

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MEETING  
STATE LANDS COMMISSION  
STATE OF CALIFORNIA

ROOM 444  
STATE CAPITOL  
SACRAMENTO, CALIFORNIA

ORIGINAL

WEDNESDAY, AUGUST 10, 1988  
11:00 A.M.

Nadine J. Parks  
Shorthand Reporter

**A P P E A R A N C E S**

1  
2  
3 Gray Davis, State Controller, Chairman  
4 Stephen Hopcraft for Leo T. McCarthy,  
5 Lieutenant Governor, Commissioner  
6 Nancy Sweet for Jesse R. Huff,  
7 Director of Finance, Commissioner  
8

**Staff Present:**

9 Claire T. Dedrick, Executive Officer  
10 James Trout, Assistant Executive Officer  
11 Bob Hight, Chief Counsel  
12 Jan Stevens, Deputy Attorney General  
13 Allen Willard  
14 Lance Kiley  
15 Wilbur "Moose" Thompson  
16 Jane Smith  
17 Lisa Lynn  
18  
19  
20  
21  
22  
23  
24  
25

I N D E X

	<u>Page</u>
1	
2	
3	1
4	1
5	1
6	2
7	3
8	
9	2
10	
11	
12	
13	3
14	4
15	5
16	
17	18
18	
19	20
20	
21	21
22	22
23	
24	24
25	25

**PETERS SHORTHAND REPORTING CORPORATION**

3308 BRADSHAW ROAD SUITE 240  
 SACRAMENTO CALIFORNIA 95827  
 TELEPHONE (916) 382-2345

	<u>Page</u>
1 INDEX, continued. . .	
2           Discussion	28
3 Item No. 31 (Off Calendar)	
4 Item No. 32	
5           Staff Presentation	32
6 Item No. 33	
7           Staff Presentation	40
8 Item No. 34	
9           Staff Presentation	40
10 Item No. 35	
11           Staff Presentation	41
12 Item No. 36	
13           Staff Presentation	41
14 Item No. 37	
15           Staff Presentation	42
16 Item No. 38 (Off Calendar)	
17 Item No. 39	
18           Staff Presentation	43
19 Item No. 40	
20           Staff Presentation	43
21 Item No. 41	
22           Staff Presentation	44
23 Item No. 42	
24           Staff Presentation	44
25 Item No. 43 (Off Calendar)	

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

	<u>Page</u>
1 INDEX, continued. . .	
2 Item No. 44 (Off Calendar)	
3 Item No. 45	
4                   Staff Presentation	45
5                   W. L. Burdue	
6                   Applicant	45
7                   Discussion	51
8 Item No. 46	
9                   Staff Presentation	65
10 Item No. 47 (Off Calendar)	
11 Item No. 48	
12                   Staff Presentation	66
13                   Discussion	67
14 Item No. 49	
15                   Staff Presentation	67
16 Item No. 50	
17                   Staff Presentation	68
18 Item No. 51	
19                   Staff Presentation	68
20 Item No. 52	
21                   Staff Presentation	69
22 Item No. 53	
23                   Staff Presentation	69
24 Item No. 54	
25                   Staff Presentation	69

		<u>Page</u>
1	INDEX, continued. . .	
2	Jack Draper	
3	Arco	70
4	Discussion	71
5	Item No. 55	
6	Staff Presentation	72
7	Item No. 56	
8	Staff Presentation	73
9	Discussion	73
10	Item No. 57	
11	Staff Presentation	74
12	Item No. 58 (Off Calendar)	
13	Item No. 59	
14	Staff Presentation	75
15	Discussion	76
16	Item No. 60	
17	Staff Presentation	76
18	Item No. 61 (Off Calendar)	
19	Item No. 62	
20	Staff Presentation	77
21	Discussion	78
22	Item No. 63	
23	Staff Presentation	79
24	Item No. 64	
25	Staff Presentation	80

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRUSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

	<u>Page</u>
1 INDEX, continued. . .	
2 Item No. 65 (Off Calendar)	
3 Item No. 66 (Off Calendar)	
4 Item No. 67	
5 Staff Presentation	80
6 Adjournment	81
7 Certificate of Shorthand Reporter	82
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

P R O C E E D I N G S

--o0o--

1  
2  
3 CHAIRMAN DAVIS: All right. The Lands Commission  
4 meeting will come to order. I notice there's a quorum.

5 The first item of business is to note that  
6 this is the 50th anniversary of the State Lands Commission.  
7 And the staff, appropriately, is planning to pay your own  
8 way -- the Controller endorses that approach -- pay your  
9 own way celebrations, one on the 15th of this month in  
10 Long Beach, and the other on the 18th in Sacramento.

11 I just want to add my personal congratulations  
12 to this organization for its longevity and its service  
13 to the people of California, and urge anyone within the  
14 sound of my voice to attend either or both of those  
15 events.

16 EXECUTIVE OFFICER DEDRICK: For your  
17 information, we sent out a lot of invitations, but  
18 information is available at the Lands office, and I'll  
19 be happy to tell anyone when and where.

20 CHAIRMAN DAVIS: All right. I also want to  
21 indicate that a number of items are off calendar. And  
22 actually, maybe the Executive Officer -- maybe Claire,  
23 you can do that, just to indicate the items that are off  
24 calendar.

25 EXECUTIVE OFFICER DEDRICK: All right. In Item

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 C2, Sections C, Q, and R are off calendar.

2 Item C11 is off calendar.

3 We would like to move C13 to the regular  
4 calendar, Mr. Chairman.

5 C20 and 21 are off.

6 On the regular calendar, 38, 43, 44, 47, 58,  
7 61, 65, and 66.

8 CHAIRMAN DAVIS: I'm also informed that there is  
9 someone here to testify on Item C1-G. So, we'll take  
10 that off the consent calendar.

11 EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman.  
12 We'll move that to the regular calendar.

13 CHAIRMAN DAVIS: All right. Let's proceed  
14 with the remaining items on the consent calendar.

15 Is there anyone here who would like to testify  
16 on any item on the consent calendar or have any objection  
17 to the adoption of the consent calendar?

18 Are there any questions from the members?

19 COMMISSIONER HOPCRAFT: No.

20 CHAIRMAN DAVIS: I'll entertain a motion to --

21 COMMISSIONER HOPCRAFT: So move.

22 CHAIRMAN DAVIS: Without objection, we'll adopt  
23 the consent calendar.

24 Also, I want to ask for a motion to confirm the  
25 minutes of the meeting of July 26th.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 382-2345

1 COMMISSIONER HOPCRAFT: So move, Mr. Chairman.

2 CHAIRMAN DAVIS: Without objection, that motion  
3 is approved.

4 Now having adopted the consent calendar, we'll  
5 take up Item Cl-G first, and then Item Cl3, which have been  
6 moved from the consent calendar.

7 EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman.  
8 Item Cl-G, Dale Dorn, who is here to speak, Boon-Dox Liquor  
9 and Deli.

10 This is a five-year rent review, and would  
11 increase the rent from the current \$360 a year for an  
12 accommodation dock to \$495 a year.

13 CHAIRMAN DAVIS: When was the last time the  
14 rent was increased?

15 EXECUTIVE OFFICER DEDRICK: Five years ago.

16 We have regularly -- we have two kinds of  
17 leases, Mr. Chairman. One, which is a percent of gross  
18 lease and one which is with a minimum, and then a minimum  
19 with a five-year rent review to bring the rent into  
20 conformance with the changed base price of things,  
21 inflationary.

22 CHAIRMAN DAVIS: All right. And you, sir, are  
23 Mr. Dorn?

24 MR. DORN: Yes.

25 CHAIRMAN DAVIS: Would you state your name for

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 the record, please? Be seated and offer whatever  
2 comments you think are appropriate.

3 EXECUTIVE OFFICER DEDRICK: Pull the mike over.

4 MR. DORN: My name is Dale Dorn. I'm  
5 representing Boon-Dox Liquor. The dock is located in  
6 the city of -- in the community of Walnut Grove. And we  
7 are the sole providers of a community dock. The dock is  
8 used for tourists visiting the area.

9 There has been no fee paid on that dock for  
10 30 years, other than when we initiate on our own the  
11 original five-year lease.

12 The State Land appraiser has now appraised the  
13 land at what we consider an exorbitant price. The Mayor of  
14 Galt has high growth over there, and I'll let the  
15 Commission in on a secret. In Walnut Grove we don't have  
16 this inflation.

17 Houses are still selling for the same thing  
18 they did five years ago. Commercial property is still on  
19 the market. I have a letter here from a local realtor,  
20 who is the only real estate agent in town. And in his  
21 letter, he states there has been no growth.

22 When I asked for comparisons, they sent me  
23 four comparisons. When you add up the four comparisons,  
24 the land value is \$18,800. I was willing to concede to  
25 a \$19,000 figure. They want 25,000. That's a 33 percent

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 raise. It just isn't there. It's not there in that area.

2 Plus the fact that we are providing community  
3 service on top of that; we're paying everything. Paying  
4 insurance, paying the State Lands Commission for the  
5 community of Walnut Grove.

6 So, therefore, I'm petitioning for the same  
7 amount of rent for the next five years based on the land  
8 values.

9 CHAIRMAN DAVIS: Do we have an appraisal? An  
10 independent appraisal beyond what the Lands Commission has--

11 MR. DORN: These are the four appraisals that  
12 they have.

13 CHAIRMAN DAVIS: -- from the assessor in the  
14 appropriate county appraised this property?

15 MR. KILEY: I think the Assessor --

16 EXECUTIVE OFFICER DEDRICK: Lance, go ahead  
17 Lance.

18 MR. KILEY: Our appraisal, as I understand it,  
19 is based on approximately the assessed value of the  
20 property and taxes paid on the property.

