaquin Counties to CGG American
Services, Inc.

This type of operation is not covered -- is
separate from the sort of thing that is done in the
offshore area. They're laying hydrophone lines across the
sloughs. As far as I know, there is no -- well, as a
matter of fact, Fish & Game has given approval of this
project.
CHAIRMAN DAVIS: Any party or member of the public want to testify? Any objection to our adoption of this item?

I move its approval.

COMMISSIONER STANCELL: Second.

COMMISSIONER MC CARTHEY: Second.

CHAIRMAN DAVIS: It's unanimously approved.

CHAIRMAN DAVIS: Item 31?

EXECUTIVE OFFICER DEDRICK: Item 31 is the approval of a royalty oil contract sale. And if I can find this here for a second -- at 46.33 cents to Edgington Oil Company and 25.59 cents for Caljet.

CHAIRMAN DAVIS: Anyone here from Edgington or Caljet? Any members of the public want to testify? Any objection to our adoption of this item?

Move its approval,

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 32, this is Texaco Refining and Marketing as the winning bidder on a royalty oil sales contract in Orange County at the Huntington Beach Field. The bid -- the winning bid was 56 cents.

CHAIRMAN DAVIS: Anyone from Texaco here that wants to testify? Any member of the public want to comment?
Any objection to our adoption of this item?

I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 33, the City of Long Beach. This is approval of specifications and forms for inviting bids for a crude oil sale in the Wilmington Field.

CHAIRMAN DAVIS: Anyone here from Long Beach that wants to testify? Any member of the public? Any objection to our adoption of this item?

I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: Unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 34 is another proposed sale of royalty crude oil from the South Ellwood Field in Santa Barbara County,

CHAIRMAN DAVIS: All right, I guess the State Lands Commission is the applicant --

EXECUTIVE OFFICER DEDRICK: That is correct.

CHAIRMAN DAVIS: -- on this item, Any member of the public want to testify? Any objection to the adoption of this item?

I move its approval,

COMMISSIONER STANCELL: Second.
COMMISSIONER MC CARTHY: Second,

CHAIRMAN DAVIS: It's unanimously approved. Item 35.

EXECUTIVE OFFICER DEDRICK: Item 35, again the
State Lands Commission is the applicant for a royalty oil
sale of several leases in the Carpenteria and Summerland
offshore fields in Santa Barbara County.

CHAIRMAN DAVIS: Any member of the public want to
come? Any objection to our adoption of this item?

I move its approval.

COMMISSIONER STANCELL: Second.

COMMISSIONER MC CARTHY: Second.

CHAIRMAN DAVIS: That's unanimously approved, 36?

EXECUTIVE OFFICER DEDRICK: Item 36, Armavi
Mining Company and their agent Richlaine Corporation, This
is an approval of an acceptance of a quitclaim deed for a
minerals lease that was held by the Armavi Mining Company
in San Bernardino County.

CHAIRMAN DAVIS: Anyone here from Armavi or
Richlaine? Anyone want to testify on this issue? Any
objection to the adoption of this item?

I move its approval,

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: Unanimously approved, 37?

EXECUTIVE OFFICER DEDRICK: Item 37, this is an
authorization of deferment of drilling operations on
several oil and gas leases in Santa Barbara County held by Chevron, Exxon, and Arco.

CHAIRMAN DAVIS: Any party want to testify on this? Any comments from the public? Any objection to our adoption of this item?

MR. THOMPSON: You want to make sure that your recommendation covers through July 4th, 1988? There was a typo at one time.


MR. THOMPSON: Would you like to make that 1988?

It's a little hard to defer back.

COMMISSIONER STANCELL: Especially when it starts in November.

CHAIRMAN DAVIS: Good point, Moose. Any objection to the adoption of this item?

I move its approval as amended.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: Unanimously approved.

EXECUTIVE OFFICER DEDRICK: 38, the Golden Gate Bridge Highway and Transportation District, a maintenance dredging permit for Corte Madera Creek near Larkspur in Marin County.

CHAIRMAN DAVIS: Any party or member of the public want to testify? Any objection to the adoption of this item? I move its approval.
COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: Unanimously approved, 39?

EXECUTIVE OFFICER DEDRICK: City of San Rafael; the applicant, maintenance dredging permit of San Rafael Creek in Marin County.