21 In other words, the values that the property is  
22 being assessed for tax purposes are comparable to the  
23 amount of money that our appraiser thinks the property's  
24 worth.

25 And we get nine percent of the property value

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 762-2345

1 for rental typically.

2 CHAIRMAN DAVIS: Would you dispute, sir, the  
3 Assessor's valuation that he's put on this property?

4 MR. DORN: Would I dispute it? Yes. I'm at  
5 fault there. I thought the property was worth much more  
6 than what it is, too.

7 I've owned the property for five years, and  
8 there's been no escalation in Walnut Grove property. I  
9 did that value on the property myself through ignorance  
10 primarily.

11 Because when I purchased the land, it was myself  
12 who set the value on the land. But I'm going by the  
13 appraisals of the other marinas in the area. And there's  
14 four of them here, four comparables.

15 If you total them four comparables up, they come  
16 to 18,800, not 25,700.

17 There is no escalation of property down there.  
18 We're not Elk Grove, Sacramento, Galt. This is a little  
19 town community. And if you don't believe me, come on down.

20 Commercial buildings have been for sale there,  
21 commercial property's been for sale there for four years,  
22 and the price just keeps going down, not up.

23 EXECUTIVE OFFICER DEDRICK: Would you like to  
24 hear from the Appraisal Section? Steve Sekelsky is in  
25 charge of appraisals.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 ERADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 CHAIRMAN DAVIS: All right.

2 MR. SEKELSKY: Mr. Chairman, the one fact that  
3 Mr. Dorn has not stated here is that it is true that the  
4 values of uplands in his area, Walnut Grove, may not have  
5 gone up significantly during that period.

6 However, we're talking about waterfront  
7 properties here. Now, just as the stock market went down  
8 in October, not all stocks went down. We have showed  
9 generally that there has been an increase of two to three  
10 percent overall in the Delta.

11 One of the comparable sales that we used in  
12 the appraisal recently resold -- and we have it -- the  
13 data came forth. That parcel had sold in '83 and now has  
14 gone up 40 percent on the resale in '87.

15 That's one of our comparables that we used. We  
16 could have gone back and figured that into the computations  
17 for his rent. If we did that, his rent would go up.

18 There are several methods we could have used.  
19 If Mr. Dorn had a single-family residence and it was a  
20 general purpose recreational lease, he would be paying  
21 \$300 more than he is for his commercial lease. So, we  
22 don't see as far -- another point to be made is he says,  
23 "Add up all the comparables."

24 It's standard appraisal practices that you do  
25 not add up all the comparables. You take the best

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 indicators and use that. The Appraisal Section feels  
2 strongly that the best indicators indicate a value of  
3 twenty-four hundred five per acre. The Assessor has  
4 \$35,000 an acre (sic) on that particular parcel on the  
5 uplands. So, we feel that we're well within that range  
6 based on the information I just stated. We're talking  
7 about a \$135 increase over a five-year period.

8 And I would also like to state that the initial  
9 rent was not the market rent that the Appraisal Section  
10 came up with. It was a negotiated rent. So, it's not  
11 the 33 percent. It's a little bit lower than that 33  
12 percent increase over the four-year period of this contract.

13 CHAIRMAN DAVIS: Well, Mr. Dorn, I would be --  
14 you know, if you can bring in some impartial government  
15 official that can bolster your case, I would be  
16 sympathetic to it.

17 This is a very good Commission. It's not  
18 infallible. And I don't want to see it work a hardship  
19 on you, and I don't want to see the State get taken. So,  
20 it's a very difficult position you put us in.

21 MR. DORN: Well, you know, I understand your  
22 position.

23 CHAIRMAN DAVIS: The Assessor -- let me tell you  
24 why I mentioned the Assessor. You have a right to go before  
25 the Assessor and challenge his valuation. In other words,

**PETERS SHORPHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 if you're paying the taxes at the assessed rate, then  
2 you're basically agreeing with his valuation of your  
3 property.

4 If you think his valuation is too high, then  
5 you shouldn't be paying taxes at that level.

6 MR. DORN: I understand. This is a very small  
7 piece of property. Here are the four comparables. When  
8 I asked them for what they were basing their information  
9 on, here's the four comparables that they sent out to me.  
10 Four comparable sales.

11 That's what they're supposed to be basing the  
12 land value on, not on some independent appraiser that goes  
13 out into the community. He's never talked to anyone that  
14 I know of in that community other than me.

15 And, you know, I don't fault Steve for that.  
16 He may be an excellent appraiser in Galt, because land  
17 prices are accelerating there. But they're not  
18 accelerating in the Walnut Grove area. There within lies  
19 the difference of opinion.

20 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, if  
21 you would like, I would be happy to -- we could put this  
22 over. And I would be happy to sit down with staff and  
23 this gentleman and the officials of Walnut Grove, if  
24 necessary, and see if -- in fact, there is a -- one thing  
25 that came up here that I thought might be significant is

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 the question of it being -- you know, it's been represented  
2 by this gentleman that it is the public access from the  
3 river.

4 That's news to me. And I think that if that  
5 is the case, perhaps we should have a lease with the  
6 community there rather than with this gentleman. And then  
7 the community could sublease the commercial portion of the  
8 dock to him for whatever revenues the community feels  
9 they need.

10 But I'd be happy to sit down and look for  
11 another alternative here if the Commission would like us  
12 to do that.

13 I think the public access thing should be  
14 looked into. I'm sure staff knows about it, but I don't  
15 is really what I'm telling you.

16 CHAIRMAN DAVIS: Do you have any any thoughts,  
17 Steve?

18 MR. HOPCRAFT: I'd like to hear from staff on  
19 the public access issue.

20 Did you evaluate that as part of your appraisal?

21 MR. SEKELSKY: Yes, we did. Not at the -- when  
22 we started to do the appraisal, but after it became  
23 apparent that Mr. Dorn was servicing the whole community,  
24 I went down and talked to Mr. Dorn. And I asked, "Well,  
25 why didn't the rest of the businesses that benefited from

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 this dock, why didn't they contribute to the insurance  
2 that he has to pay, which he does have to pay by himself,  
3 for the improvement itself, which is a costly, beautiful  
4 improvement that he has?"

5 They use it. Why doesn't he charge them? He  
6 does make charges to people that use the dock. Why doesn't  
7 he charge the other upland landowners that have a benefit  
8 from the co.?

9 Basically, you have -- he's not using it as an  
10 economic unit. And he does charge individuals that dock  
11 at his -- dock there a fee.

12 COMMISSIONER HOPCRAFT: I thought he said that  
13 there was no fee.

14 MR. SEKELSKY: He instructed me that he does,  
15 in fact, charge --

16 MR. DORN: Oh, yeah, we do charge recreational  
17 boaters for the three months in the summertime a minimal  
18 dockage fee to use the dock. We try to recuperate (sic) --

19 COMMISSIONER HOPCRAFT: I thought there were no  
20 fees.

21 MR. DORN: There's no fees from the community,  
22 to the other businesses or to the other members of the  
23 community. There's no fees.

24 COMMISSIONER HOPCRAFT: So you charge the users.

25 MR. DORN: Yes, but it's a minimal amount. It

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 doesn't even take care of the Lands Commission fee, you  
2 know, much less the insurance, the bond, you know,  
3 everything. The maintenance.

4 You have to understand. This is a very small  
5 community. And you just can't bulldoze through the  
6 community and say, "I'm providing the dock. You got to  
7 pay."

8 You just can't do that in a small community.  
9 It's not neighborly. It's not economically or neighborly  
10 possible.

11 COMMISSIONER HOPCRAFT: No, but you charge the  
12 users.

13 MR. DORN: They haven't done it for 30 years.  
14 You can't do it.

15 COMMISSIONER HOPCRAFT: If you charge the  
16 users, why not charge the businesses that benefit from  
17 the dock?

18 MR. DORN: The users benefit from it more than  
19 the visitor -- than the -- than the commercial business  
20 upland.

21 You know, there's not that much business. What  
22 boater comes in -- get a six-pack of beer and a bag of  
23 ice. I mean, how can you justify a \$16,000 investment in a  
24 dock, paying two, three thousand a year for insurance, \$360  
25 to the State Lands Commission, 200-some dollars for a bond?

**PETERS SHORTHAND REPORTING CORPORATION**

3335 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 You know, you add up all these figures, and there's no way  
2 that you can support that thing with user fees.

3 MR. SEKELSKY: Mr. Chairman, I would like to  
4 say again one time, that under our general permit  
5 recreational use, if you had a home on the upland and  
6 there was an intervening ownership, you would be paying  
7 at least \$200 more for that same facility. And here, there  
8 is an economic benefit to his upland business, to all  
9 the businesses in town. Plus he charges for people that  
10 dock there.

11 And that's the point we're making. He might  
12 not be putting it to its best economic use, which makes  
13 the thing not an economic unit. And I think that's the  
14 point.

15 He has the ability to do that. And he has  
16 chosen not to charge the other upland businesses.

17 MR. KILEY: I'd like to point out, too, that  
18 although this is, admittedly, a very small community,  
19 that area of Walnut Grove is an area where lots of people  
20 from the Delta come and go.

21 It's a very heavily traveled boating area. So,  
22 there's a great deal of traffic through that area. I  
23 would presume that there's a great deal of traffic available  
24 to stop at this dock and access to businesses.

25 COMMISSIONER HOPCRAFT: Could you estimate,

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 Mr. Dorn, the revenues from the fees charged at the dock --

2 MR. DORN: Oh, I --

3 COMMISSIONER HOPCRAFT: -- annually?

4 MR. DORN: To my best recollection, the total  
5 fees that recovered from the dock last year were in the  
6 neighborhood of \$900 to \$1100. That was the total fees  
7 collected.

8 I'd have to go back and review exactly to give  
9 you the exact figure.

10 CHAIRMAN DAVIS: Let me suggest this, Mr. Dorn.  
11 I mean I'm sympathetic to the problems of a small  
12 business. You have to come here yourself, and there's  
13 nobody running the business when you're here.

14 On the other hand, we have an obligation to the  
15 people of the State to maximize revenues from permits  
16 held that we grant.

17 MR. DORN: I understand.

18 CHAIRMAN DAVIS: I think the Executive Officer's  
19 suggestion offers an opportunity for you to assemble,  
20 you know, whatever person or persons you think make sense  
21 to let her revisit the issue. She's the chief administrative  
22 officer of this agency, and maybe she can suggest a figure  
23 other than -- now, she may suggest a higher figure or she  
24 may suggest, you know, a lower figure.

25 So, you're kind of rolling the dice here. And

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 382-2345

1 if you're willing to do that, I think the Commission is  
2 willing to give you the time to do that.

3 MR. DORN: I think the Commission's always been  
4 fair. I've been dealing with them for ten years, and I've  
5 never had a problem.

6 I just have a problem now with this, and it's  
7 more a community issue and personal outlay of my funds  
8 than it is with the 360 or three -- \$495. I think the  
9 appraisals are unfair.

10 And Steve has mentioned that a personal dock,  
11 you know, I think it's seven cents a square-foot, is it,  
12 or something --

13 MR. SEKELSKY: That's true.

14 MR. DORN: -- like that. No home on the  
15 river is going to put up a 250-foot long dock for his  
16 personal use. And if he did put up that size dock to  
17 accommodate his boat, he wouldn't care about the seven  
18 cents a a foot. So, that's irrelative to the thing. I  
19 think the \$360 is an ample fee for what that -- for the --  
20 to equate to the appraisal, to their own appraisal, for  
21 their own -- to their own sales.

22 The appraiser is somewhere else. He's in Galt.  
23 Things are exploding in Galt. They were in the front page  
24 of the Bee yesterday.

25 (Laughter.)

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 MR. DORN: With how their -- you know,  
2 everything is just, you know -- you can buy land over  
3 there and in one year retire. It's not that way in  
4 Walnut Grove.

5 CHAIRMAN DAVIS: My sense is that you don't have  
6 the votes necessary to have your position prevail.

7 We are trying to do the right thing and  
8 balance those two interests I alluded to earlier. If you  
9 want to take the time -- the Executive Officer's  
10 volunteered her time --

11 MR. DORN: No problem.

12 CHAIRMAN DAVIS: -- to have a meeting and see  
13 if we can come up with a different figure. But it almost  
14 certainly will be higher than the figure that you're  
15 arguing for. Conceivably, it will be less than the  
16 figure that the staff has recommended to us.

17 MR. DORN: No problem.

18 CHAIRMAN DAVIS: All right. So, why don't we  
19 give -- is 60 days enough time, Claire, to --

20 EXECUTIVE OFFICER DEDRICK: Yes. I believe it  
21 is.

22 Is that enough time for you, too, Steve?

23 MR. SEKELSKY: Certainly.

24 EXECUTIVE OFFICER DEDRICK: We're going to have  
25 to go to Walnut Grove, much as I find that an arduous thing

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95627  
TELEPHONE (916) 362-2345

1 to have to do.

2 (Laughter.)

3 MR. DORN: Make sure it's at lunchtime.

4 EXECUTIVE OFFICER DEDRICK: I will.

5 MR. DORN: Thank you.

6 CHAIRMAN DAVIS: Thank you for coming.

7 EXECUTIVE OFFICER DEDRICK: Thank you,

8 Mr. Chairman.

9 I should point out, clarify for the record,  
10 that Steve Sekelsky is, in addition to being a very  
11 competent appraiser, is also the Mayor of the City of  
12 Galt.

13 (Laughter.)

14 COMMISSIONER HOPCRAFT: I would just like to  
15 note also that, aside from the sympathy for small  
16 businessmen and the desire to balance the considerations,  
17 but I would like you to note in your negotiations or in  
18 your sessions with Mr. Dorn, and when you come back to us,  
19 if you're going to recommend lowering that, then I would  
20 like to get your estimate on the impact on the other lease-  
21 holders.

22 EXECUTIVE OFFICER DEDRICK: Yes.

23 COMMISSIONER HOPCRAFT: I mean, I think that  
24 the equity as regards the rents that the other folks in  
25 similar positions are paying is a concern.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 EXECUTIVE OFFICER DEDRICK: Yes, Commissioner,  
2 I appreciate what you're saying. The Commission has always  
3 made a serious effort to be equitable to all -- all  
4 leaseholders, and I'm sure that the staff is carrying out.

5 And those regulations are clearly defined to  
6 try and maintain that equity. I'd be happy to go through  
7 this process. And if there's an alternative and -- you  
8 know, I'll be back to you in any event in two months.

9 CHAIRMAN DAVIS: And, you know, just one last  
10 thought on this item. It's been my experience that, if  
11 anything, the Lands Commission tends to be at the low end  
12 of market value on some of these things.

13 So, it does not have a tendency to overcharge.  
14 Not that they may not be wrong in isolated instances, but  
15 generally they do not seem to be gougers.

16 EXECUTIVE OFFICER DEDRICK: Thank you, Mr.  
17 Chairman. We don't feel like gougers.

18 CHAIRMAN DAVIS: All right. Let's take up  
19 Item C13, which we put over. Let's take that up now.

20 EXECUTIVE OFFICER DEDRICK: Okay. Jim, would  
21 you? I'd like to ask Mr. Trout to take this one for me.

22 MR. TROUT: Mr. Chairman, the Item 13 is to  
23 provide an intake and outflow for salt water to establish  
24 an abalone farming activity in San Luis Obispo County.

25 We originally felt that this had minimal impact.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 However, in review of the environmental certification by  
2 the county, they found that there were basically three  
3 unmitigatable significant environmental effects.

4 One had to do with the adverse effect on the  
5 plankton during the actual laying of the pipeline. One  
6 had to do with the potential, although very remote, for  
7 some adverse effect on the Pismo claim, and some potential  
8 during the construction for some erosion of the inner  
9 tidal zone.

10 The County of San Luis Obispo based its  
11 determination on overriding consideration, and you are  
12 basically using their environmental document. It has been  
13 certified, and we know of no opposition.

14 And staff is supportive of the project. But  
15 we felt that since you're making that determination, we  
16 need to get that out front, so you know clearly what  
17 you're doing.

18 We do recommend the project. But you're  
19 agreeing to their finding of overriding consideration for  
20 these minimal impacts.

21 CHAIRMAN DAVIS: Is there anyone here that is  
22 here to speak on this item or opposed to staff's  
23 recommendation?

24 COMMISSIONER HOPCRAFT: I move the staff's  
25 recommendation.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 COMMISSIONER SWEET: I second.

2 CHAIRMAN DAVIS: It passes unanimously.

3 EXECUTIVE OFFICER DEDRICK: Thank you, Mr.

4 Chairman.

5 CHAIRMAN DAVIS: Now we go to --

6 EXECUTIVE OFFICER DEDRICK: Regular calendar?

7 CHAIRMAN DAVIS: Yes.

8 EXECUTIVE OFFICER DEDRICK: All right. Item 29  
9 is an application by the Union Oil Company for a waste water  
10 pipeline discharge and diffuser.

11 The staff -- and there is, as you can see, a  
12 gentleman from the Regional Water Quality Control Board  
13 here.

14 This action of the Commission would involve also  
15 certifying the EIR, which was conducted by the Commission.

16 Staff recommends that you approve the lease  
17 that we have negotiated with Union Oil Company for this  
18 particular waste water disposal system, which is -- meets  
19 the approval and, in fact, the requirements of the Water  
20 Board and all of the relevant agencies in the area.

21 We have a problem with the lease with Union on  
22 the marine terminal itself. Union has agreed to hold us  
23 harmless on this. They have a clause of no prejudice  
24 in regard to this particular item.

25 We'll continue to negotiate the lease, and we'll

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 210  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 extend the lease for three months. Not three months  
2 anymore, but to September, in order to continue those  
3 negotiations. And that is the item that's before you.

4 CHAIRMAN DAVIS: What is the item?

5 EXECUTIVE OFFICER DEDRICK: For all those things.  
6 Certify the EIR, approve the waste water discharge device,  
7 pipeline, without prejudice to the base lease, and extend  
8 the base lease to the end of September so the staff can  
9 continue negotiation to bring it to a conclusion.

10 CHAIRMAN DAVIS: All right.

11 Let me call on Mr. Boyer, who asked to be heard  
12 on this issue.

13 Are you going to speak in favor of it or in  
14 opposition to the staff recommendation?

15 MR. BOYER: In favor of the staff recommendation.  
16 My name is Dale Boyer. I'm a staff engineer with the  
17 Regional Water Quality Control Board, San Francisco Bay  
18 Region.

19 And I'm basically here to encourage the  
20 State Lands Commission to certify the EIR. And it does  
21 sound as though staff has worked out a compromise whereby  
22 the project can be constructed even though you are  
23 involved in these negotiations with Unocal. This would  
24 certainly be something that our agency would encourage  
25 wholeheartedly.

1 CHAIRMAN DAVIS: Yes?

2 COMMISSIONER SWEET: I have a question for  
3 staff.

4 (Thereupon the reporter did not hear  
5 the question by the Commissioner.)

6 COMMISSIONER SWEET: What would happen to the  
7 pipeline if the lease negotiations are concluded in  
8 September in our favor?