CHAIRMAN DAVIS: Any party or member of the public want to testify? Any objection to the adoption of this item?

I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 40, the City of Long Beach, approval of an amendment to a cooperative agreement on Fault Block VI between the City of Long Beach and -- approval and amendment to the Fault Block VI agreement. Sorry.

CHAIRMAN DAVIS: Any testimony on this item? Any objection to the adoption of this item?

I move its approval.

COMMISSIONER STANCELL: Second.

COMMISSIONER MC CARTHY: Second.

CHAIRMAN DAVIS: It's unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 41, the City of Long Beach, notice of intent by the City of Long Beach to spend $450,000 of its tideland oil revenues for roof
repairs to the sports arena in Long Beach.

CHAIRMAN DAVIS: Any testimony on this item?
Any objection to its adoption? I move its approval.

EXECUTIVE OFFICER DEDRICK: Item 40--
CHAIRMAN DAVIS: Unanimously approved.
EXECUTIVE OFFICER DEDRICK: I'm really sorry, Mr. Chairman.

CHAIRMAN DAVIS: It's all right.
EXECUTIVE OFFICER DEDRICK: When I hear you say that, I think --

CHAIRMAN DAVIS: I don't want to waste time. I don't want Leo to -- I've got to get this four hours.

(Laughter.)

EXECUTIVE OFFICER DEDRICK: Sorry.
CHAIRMAN DAVIS: 42.
EXECUTIVE OFFICER DEDRICK: 42. The Freeport Geothermal Resources Company. This is approval of a geothermal steam price formula for State steam sold fron that lease. That's located in the Geysers -- I guess that's Mendocino County. Scroma County?

CHAIRMAN DAVIS: It does say Lake County here.
EXECUTIVE OFFICER DEDRICK: Is this Lake County?
I get confused.

CHAIRMAN DAVIS: Any testimony on this item? Any objection to its adoption? I move its approval.
COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved.

EXECUTIVE OFFICER DEDRICK: 43, again Freeport Geothermal Resources Company is the assignor; Morgan Guarantee Trust, the assignee. It's an agreement to consent to encumbrancing of the same lease for which the steam sales contract was just approved.

CHAIRMAN DAVIS: Anyone from Freeport or Morgan Guarantee that wants to testify? Any member of the public? Any objection to the adoption of this item? I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved, Item 44.

EXECUTIVE OFFICER DEDRICK: Item 44, Richard Dirk, the applicant, a dredging permit in the Colorado River at the Needles Marina in Needles, in San Bernardino County.

CHAIRMAN DAVIS: Any testimony on this item? Any objection to its adoption? I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: That is unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 45, the Malibu Committee for Incorporation is the applicant. The action
of the Commission would be the approval of the boundaries submitted by the proponents of incorporation within the 45-day requirement of the law.

The statute is such that when an application is made the Commission, the Commission must act on the boundaries within 45 days or those boundaries are deemed approved. These boundaries are correct in the opinion of staff, and we recommend approval of the boundaries.

CHAIRMAN DAVIS: Anyone here from Malibu that wants to testify on this item? Any objection to the adoption of this item?

COMMISSIONER STANCELL: None.

CHAIRMAN DAVIS: I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: That's unanimously approved.

Item 46.

MR. HIGHT: 46, Mr. Chairman, is the authorization to enter into a settlement regarding the Marina on the Sacramento River for payment of back rent and the authorization to approve a boundary line agreement.

CHAIRMAN DAVIS: What is the Attorney General's view on this settlement?

MR. STEVENS: We recommend settlement, Mr. Chairman.

CHAIRMAN DAVIS: Any testimony on this item? Any objection to the adoption of this settlement? I move its
COMMISSIONER STANCELL: Second,

CHAIRMAN DAVIS: It's unanimously approved,

EXECUTIVE OFFICER DEDRICK: Item 47 is the --

Exxon Company, U.S.A. is the applicant, consideration of a
lease for tide and submerged lands for marine terminal
facilities and an oil pipeline, electric cables, and
produced water outfall at El Capitan -- near El Capitan
State Beach at Los Flores Canyon in Santa Barbara County.

CHAIRMAN DAVIS: Any party to this issue want to
testify?

MR. PRATTE: Yes.

CHAIRMAN DAVIS: Would you state your name for
the record, please?