9 MR. KILEY: If the lease negotiations were  
10 concluded favorably, the pipeline lease would be melded  
11 into the final lease for the terminal.

12 EXECUTIVE OFFICER DEDRICK: It would have no  
13 substantive effect. In any event, the pipeline will  
14 stay there.

15 CHAIRMAN DAVIS: Are there any further --

16 COMMISSIONER HOPCRAFT: I note that there's a  
17 cease and desist order from your agency. And I'm  
18 wondering if there are any positive environmental  
19 benefits from this current action that we take today,  
20 aside from clearing the way, I guess, for your permit  
21 process to proceed?

22 MR. BOYER: Well, certainly, a positive  
23 environmental benefit will be construction of this  
24 diffuser, which is required by the cease and desist order  
25 in Unocal's current permit. They're currently overdue.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 The deadline was July. But we won't take enforcement  
2 action, I feel, because delays were caused by circumstances  
3 beyond their control.

4 COMMISSIONER HOPCRAFT: So, this is part of the  
5 remedy from your cease and desist.

6 MR. BOYER: Yes, this is a requirement.

7 COMMISSIONER HOPCRAFT: And can you give me  
8 just three sentences of layman's terms of what is a  
9 diffuser?

10 MR. BOYER: A diffuser basically ensures that  
11 the waste water discharged from this pipe will immediately  
12 meet a very high rate of dilution in the receiving water.

13 This has a couple of benefits. Basically,  
14 dilution is not a solution for pollution, but it certainly

15 (Laughter.)

16 MR. BOYER: -- helps to reduce the effects of  
17 the waste water in the receiving water.

18 Also, there were problems with the waste water  
19 treatment system, the effects, like I said, would be  
20 ameliorated by the dispersion.

21 COMMISSIONER HOPCRAFT: Thank you.

22 Mr. Chairman, I would move the staff  
23 recommendation.

24 COMMISSIONER SWEET: Second.

25 CHAIRMAN DAVIS: All right. Without opposition,

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 that motion passes.

2 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, I've  
3 asked Mr. Trout to take Item 30.

4 MR. TROUT: Some years ago, Mr. Chairman, the  
5 Commission had a moratorium on accepting new applications  
6 for piers at Lake Tahoe to provide time for a study of  
7 some of the environmental effects of piers.

8 That work has now been done, and the Tahoe  
9 Regional Planning Agency and our office, Fish & Game,  
10 the Attorney General, and others have arrived at the  
11 conclusion that piers in and of themselves do not -- for  
12 Tahoe are not going to have an adverse effect. But they  
13 need to be looked at on an individual basis. We're asking  
14 the Commission to basically lift that moratorium and allow  
15 the staff to now process applications for new piers at  
16 Tahoe.

17 There are some areas that will off limits for  
18 new piers. And these are fish spawning areas that have  
19 been identified and mapped by TRPA and Fish & Game.

20 After we came into the meeting today, an  
21 attorney that represents some of the pier owners has  
22 suggested a minor amendment to the recommendation, which  
23 is a concern Recommendation 2 -- is that staff may  
24 authorize to accept and process applications for new  
25 piers. It said, "and pier extensions and modifications,"

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 which we do agree would be included. But they'd ask this  
2 language to be deleted simply because it may indicate  
3 that extensions and modifications have to come under this  
4 process. I don't think there's any harm in that.

5 We'll continue to process these applications  
6 individually. There will be environmental documents and  
7 all that. So, we'd just ask your approval of that and  
8 acceptance of the staff recommendation.

9 CHAIRMAN DAVIS: Does anyone here want to  
10 testify on this item?

11 MR. LIEN: Good morning. My name is Greg Lien,  
12 and I represent the Tahoe-Sierra Preservation Council.

13 And, as Mr. Trout pointed out, we noted a  
14 problem this morning with the language that could imply  
15 that pier extensions might not be allowed in some areas.

16 Just to indicate the extent of the problem that  
17 we just heard about this morning, the areas that are  
18 identified on the map as having fish habitat at Lake Tahoe  
19 constitute approximately 90 to 95 percent of the entire  
20 shoreline. To my knowledge, virtually all marinas and  
21 facilities open to the public might conceivably subject to  
22 this new prohibition if the language, as originally  
23 drafted, were to go through.

24 So, again, a drought year where a lot of  
25 multiple-use and commercial facilities need to get some

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 extension further into Lake Tahoe, this will be an  
2 absolute disaster for many Lake Tahoe property owners  
3 and business owners.

4 One point I want to make while you've kindly  
5 given me the time to speak you, is that we need to  
6 coordinate with the Tahoe Regional Planning Agency in  
7 developing these policies. The Tahoe Regional Planning  
8 Agency has the unenviable task of attempting to harmonize  
9 the various interests at Lake Tahoe. And believe me,  
10 they're diverse and often at each other's throats.

11 I don't believe it's appropriate for this  
12 agency, being primarily a revenue-collecting agency, among  
13 the other, very many beneficial things that you do, to be  
14 dictating policy or get at cross-purposes with TRPA on some  
15 of these very key issues to Lake Tahoe property owners and  
16 business owners.

17 One further concern that I have is: As to the  
18 California Department of Fish & Game being essentially  
19 given veto power over where new piers could be located or  
20 extensions, or so on, the California Department of Fish &  
21 Game is again one of these diverse interests that has  
22 their own point of view. They essentially represent the  
23 fishermen.

24 Fishermen, from my point of view, are the kind  
25 of people that go out and -- well, whether they're amateurs

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 or professionals -- they're fish killers.

2 TRPA, on the other hand, is sort of on the side  
3 of the fish. And to give veto power to the fish-killing  
4 side, I guess, in our view, is perhaps not appropriate  
5 and might deserve further consideration.

6 Again, in view of the lack of notice as to  
7 extension kind of thing, we would concur and urge you to  
8 adopt what Mr. Trout has suggested; that is, your paragraph  
9 number two, with the deletion of the words, "and pier  
10 extensions or modifications."

11 But I would ask that we go a step further and  
12 have some coordination with the Tahoe Regional Planning  
13 Agency.

14 I was informed this morning by your staff that  
15 nobody has talked to them yet about what you're proposing  
16 to do.

17 EXECUTIVE OFFICER DEDRICK: That's not true.

18 MR. KILEY: That's not true at all.

19 MR. LIEN: Excuse me.

20 MR. KILEY: It was developed in close harmony  
21 with the TRPA people.

22 EXECUTIVE OFFICER DEDRICK: I really would like  
23 to speak to that.

24 CHAIRMAN DAVIS: Listen. I'm going to run  
25 this meeting.

**PETERS SHORTHAND REPORTING CORPORATION**

3338 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 EXECUTIVE OFFICER DEDRICK: Yes, sir.

2 CHAIRMAN DAVIS: When you're through, we'll  
3 then take -- allow the appropriate responses.

4 MR. LIEN: I apologize if I misspoke. I was  
5 informed by one staff member, who was apparently not in on  
6 those discussions, that, again, I'm just repeating what  
7 I was told.

8 If there was coordination with TRPA, then, that's  
9 good. I believe there ought to be some more, not only with  
10 TRPA, but with some of the other groups involved, such as  
11 ours, so that we can bring something back that really does  
12 attempt to harmonize all of the interests involved and  
13 will be truly workable.

14 This would be a good initial step in that  
15 direction. I would ask that we bring this back next  
16 month to consider some of the further issues involved.

17 Thank you.

18 CHAIRMAN DAVIS: All right. Why don't you  
19 remain there for a second.

20 Do you want to respond, either Claire or --

21 EXECUTIVE OFFICER DEDRICK: May I, Mr. Chairman?

22 CHAIRMAN DAVIS: -- on the issue of whether we  
23 coordinated with TRPA on this matter?

24 EXECUTIVE OFFICER DEDRICK: We have coordinated  
25 closely with TRPA, with Cal-TRPA when it was in existence,

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (915) 382-2345

1 and with the other relevant agencies on all of these  
2 issues.

3 CHAIRMAN DAVIS: Who did you deal with at TRPA?  
4 What human being?

5 EXECUTIVE OFFICER DEDRICK: The -- Dennis  
6 Machado most recently, who is the Executive Director of --  
7 Machida. I always say that. I'm having a gap  
8 in my brain as to the Executive Officer of TRPA, who we  
9 talked to last week.

10 Let me give you the whole background here. As  
11 you know, I know well from your own experience, Mr. Chairman,  
12 TRPA, the whole Tahoe issue has been a major issue. The  
13 Commission has worked closely with both agencies from the  
14 beginning. The reason that the moratorium existed was at  
15 the request of Cal-TRPA and TRPA.

16 The studies that were the reason for the  
17 moratorium have been carried out and results have been  
18 obtained.

19 The reason Fish & Game is spoken to directly  
20 in this particular item or the calendar item is because  
21 Fish & Game has the authority to determine spawning areas  
22 where such structures should not go in. That is by  
23 agreement with Fish & Game and the Regional Planning  
24 Agency. And, in fact, we're lifting the moratorium at this  
25 time at the request of the Tahoe Regional Planning Agency.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1           And we will continue to coordinate. One of our  
2 regulations requires that we get approval of leases from  
3 the Tahoe Regional Planning Agency before we grant them,  
4 so -- and, as you know, all our leases require compliance  
5 with all local, State, and Federal regulations before they  
6 are enforced.

7           So, I think that in those regards, Mr. Lien has  
8 been misinformed.

9           CHAIRMAN DAVIS: Just to be more specific, the  
10 TRPA approves this ten-year recreational pier permit?

11           EXECUTIVE OFFICER LEDRICK: Yes, TRPA has to  
12 approve them. Let me have the Attorney General speak to  
13 the basic point.