MR. PRATTE: Yes. My name is Tom Pratte. And
I'm representing the Surf Rider Foundation. And we
recognize that the State --

CHAIRMAN DAVIS: If I could just interrupt for a
second. Nobody from Exxon wants to testify on this?
All right.

MR. PRATTE: We recognize that every surfing break
in California takes place over State lands. And we have
been -- the beach area and the surf area in the vicinity of
Los Flores Canyon has been used by the public for a number
of years, over 20 years that I'm aware of. And we would
just like a -- like to know -- we'd like to be reassured
that this lease -- and we know that there is major
development in this area -- will not affect beach access
and use of the ocean waves in this area.

CHAIRMAN DAVIS: Mr. Hight, can you speak to that?

MR. HIGHT: Yes, Mr. Chairman. This lease will
have no effect on access to the ocean and I don't believe
it will have any effect on the waves either. I can't see
how it would.

MR. PRATTE: Good.

EXECUTIVE OFFICER DEDRICK: The location of the
terminal is quite a chunk offshore. I can't remember
exactly. It's about two miles almost.

CHAIRMAN DAVIS: Does the Attorney General have
any comments on this?

MR. STEVENS: We haven't been involved in this
transaction, Mr. Chairman. We haven't reviewed the
documents. So, I can't comment.

CHAIRMAN DAVIS: All right.

MR. PRATTE: I know there has been some trenching
and some lines dug, and if there's, you know, some
blasting done in this area. And if the, you know, if
there's no major alteration to the bottom contours, I would
agree with the staff. And we just wanted to bring up this
point on this item.
CHAIRMAN DAVIS: All right. Does the applicant want to speak to that issue as to whether or not this --

MR. TIBBITS: Mr. Chairman, my name is Tom Tibbits. I'm Western Division Regulatory Affairs Manager for Exxon located in Thousand Oaks, California.

We do plan to install offshore pipelines in the surf area. However, they will be buried out to a water depth of 25 feet. We anticipate no change into the actual bottom that would impact surfing or the wave action.

MR. PRATTE: And our concerns are that if the pipelines are buried deep enough so that over the long term erosion does not expose them and make them hazardous, then we don't see a problem with this.

MR. TIBBITS: We will be running periodic surveys, actually each year, side scan sonar, to determine the external condition and whether or not the pipeline have surfaced. So we'll be having a continuous check on that.

CHAIRMAN DAVIS: I assume it's in your interest to keep them submerged.

MR. TIBBITS: Yes, sir.

CHAIRMAN DAVIS: To keep them below the surface rather. I think your issue --

MR. PRATTE: Thank you for this opportunity to comment.
CHAIRMAN DAVIS: Also, Peter Cantle, an energy specialist from Santa Barbara wants to testify on this issue.

MR. CANTLE: Good morning, Mr. Chairman and Commissioners. I appreciate the opportunity. That's the first time I've heard my name pronounced correctly in quite a while. The first off the bat.

My name is Peter Cantle. I'm an energy specialist with Santa Barbara County. Diane Guzman, who many of you know, was planning on attending today, but had some travel problems. So I'm speaking in lieu of Diane.

Santa Barbara County approved Exxon's Santa Ynez Unit project in September of 1987. Since then, the county has filed a letter with the State Lands Commission supporting the State Lands Commission's approval of this project as conditioned by the county.

I'd like today to orally affirm the county's support of the project. Our comments on the proposed lease conditions are relatively minor and essentially go more towards clarification than anything else,

Regarding Condition 1, it states that Exxon shall contribute $6,000 per year to what is essentially an enhancement fund for fisheries. This going to the State of California Fisheries Development Corporation.

We would like a clarification perhaps from staff
or from Exxon that this would be over and above any funds required under Santa Barbara County's conditions for a fisheries enhancement fund, where we are achieving approximately $133,000 per year over a three-year period.

We would simply like it understood that this is not money drawn against that total that they are submitting to us. That's one comment.

MR. HIGHT: Mr. Chairman, if I might just answer that question as we proceed. It is over and above any amount that they would pay to the county.

CHAIRMAN DAVIS: Is that your understanding, Mr. Tibbits?

MR. TIBBITS: Yes, sir.

MR. CANTLE: We appreciate that clarification.

On Item No. 3 -- or rather, Condition No. 3, which specifies an impact reduction plan for the offshore construction, this again is a clarification.

It indicates in the preamble to the condition that Exxon may submit the plan prepared pursuant to Santa Barbara County Condition 14-7. Again, parenthetically, that's a plan of our county that requires what's called a marine biology impact reduction plan. To the extent that that plan required by the county is prepared pursuant to the condition the State Lands Commission would like to
see.

And from our standpoint, I think it's in everybody's best interests that the Lands Commission, Santa Barbara County Energy Division, and Coastal Commission, and Fish & Game work cooperatively in developing this plan.

The Lands Commission was omitted from our condition indicating that they would have appropriate input. But we would like to state right now that we will work cooperatively with the Lands Commission during that process in developing the marine biology impact reduction plan.

I think ultimately it's in Exxon's favor as well, So that's a clarification that I felt was appropriate here.

CHAIRMAN DAVIS: And do you have any comment on that?

MR. HIGHT: Yes, that's acceptable and was planned for.

MR. CANTLE: We have no other comments then,

Thank you for the opportunity,

MR. TIBBITS: We have no problem with that,

CHAIRMAN DAVIS: All right, Those were the only two slips that were passed up to me, Does any other member of the public want to comment on this issue, on this
application pending before the Commission?

I might add before -- is there any reason why the Commission should not approve this application?
I might add before making the motion, that this is an example of how an applicant can work cooperatively with the community and its elected representatives, albeit a very painstaking process, but one that, at least in my judgment, allows me to support a project knowing that it will not adversely affect the inhabitants of the community which is, in essence, its neighbor.

So, I'd like to compliment Exxon for its years and years of patient work, but sometimes that's what it takes when you're going to introduce a very major development into an area.

So, with that, I'd like to move the item,

COMMISSIONER STANCELL: I second it.
CHAIRMAN DAVIS: That's unanimously approved,

EXECUTIVE OFFICER DEDRICK: Item 48 is an approval of a five-year renewal of a general lease for -- to the Exxon Company of a parcel of tide and submerged land near the Ellwood Pier in Santa Barbara County for the maintenance of one mooring buoy; rent, $550 a year,

CHAIRMAN DAVIS: That's all we're charging? $550?
EXECUTIVE OFFICER DEDRICK: It's only .721 acres,
CHAIRMAN DAVIS: But that's for 365 days, right?
EXECUTIVE OFFICER DEDRICK: That's true. That's true.
CHAIRMAN DAVIS: Boy, I tell you, we are pushovers.
(Laughter.)
CHAIRMAN DAVIS: Does anyone want to comment on this item, any member of the public or any party? Any objection to its adoption?
I'll make the motion.
COMMISSIONER STANCELL: All right. That's approved.
EXECUTIVE OFFICER DEDRICK: Item 49, Seven Resourts, Inc., a Nevada Corporation. It's an authorization for a general use -- commercial use for a commercial marina in Disappointment Slough in San Joaquin County, and for the settlement and dismissal of litigation for previous unauthorized use.
CHAIRMAN DAVIS: Any testimony on this item? Any objection to its adoption? Move its approval.
COMMISSIONER STANCELL: Second.
CHAIRMAN DAVIS: It's unanimously approved, Item 50?
MR. TROUT: Mr. Chairman, Item No. 50, City of
Capitola, is an approval of a lease granted by the City of Capitola to a private individual for the operation of a facility on the pier.

There were some problems the city had with the prior operators on the pier. They removed those operators through a series of transactions already approved by the Commission. And this is the approval of the lease for a new operator.

CHAIRMAN DAVIS: Any testimony on this item?

Any objection to its adoption? I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved. 51?

MR. HIGHT: 51, Mr. Chairman, is the authorization to assign the Tower Park Marina to PS Marinas, Inc., this is a marina in Potato Slough in San Joaquin County.

CHAIRMAN DAVIS: Any testimony on this item?

Any objection to its adoption? I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved.

52?

MR. HIGHT: Item 52, Mr. Chairman, is the settlement of a parcel of land in near Lake Merritt in the City of Oakland, And you will be acting as Land Bank Commissioners in accepting the $165,000 as the
State's interest in that parcel.

CHAIRMAN DAVIS: Any testimony on this item?

Any objection to its adoption? I move its approval,

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: Unanimously approved. 53?