14           That's the other area I did leave out. We  
15 worked very closely with the Attorney General's Office on  
16 this issue. And Jan's an expert on that.

17           MR. STEVENS: Mr. Chairman, yes, we have worked  
18 on this matter with representatives from TRPA and the  
19 Lands Commission of course. And we have some concerns, I  
20 think, with Mr. Lien's proposed change and the assumptions  
21 that underlie it.

22           Basically, it's very unlikely, I think, that a  
23 modification or extension could have the same detrimental  
24 effects at Lake Tahoe as an entirely new pier. But it's  
25 possible that it might. And any amendment to this item

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 which would imply that a modification or extension is  
2 going to come home free and escape the kind of scrutiny  
3 that a pier would have is unjustifiable in our view.

4 The second thing is the assumption that this  
5 Commission is solely a revenue-collecting agency and  
6 should defer entirely to any approval given by TRPA, while  
7 I think the arrangement that's been worked out is a good  
8 one and, as a matter of fact, the TRPA designation based  
9 upon maps showing fish habitat and spawning areas is going  
10 to work and is going to work constructively toward review  
11 and consideration, this Commission is, of course, the  
12 guardian of the public trust at Lake Tahoe.

13 And we assume that it will retain full  
14 discretion in that capacity to review pier modifications,  
15 extensions, and new piers as well when they come before it.

16 EXECUTIVE OFFICER DEDRICK: To correct what I  
17 hope -- I may have misspoken myself. I didn't mean to  
18 imply that if TRPA approves something, that this Commission  
19 staff would recommend automatic approval. That's not  
20 true.

21 I merely meant that we would not recommend  
22 approval of a pier that was disapproved by TRPA for their  
23 own regional planning reasons.

24 CHAIRMAN DAVIS: I'm trying to reduce this from  
25 a general philosophical discussion to the specific item

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 before us.

2 Does TRPA recommend to this body that we  
3 approve Item 31 before us?

4 MR. TROUT: Yes.

5 EXECUTIVE OFFICER DEDRICK: To my knowledge,  
6 that's correct.

7 Let me check one point. Lance, you have  
8 reviewed this document with the Tahoe Regional Planning  
9 Agency?

10 MR. KILEY: My staff has reviewed this with  
11 the Tahoe Regional Planning Agency.

12 EXECUTIVE OFFICER DEDRICK: I thought that was  
13 the case, but it is, in fact, the case.

14 COMMISSIONER HOPCRAFT: I have a question about  
15 the 95 percent figure. If we could just ask staff to  
16 speak to this.

17 What is the true effect of us lifting this  
18 moratorium if there is 95 percent of the area prohibited  
19 from --

20 MR. TROUT: If I can respond? The 95 percent  
21 is areas that are identified as spawning habitats, feeding,  
22 or escape cover habitat, and areas targeted for b  
23 restoration.

24 What this says is that it may yet still be  
25 possible to put a pier, pier extension, or modification

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 within those areas. But they will have to be looked at  
2 very, very carefully.

3           There was a question as to whether Fish & Game  
4 should have a veto authority. In fact, Fish & Game does  
5 have such an authority, because they have to issue an  
6 alteration permit or something to allow construction.

7           So, the impact of this is to basically allow  
8 staff to accept and process applications. In areas that are  
9 identified in the map, those will have to be handled in a  
10 very special process.

11           COMMISSIONER HOPCRAFT: So, they'll be given  
12 extra consideration.

13           My other question is: If we were to postpone  
14 this item, what impact would that have for the current  
15 year?

16           I know that, obviously, we've had a lot of  
17 dredging and special concerns from the homeowners and  
18 boaters due to the dry year. And I'm wondering if we do  
19 accept the recommendation of Mr. Lien and postpone  
20 action, what impact would that have on the use this year?

21           MR. TROUT: Most of the dredging thing has been  
22 handled by the Commission as a result of some good staff  
23 work earlier in the year.

24           Item 31, which immediately follows this, would  
25 be the first application that the Commission would

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 consider within this revised process. And it may mean that  
2 he may not get a pier in in time to use it this summer.

3 That, I think, is the outside impact, that  
4 there may be a party or two, perhaps Mr. Wood, who would  
5 not be able to have a pier constructed and used this year.

6 Beyond that, I don't think there is an impact.

7 MR. KILEY: We have a backlog of several dozen  
8 applications that are waiting for this action, however.

9 MR. LIEN: If I could briefly respond to some  
10 of the things that have been said so far. Apparently, I've  
11 been corrected. There was some contact with the TRPA  
12 staff that -- at least their lower level staff level, and  
13 so -- with their fish biologist and so on.

14 To my knowledge, there has been no use of TRPA's  
15 facility in attempting to harmonize the various interests  
16 in trying to make sure that this language was not in --  
17 somehow in conflict with what they were attempting to  
18 accomplish.

19 Again, they have decided that pier extensions  
20 are environmentally sound primarily because they go  
21 deeper into the lake where impacts on the bottom, say by  
22 a boat propwash or whatever, would be less because there's  
23 deeper water beneath the keel.

24 So, if human activity, as Mr. Trout pointed  
25 out, is the detrimental impact, relocating that into deeper

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-234

1 water where the fish have more room to get away, at least  
2 in the TRPA's judgment, from my understanding of their  
3 point of view, was a better way to go, to allow these  
4 extensions.

5 So, again, we would like to see -- not that  
6 this item be pulled all together, but that it be acted  
7 on today with the deletion suggested by Mr. Trout.

8 COMMISSIONER HOPCRAFT: Are you recommending  
9 that deletion, Mr. Trout, in opposition to the Attorney  
10 General's statement earlier, that he thinks it would be  
11 a dereliction of our duty?

12 MR. TROUT: I don't understand that to be what  
13 Mr. Stevens said.

14 Mr. Lien recommended it. Staff has looked at  
15 it. And we don't seem to have a problem with it.

16 There should not be inferred, however, the  
17 fact that extensions and modifications would somehow get  
18 very passive or casual treatment, and would not be  
19 evaluated with Fish & Game and TRPA, and that the  
20 environmental impacts on all of the fish spawning and  
21 other activities would not be considered.

22 Any implication that that would be the case  
23 is incorrect. And I'll let Mr. Stevens respond for himself.  
24 But I think that's what I'm saying.

25 CHAIRMAN DAVIS: Well, then, as I understand it,

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 there's really no dispute on the specific item before us,  
2 as far as we take the amended language?

3 MR. STEVENS: The only concern we have --  
4 I really don't think that the item, as presented today,  
5 raises the kind of problem that Mr. Lien envisages.

6 I'm a little concerned that the Commission  
7 creates some kind of legislative history by removing  
8 extensions and modifications that may come back some day  
9 to haunt us at the hands of able and articulate counsel.

10 EXECUTIVE OFFICER DEDRICK: I would be very  
11 concerned if we completely ignored the possibility of  
12 damage from extensions, and nor do I believe that that is  
13 TRPA's exact position, because I have discussed it with the  
14 agency.

15 CHAIRMAN DAVIS: Let me ask our counsel. What  
16 is your view on this, Robert?

17 MR. HIGHT: Mr. Chairman, I think that the  
18 Commission would be in a legal position, if we adopted the  
19 item as presented, and if there is any, then, problem, we  
20 can work with Mr. Lien to tailor any permits that would  
21 come before us to accommodate any concerns he has.

22 MR. LIEN: Let me ask a question. If we went  
23 with the language, as amended, and then brought it back  
24 next month for a more comprehensive discussion of the  
25 impact of extensions and modifications, and then hopefully

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 we can take care of everything, including Mr. Wood, who I  
2 do not represent, but I understand is on your calendar  
3 today.

4 This will, I think, harmonize all of our  
5 interests to the extent we can.

6 EXECUTIVE OFFICER DEDRICK: I'm somewhat  
7 concerned about taking that route as a result of the  
8 discussion that's taken place since the original proposal  
9 to make this change.

10 I think it really is important that we be --  
11 the Commission be in the position to deal with such  
12 proposals on a case-by-case basis, so that they can be  
13 examined on their own true environmental merits.

14 I think it would be very unfortunate -- and as  
15 Jan has expressed concern and so has Bob -- that the -- that  
16 any sort of record should exist indicating in any way  
17 that that is no longer a concern of the State Lands  
18 Commission.

19 CHAIRMAN DAVIS: Well --

20 COMMISSIONER SWEET: Can I ask just a technical  
21 question?

22 What's the difference between a review that  
23 would occur on extensions and modifications if the language  
24 was amended? What's the practical difference of the  
25 review that would occur?

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD SUITE 240  
SACRAMENTO CALIFORNIA 95827  
TELEPHONE (916) 362 2346

1 EXECUTIVE OFFICER DEDRICK: There would be no  
2 practical difference. But there is an implication now  
3 before us that there should be.

4 And as long as you people totally correct  
5 that on the record and the problem doesn't exist, then I  
6 don't have a problem.

7 But I would certainly bow to the attorneys in  
8 my opinion.

9 COMMISSIONER SWEET: If there's no practical  
10 difference, then why is it so important to amend it?

11 EXECUTIVE OFFICER DEDRICK: I don't think it is  
12 myself.

13 CHAIRMAN DAVIS: Let me --

14 EXECUTIVE OFFICER DEDRICK: We were trying to  
15 accommodate --

16 CHAIRMAN DAVIS: I'm not comfortable with this  
17 item. And I think -- I'm particularly not comfortable  
18 with both attorneys telling me that they're reluctant to  
19 see the language changed.

20 I am sensitive to Mr. Lien's comments. So, I  
21 would suggest we put this over for 30 days and see if we  
22 can't get something in writing from TRPA as to what their  
23 view is. And I don't know if we are the ultimate policy-  
24 making authority or simply the revenue-collecting agency,  
25 because if you look at some of our other items, particularly

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 Santa Barbara, I think others would tend to agree with me  
2 that we don't view this "just collecting money" as our  
3 principal task -- it's important, but the affected  
4 communities' interest, particularly relating to any  
5 projects that we might approve, is also very important to  
6 us.

7 Why don't we put this over 30 days?

8 EXECUTIVE OFFICER DEDRICK: We could also put  
9 over Item 31 then, Mr. Chairman.

10 CHAIRMAN DAVIS: Right. And let's have  
11 something in writing, or some positive statement from  
12 TRPA as to where they are on this issue.

13 EXECUTIVE OFFICER DEDRICK: Yes. Randy -- I  
14 didn't introduce Randy Moory, but he has spent a good deal  
15 of time working on this issue over the last few years.

16 And I'm sure we will have no difficulty getting  
17 all these things in writing.

18 CHAIRMAN DAVIS: Thank you. Okay. Item 32.

19 EXECUTIVE OFFICER DEDRICK: Item 32 is a denial  
20 of an application of the Big Foot Development Company for  
21 a piece of land called Slab City near Niland in Imperial  
22 County, and a request by staff that you authorize us to  
23 solicit proposals for development of this parcel.

24 CHAIRMAN DAVIS: Any comment from anyone on  
25 this item? Any opposition to it?

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1           COMMISSIONER SWEET: Mr. Chairman, I move the  
2 staff recommendation.

3           CHAIRMAN DAVIS: Hearing no objection, that's  
4 approved.

5           Item 33?

6           EXECUTIVE OFFICER DEDRICK: Item 33, Robert  
7 Marx, dba Phoenician South Seas.

8           This is an approval of a one-year extension of  
9 his salvage permit for -- he's looking for a ship called  
10 the St. Augustine located off Pt. Reyes somewhere.

11          CHAIRMAN DAVIS: Anyone care to comment on  
12 this item?

13          Any questions or comments from the Commission?

14          COMMISSIONER SWEET: I move the staff  
15 recommendation.

16          CHAIRMAN DAVIS: Without objection, approved  
17 unanimously.

18          EXECUTIVE OFFICER DEDRICK: Item 34, the  
19 State Lands Commission staff is the applicant in this  
20 case.

21          We would ask you to accept and approve their  
22 report, which we call the LOSS report-- I can't remember  
23 why it's called that -- on the investigation of historical  
24 sites and shipwrecks along the Sacramento River between  
25 the city and Sherman Island.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
ACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1           This was authorized and funded by in the -- over  
2 the last two years. And the report we sent you -- we sent  
3 you a next-to-the-last version of the report. We didn't  
4 get them all printed. We didn't want to get them printed  
5 until you approved it, so --

6           CHAIRMAN DAVIS: Any opposition to this?

7           COMMISSIONER HOPCRAFT: I move we adopt this  
8 report.

9           CHAIRMAN DAVIS: Without objection, that's  
10 adopted unanimously.

11           Item 35?

12           EXECUTIVE OFFICER DEDRICK: Item 35 is an approval  
13 of an assignment from the Exxon Company and Phillips  
14 Petroleum to the Exxon Pipeline and Largo Company of the  
15 offshore lease, which is a pipeline lease. I think also --  
16 and a terminal lease. Commission approved both leases  
17 in the fall.

18           CHAIRMAN DAVIS: Anyone want to comment or  
19 testify on this item?

20           Any opposition to it?

21           COMMISSIONER SWEET: I'll move the staff  
22 recommendation.

23           CHAIRMAN DAVIS: Without objection, it's  
24 approved unanimously.

25           Item 36?

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (316) 362-2345

1 EXECUTIVE OFFICER DEDRICK: Item 36, this is  
2 approval of a 49-year master lease to the City of  
3 Sacramento for the riverfront area on the Sacramento  
4 River between the Tower Bridge and the Pioneer Bridge, so  
5 they can go forward with the development of that area.

6 CHAIRMAN DAVIS: Anyone care to be heard on  
7 this item? Any opposition?

8 Is there a motion to approve?

9 COMMISSIONER SWEET: So move.

10 CHAIRMAN DAVIS: Without objection, that's  
11 approved unanimously.

12 Item 37?

13 EXECUTIVE OFFICER DEDRICK: Item 37, the City of  
14 Petaluma. This is approval of a termination of an existing  
15 lease and a quitclaim deed, a settlement with the city,  
16 and approval of a project to do some marina work in  
17 Petaluma,

18 CHAIRMAN DAVIS: Anyone want to be heard on this  
19 item?

20 Any opposition?

21 Is there a motion to approve?

22 COMMISSIONER SWEET: So move.

23 CHAIRMAN DAVIS: Without objection, that's  
24 approved unanimously.

25 EXECUTIVE OFFICER DEDRICK: Item 38 is off

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 calendar.

2 Item 39, the Kerry K. and Caren R.  
3 Kennedy. This is the issuance of a patent on a parcel  
4 of land the Commission authorized the sale of over two or  
5 three months ago.

6 CHAIRMAN DAVIS: Anyone care to be heard on this  
7 item?

8 Any opposition?

9 Is there a motion to approve?

10 COMMISSIONER SWEET: Move the staff  
11 recommendation.

12 CHAIRMAN DAVIS: Without objection, that will  
13 be approved unanimously.

14 Item 40?

15 EXECUTIVE OFFICER DEDRICK: Yes. Item 40,  
16 Commissioners, I should inform you that on both Items 39  
17 and 40, you are acting also as School Land Bank Trustees  
18 as well as State Lands Commissioners.

19 Item 40 is an authorization to sell a parcel,  
20 two acres, in Shasta County -- in Siskiyou County on the  
21 side of Mount Shasta for access to a parcel owned by  
22 Danielle L. Light.

23 CHAIRMAN DAVIS: Anyone want to be heard on  
24 this item?

25 Any opposition?

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1           COMMISSIONER SWEET: I move the staff  
2 recommendation.

3           CHAIRMAN DAVIS: Without objection, it's  
4 approved unanimously.

5           EXECUTIVE OFFICER DEDRICK: In both cases, the  
6 revenue from these two goes into the School Land Bank  
7 Trust Fund.

8           Item -- excuse me.

9           CHAIRMAN DAVIS: Item 41?

10          EXECUTIVE OFFICER DEDRICK: Item 41, S & R  
11 Forest Management. This is authorization to accept a bid  
12 of \$24,000-plus for a timber sale of -- in Mendocino  
13 County -- Lake County. I'm sorry. -- of a burn -- the sale  
14 of salvaged timber from a burn.

15          CHAIRMAN DAVIS: Anyone want to be heard on this  
16 item? Any opposition?

17          Is there a motion? |

18          COMMISSIONER SWEET: I so move.

19          CHAIRMAN DAVIS: Without objection, that's  
20 adopted unanimously.

21          EXECUTIVE OFFICER DEDRICK: Item 42, California  
22 Department of Forestry.

23          This is approval to enter into an interagency  
24 agreement for a prescribed burn on a parcel of land in  
25 Shasta County.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 CHAIRMAN DAVIS: Anyone want to be heard on  
2 this item?

3 Is there opposition?

4 COMMISSIONER SWEET: Move the staff  
5 recommendation.

6 CHAIRMAN DAVIS: That's unanimously approved.

7 EXECUTIVE OFFICER DEDRICK: Item 45, Commissioners,  
8 this is -- W. L. Burdue is the applicant for a prospecting  
9 permit for minerals in the -- off the San Diego Coast.  
10 It's off Imperial Beach.

11 The staff recommends denial. Mr. Burdue is  
12 here and probably would like to speak.

13 CHAIRMAN DAVIS: Will you come forward,  
14 Mr. Burdue?

15 MR. BURDUE: Yes, thank you. You have some  
16 pretty good communicators here today. I'm sorry I'm not  
17 one of them, but I'll try to get my point across.

18 CHAIRMAN DAVIS: Take your time.

19 MR. BURDUE: I do have some written stuff if  
20 you'd like to submit it there for -- some analyses as far  
21 as areas being impact and all (sic). If -- I don't know  
22 how many you --

23 And then, in addition to --

24 In case, just the project itself, have to take  
25 any on the statements (sic), I'd like to also submit some

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 assessment impact for similar type of activities that  
2 have been done on -- and I have more, but that's just an  
3 example.

4 EXECUTIVE OFFICER DEDRICK: Go ahead,  
5 Mr. Burdue.

6 MR. BURDUE: Yes. It's my understanding that  
7 one of the main charters of this Commission is to promote  
8 and encourage development of our public resources through  
9 private participation.

10 In spite of this, I am under the impression your  
11 staff's motivation is only in supporting those interests  
12 of self-serving government programs.

13 Also, it was called to my attention that some  
14 of the Land Commission officials here are noted for being  
15 politically motivated in securing denials of any activity  
16 which might be interpreted as an environmental issue.

17 Now, all this does is engage in partisan  
18 politics when the public interest could be better served  
19 by proposing flexible amendments if a misconception could be  
20 corrected.

21 Please take a minute to recall in the past or  
22 notice today's calendar items and note how many of these  
23 items are mainly for sea sand removals. True, they don't  
24 call it prospecting, but used language like maintenance  
25 dredging, sand replenishment, et cetera.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1           Also, there's another big difference, and that  
2 if -- if we don't have a mineral discovery, there is no  
3 reason for -- to proceed farther than but a removal of  
4 just a few pounds.

5           Of course, the removal of the final tonnage is  
6 required to prove the security and economic well being for  
7 obtaining this lease.