MR. HIGHT: 53, Mr. Chairman, is the authorization
to expend Kapiloff land money in the amount of $400,000 for
the purchase of 323 acres of land which will be leased
to the Department of Fish & Game near Vallejo on the Napa
River in Napa County. It will be basically wildlife
enhancement project.

CHAIRMAN DAVIS: Any testimony on this item?

Any objection to its approval?

I move its approval.

COMMISSIONER STANCELL: Second,

CHAIRMAN DAVIS: It's unanimously approved.

MR. HIGHT: 54, Mr. Chairman, is the authorization
to quitclaim a drainage easement which the Commission
retained in a 1986 compromise title settlement. The
easement was retained until we had clearances from all
appropriate local agencies that they had no need for the
easement and, in fact, other means have been provided,
And this easement is no longer needed. So, we are asking
to quitclaim that easement back to the applicant.
Mr. Kieckhefer,

CHAIRMAN DAVIS: Any testimony on this item?

Any objection to its adoption? I move the item,

COMMISSIONER STANCELL: Second,

CHAIRMAN DAVIS: It's unanimously approved, 55?

MR. HIGHT: 55, Mr. Chairman, is the authorization to enter into a lease with the Bank of America for 25 years with a ten-year right of renewal for five thousand plus acres of, we maintain, sovereign land in the bed of Goose Lake in Modoc County,

This settles litigation between the bank and the Commission over the ownership of the land, and also — well, it settles the litigation and approves a lease,

There's one small caveat that I might ask, and that is, we are negotiating with the Department of Fish & Game to add a clause which is written, but the Fish & Game Department would like to approve, which protects the endangered Greater Sandhill Crane. And that clause I would like the authorization to change a few words in, which basically provides for its protection.

CHAIRMAN DAVIS: Any testimony on this item?

Any objection to its adoption? I move its adoption as described by Mr. Hight. And that's unanimously approved.

MR. TROUT: Mr. Chairman, Items — the last three items are administrative items in nature. No. 56 is a
request for authority for the Executive Officer to enter into an agreement for storage of magnetic tapes containing geophysical data. The amount is $12,600.

CHAIRMAN DAVIS: Any objection to the adoption of this item? I move it.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: Approved. 57?

MR. TROUT: Mr. Chairman, No. 57 is an interagency agreement with the Department of Justice to provide investigative services to the Lands Commission, this is basically in charge of our trespass and enforcement program, services provided by Ms. Beutler, and the amount is $55,000. We recommend approval.

CHAIRMAN DAVIS: Any objection to the adoption of this item? I move it.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: Approved. 58?

MR. TROUT: Item 58 is an agreement with the State Teachers' Retirement System to provide legal and auditing accounting services to their system for some properties they hold in Texas. This is a renewal of a former agreement that makes it clear that the State Teachers' Retirement System is not utilizing the administrative or technical expertise of the Executive Office, but is hiring for their use an attorney and an
auditor accountant to provide advice and counsel to them on administration of several leases. The amount is $111,000 reimbursement from them.

CHAIRMAN DAVIS: Any comments from the Attorney General on this matter?

MR. STEVENS: No. We agree. It's an appropriate supplementation of the existing agreement.

CHAIRMAN DAVIS: Any objection to the adoption of this item? I move its approval.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: Unanimously approved.

EXECUTIVE OFFICER DEDRICK: There are no other scheduled items, Mr. Chairman.

CHAIRMAN DAVIS: Any comments from the members?

COMMISSIONER MCCARTHY: Inasmuch as you've smashed the high standards set by the Lieutenant Governor for a brevity of a meeting, I think there should be an asterisk attached to the records of this meeting, Lack of controversy.

CHAIRMAN DAVIS: The Lieutenant Governor was unduly generous in setting a standard that I had to meet.

COMMISSIONER STANCELL: I think it really was a result of my changing my seat in this meeting,

(Laughter.)
CHAIRMAN DAVIS: There's no further business; this meeting stands adjourned.

(Thereupon the meeting was adjourned at 11:30 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, Nadine J. Parks, a shorthand reporter of the State of California, do hereby certify that I am a disinterested person herein; that the foregoing meeting of the State Lands Commission was reported in shorthand by me and thereafter 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 hereunto set my hand this 12th day of March, 1988,

[Signature]

Nadine J. Parks  
Shorthand Reporter