8           Even if good judgment enable (sic) us to be  
9 successful in removing all the sands proposed in this  
10 project, it would only represent a very small fraction  
11 in comparison to the other sand removal items.

12           In fact, even a single storm wave action could  
13 displace a lot more sand than our entire proposed sand  
14 sampling program.

15           I started this application in June, in '87, which  
16 was first approved as complete in December, '85, but  
17 had just been scheduled for this public hearing today.

18           The staff has encouraged me to withdraw my  
19 application several times. They did identify several  
20 government agents (sic) and their rights in various  
21 functions, but failed to state that in all these locations  
22 that the State specifically reserved and maintained all the  
23 mining rights for the benefit of the public.

24           I am here today to urge this Commission to  
25 direct their Long Beach office to mitigate a prospecting

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 permit in keeping with the State's past public intention  
2 of developing their resources through private enterprise.

3 I believe a review of this project will show  
4 that a preparation of the EIR is not required and a  
5 finding of a no significant impact is considered  
6 consistent with prior projects.

7 It should be noted that this is not a full-scale  
8 production type of operation that might require or  
9 justify more information in the form of an EIR to show  
10 possible environmental restraints.

11 The Commission now has a chance to perform  
12 their function and show their concern for the rights of  
13 private miners -- in this case, me -- which have in the  
14 past been a positive force in the development of  
15 California public resources.

16 With the current high budget pressure, all  
17 agents (sic) should do their part in trying to relieve  
18 the private sector of any undue tax stress.

19 I urge you to look at the specific intent of  
20 this project with me, and determine that the tasks and  
21 procedures outlined will meet with your approval in granting  
22 this permit.

23 Also, should you feel I should farther (sic)  
24 address more specifically each statement of the staff's  
25 report with why I feel they were generic in nature,  
biased, and misleading, I will do so.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1           And, please, the tone came out, I guess,  
2 stronger than what I meant. I'm just trying to -- I got a  
3 lot of time and energy in this. And I feel a lot -- no --  
4 to me, no mitigation was accomplished, or even tried to  
5 in this case, because it gave the impression that there'd  
6 been a freeze on any type of exploration or anything.

7           If that's the case, it should have come out  
8 that way instead of going back through this. Now, I  
9 would like to point out, if I could just a moment, this  
10 second page here is mainly just what the objective of the  
11 permit outline is.

12           Obviously, the objective of this is to see if  
13 we can locate minerals and make assays or samplings. And  
14 then the second thing is determine whether it's profitable  
15 or not to do this.

16           Now, as far as the environmental, there's very  
17 little known about the ocean. And the more data you can  
18 collect the better off it is for all of us to make good  
19 decisions on what's going on down there.

20           We don't have any -- anybody collecting data  
21 or storing it or keeping it. You may recall back at the  
22 beginning of the Commission, the Coastal Commission, they  
23 tried to -- they made a study on how to collect data.

24           They funded that to the private enterprise.  
25 They came up with a good computer program for collecting

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 data. They never did go ahead and fund, to my knowledge,  
2 the implementation of collecting this data so somebody  
3 intelligent can make a decision.

4 All they do, it appears, is make up the  
5 decision, then go collect the data to justify why a  
6 decision was made.

7 But, anyway, my plan we have proposed here, we  
8 have not asked for any variance request. We haven't  
9 asked anybody to have any variance on it.

10 We -- we know that the -- the environmental  
11 issue is a very sensitive thing here and various policies  
12 are for our benefit, especially with the EPA problems  
13 they're having now with the ocean. But that's -- most of  
14 that's indirectly in relation to the ocean. And it's  
15 inland as far as the pollution goes. It's not the users.

16 Now, we want to comply with all of the  
17 compliances (sic). We've asked the State to be a part of  
18 the observation on here. And we want to recognize any --  
19 any inputs they have for this. We would incorporate that  
20 in our plan.

21 This is similar to a permit that I helped  
22 people do back in the time frame, in 1976 through '79,  
23 and the permit number is 9878.

24 There are data there. I don't think there was  
25 any problems there or anything encountered there. Now --

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 and we got more sophisticated laser analysis, spectro-  
2 analysis, where we can go out and make better analysis (sic).

3 CHAIRMAN DAVIS: Mr. Burdue, let me interrupt --

4 MR. BURDUE: Okay.

5 CHAIRMAN DAVIS: -- you for a second.

6 What -- have you ever been granted a permit  
7 by the Lands Commission before to conduct mining  
8 operations?

9 MR. BURDUE: I have not. This permit I'm  
10 speaking of here in the same area, people came to me and  
11 I helped them as a consultant and put them together. I  
12 didn't -- I didn't have time at that time to do it.

13 CHAIRMAN DAVIS: Let me just ask the Commission  
14 staff, if you'll permit me, what was the basis on which  
15 this permit was denied?

16 EXECUTIVE OFFICER DEDRICK: Well, Mr. Chairman,  
17 in the course of -- as soon as the application came in,  
18 staff recognized the sensitivity of the area adjacent to  
19 the Tijuana Estuary National Wildlife Refuge, State Beach,  
20 other things that are itemized in the calendar item.

21 We therefore -- I directed staff to solicit  
22 comments as to whether or not this would be a problem  
23 from all of the relevant agencies that protect the public  
24 resources.

25 Uniformly, there were -- there were responses.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 There are a couple of pages of comments here expressing  
2 concern as to really hoping the Commission would not  
3 grant this prospecting permit.

4 Staff really does not believe that the --  
5 believes that the environmental impact of a mining  
6 operation there would be sufficiently intense that the  
7 Commission couldn't legitimately grant a mining lease in  
8 the area. In order to -- the prospecting permit leads  
9 toward a mining lease, but it requires that an EIR be  
10 conducted. So, our point is --

11 CHAIRMAN DAVIS: Are there any other mining  
12 operations in the --

13 EXECUTIVE OFFICER DEDRICK: In the sand --

14 CHAIRMAN DAVIS: In the adjacent area?

15 EXECUTIVE OFFICER DEDRICK: No. There are none.

16 CHAIRMAN DAVIS: Have we ever granted mining  
17 operations in the area in the past?

18 EXECUTIVE OFFICER DEDRICK: Not since I've been  
19 with the Commission.

20 Moose, do you remember any of those?

21 Moose Thompson is Chief of Extraction -

22 MR. THOMPSON: Al Willard will be happy to  
23 answer that question.

24 MR. BURDUE: If I may, I'd give you the number  
25 here of it.

CHAIRMAN DAVIS: Of a mining operation --

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 MR. BURDUE: Yes.

2 CHAIRMAN DAVIS: -- in this area?

3 MR. BURDUE: Yes. Exactly the same operation  
4 I'm doing.

5 W-9878. It was done by the 4-M Company.

6 CHAIRMAN DAVIS: What year?

7 MR. BURDUE: 1976 through 1979.

8 EXECUTIVE OFFICER DEDRICK: Al?

9 MR. BURDUE: Al?

10 MR. WILLARD: That was a prospecting permit for  
11 that company at that time. It did not cover any  
12 mining operations, again, for just taking some samples.

13 CHAIRMAN DAVIS: Did any mining operations  
14 ensue --

15 MR. WILLARD: No.

16 CHAIRMAN DAVIS: -- when the prospecting  
17 permit concluded?

18 MR. WILLARD: No, sir. It was determined to be  
19 negative results, and they did not.

20 CHAIRMAN DAVIS: What you're really saying to  
21 Mr. Burdue is not so much a statement of his competence  
22 or his expertise --

23 EXECUTIVE OFFICER DEDRICK: No.

24 CHAIRMAN DAVIS: -- but just your view,  
25 corroborated by a number of other agencies, this is not an

**PETERS SHORTHAND REPORTING CORPORATION**

3336 MADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 area which we think mining is appropriate?

2 EXECUTIVE OFFICER DEDRICK: That's correct,  
3 Mr. Chairman.

4 CHAIRMAN DAVIS: What do you say to that,  
5 Mr. Burdue?

6 MR. BURDUE: If mining did take place, we'd  
7 forced enough to (sic) come up with some of these  
8 beneficial to the country, and I might add it would be in  
9 the strategic minerals resources type of minerals that  
10 we found. That the mining, it would be nothing but a  
11 sand extraction. You'd be carrying the sand. There'd be  
12 no -- nothing done there than removal of sands, which is  
13 running the dredges.

14 The dredges take place down there at the  
15 various marinas, they do it -- when I was there off of  
16 this area -- I'm sorry -- she's speaking of the Tijuana  
17 Slough, they was removing more sand and dredging than I  
18 would ever be able to economically probably do in years.

19 So, it would be taking sand, and then taking  
20 it in shore and processing according to whatever  
21 regulation that is in effect away from the ocean.

22 There was never any intent to do the mining  
23 there. It would be a harvesting mainly of resources that  
24 came from land. They have washed into the ocean, and  
25 they've been washed there. Now we want to pick them back

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 up, because they've been concentrated in a different  
2 format now where we think, maybe with new technology, we  
3 can make an income.

4 Now, the -- the problem being here -- I won't  
5 go through how much. It's very small. They just -- they're  
6 trying to think of as a mining thing and kill. This is  
7 what they told me they would try to do. They would kill  
8 it that way. If not, they would come up with an expensive  
9 EIR to do it.

10 Now, she mentioned -- Mrs. Claire -- she  
11 mentioned the staff's report. They did. They had a lot  
12 of very negative inputs. And I think it was probably good  
13 input from their own viewpoint. If you will look at the  
14 document I gave you, and look at the document she has,  
15 they're almost identical. They call out even up in the  
16 Anaheim Bay the same endangered bird as they talk about  
17 at Imperial. Exactly the same name. And they come up  
18 with the possibility of dredging doing damage up there.

19 But, the only difference being this is  
20 mitigated and approval was given to it. It almost -- if  
21 you read that report and read the one the staff gave,  
22 it's almost the same words.

23 And I can go -- I got five or six other  
24 reports, the problem being that is that somebody didn't  
25 want to mitigate this thing to see if it could be worked

**PETERS SHORTHALD REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 out.

2 And I appreciate --

3 CHAIRMAN DAVIS: That's a policy judgment.

4 And, you know -- let me ask. Have we -- we have only  
5 issued the one prospecting permit --

6 EXECUTIVE OFFICER DEDRICK: The one --

7 CHAIRMAN DAVIS: -- back in the mid to late  
8 seventies?

9 EXECUTIVE OFFICER DEDRICK: Let me expand just  
10 a little bit on that.

11 In that area -- that's correct. Let me say,  
12 also, that a prospecting permit for a similar sort of  
13 operation was issued a very few years ago off Sunset  
14 Beach in the City of San Francisco.

15 When the issue came before the Commission as to  
16 whether or not to grant a mineral lease, there was  
17 tremendous controversy.

18 An environmental impact report would certainly  
19 have been required. And absent an environmental impact  
20 report, the Commission denied that application.

21 Now, Mr. Chairman, one thing I did not speak  
22 clearly on, I think, when I introduced this item, is that  
23 the initial discussions with other agencies indicate that  
24 we would have to do an EIR.

25 884 runs on 10/28 of this year. So, clearly,

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 382-2345

1 there isn't time to accomplish an environmental impact  
2 report in that period.

3 And I think Mr. Bardue misunderstood staff when  
4 he took it as a threat that we would require an EIR. Staff  
5 informed him that in order to process a prospecting permit  
6 any further to bring it to you for approval, an environmental  
7 impact report would have to be done as a result of the  
8 comments that we have received and our own knowledge of  
9 the environmental impact in the area.

10 CHAIRMAN DAVIS: Is that your understanding,  
11 Jan?

12 MR. STEVENS: Yes. The record indicates a  
13 number of possible significant effects. It's very clear,  
14 and also possible controversy, and an EIR would be  
15 necessary.

16 CHAIRMAN DAVIS: Well, is there a manner in  
17 which we can uphold the staff's recommendation, but ~~any~~  
18 without prejudice, and allow him to sit down with the  
19 staff and see, you know, if there's any merit in his  
20 pursuing his interest in this area?

21 Or would you recommend that we just act up or  
22 down --

23 EXECUTIVE OFFICER DEORICK: Surely, we can do --  
24 to go forward on this, you can certainly deny without  
25 prejudice. He can make another application. Part of that

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2340

1 application would require a reimbursement agreement for  
2 the funding of an environmental impact report in order  
3 for that application to go forward.

4 I really believe, Mr. Chairman, there is no  
5 question that if this -- the prospecting permit is to be  
6 considered for approval, that an environmental impact  
7 report must be done. And that's the way we would go about  
8 it.

9 We should deny today, because there isn't any  
10 way in which you could complete the process with an  
11 environmental impact report prior to the expiration of the  
12 permit streamlining act requirement.

13 MR. THOMPSON: Because as far as the applicant  
14 is concerned, if he takes that particular approach, he will  
15 actually shorten it, rather than waiting till the end of  
16 that particular 884 time, and then having to submit --  
17 resubmit.

18 MR. BURDUE: Could I please answer to that,  
19 please?

20 An EIR in the case of a small person like  
21 this here, you got to use good judgment. And that's why  
22 I'm coming before the Commission here is to lay out a  
23 little bit farther down here what the plan really is. And  
24 I think if you will look at it from a judgment standpoint,  
25 that if you look at it from strictly the prospecting --

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 that's all we're here for -- I'm here for is the  
2 prospecting to see -- gather that to see if it justifies  
3 going ahead with the mining type of operation. That's all  
4 we can do.

5 CHAIRMAN DAVIS: Why did you think that the  
6 earlier prospecting permit in the same area, which I  
7 gather revealed that there were no -- no reason to -- no  
8 resources to develop, why do you think your prospecting --

9 MR. BURDUE: That's not quite true. The thing  
10 that happened on that, at that point in time, in order to  
11 make the evaluation, they had atomic absorption -- was the  
12 only type of machine that was able light off the  
13 specimens and raise the different type of gas.

14 Now they got new equipment that are able to  
15 detect a little bit cheaper so they can get faster  
16 turnaround in this new process to see whether it could be  
17 economically recovered.

18 They did, in all cases -- if you'd check, and  
19 I can bring the statement. I'll bring the people in from  
20 4-M. Values were find -- found there. The values are  
21 there, but it wasn't economical technologywise to be able to  
22 develop the processing for it.

23 Now -- and it's trying to relocate and see  
24 if we can come up with the technology. This -- since the  
25 time expanded (sic). Now, no damage was done then. If I

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 could, just --

2 CHAIRMAN DAVIS: Well, Mr. Burdue --

3 MR. BURDUE: I mean if you just see what's  
4 taken place there. That's --

5 CHAIRMAN DAVIS: You have three problems. One,  
6 there may not be any minerals to extract; two, you have  
7 to have an EIR done by law -- all our attorneys say --  
8 three, as a policy judgment, we may not think it's  
9 appropriate, even if there are minerals there, for them  
10 to be extracted.

11 MR. BURDUE: The policy -- I -- I think, you  
12 know, that you mentioned, you're a policy agency and  
13 obviously what can I do about that? I can't -- and I  
14 don't mean to fight that or anything. That's what I've  
15 been running up against all through here is a brick wall.  
16 We don't want you. Go away.

17 And if that's the attitude, a way individuals  
18 are looked on in this State, then that's the way it is.

19 The best -- let's let it be known that it is  
20 a policy, and that we don't recognize the individual's  
21 rights here.

22 CHAIRMAN DAVIS: I don't think we'll accept  
23 that characterization.

24 COMMISSIONER HOPCRAFT: I certainly would  
25 dispute that. I think you've been present for this

1 morning's hearing --

2 MR. BURDUE: And I appreciate --

3 COMMISSIONER HOPCRAFT: -- and other leases and  
4 other applications, so I would certainly strongly dispute  
5 your statement, as I would strongly dispute many other  
6 statements you've made this morning about this being  
7 politically motivated. Obviously, there's no political  
8 angle. We don't know you.

9 This is not a huge public issue. So --

10 MR. BURDUE: The political -- excuse me -- what  
11 I was referring to is that it looks -- that it is negative  
12 if anything'd done in the ocean, if anybody goes out and  
13 do anything (sic), it's obviously going to be a bad  
14 impact.

15 And there's good impacts and results from things,  
16 too. And --

17 (Thereupon the witness interrupted  
18 Commissioner Hopcraft's statement.)

19 MR. BURDUE: I'm sorry.

20 COMMISSIONER HOPCRAFT: If you examine the  
21 record, you'd find that we do approve projects in the  
22 ocean.

23 MR. BURDUE: We weren't able to find any.

24 COMMISSIONER HOPCRAFT: Where they're  
25 appropriate.

1 MR. BURDUE: That's -- okay. I'm sorry,

2 COMMISSIONER SWEET: Is it proper for us to  
3 take an action on this? Do we need to have an  
4 environmental impact report, or is it -- I'm trying to  
5 understand the process. We can deny it, but we can't  
6 approve it without an environmental impact report; is that  
7 right?

8 CHAIRMAN DAVID: We'd deny it for 884 purposes.

9 EXECUTIVE OFFICER DEDRICK: You can do that,  
10 you know. A denial doesn't prejudice a future application  
11 in any way, Mr. Chairman. Whether you say it's without  
12 prejudice or not, it just doesn't prejudice it. Each  
13 application is a new thing.

14 CHAIRMAN DAVIS: Well, what I would recommend  
15 to my colleagues is that we deny -- we uphold the  
16 staff's recommendation and deny your permit, but invite  
17 you to sit with the appropriate people that Claire will  
18 designate. And, Claire, if you could participate --

19 EXECUTIVE OFFICER DEDRICK: Certainly.

20 CHAIRMAN DAVIS: -- in that meeting, so at  
21 least he has the benefit of a higher ranking official of  
22 the Lands Commission.

23 And listen to these people. They're not  
24 trying to create problems for you. They're trying to  
25 suggest what is possible and what is not possible under the

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 law and under the best thinking of a number of other  
2 agencies with whom we have to consult before we can make  
3 an affirmative decision.

4 In other words, we have to get a sense of what  
5 the City and County of San Diego thinks, what the Port  
6 Commission thinks down there, environmental agencies,  
7 and all that --

8 MR. BURDUE: I --

9 CHAIRMAN DAVIS: -- factored in to the  
10 decision we make.

11 MR. BURDUE: That's one of the problems I'd  
12 like to bring up.

13 I talked to almost every one of those, except  
14 the State Lands Commission. They didn't respond. I don't  
15 mean the State Land (sic), the Coastal Commission. And  
16 the -- when I talked directly to most all of them, there  
17 was a different feeling in what came back when the Land  
18 Commission put their interpretation. And it was never two  
19 of us together or something to see if there was any type  
20 of mitigation why we was having this communication  
21 problem.

22 But that don't seem -- if there was this  
23 problem, it looked like the two of us would have got together  
24 or had a chance to talk if there was truly a problem.

25 CHAIRMAN DAVIS: You're getting something out of

1 this, because I'm directing Claire Detrick, who is the  
2 top person in the Lands Commission to sit down with you  
3 personally and any other staff that she thinks is  
4 appropriate. --

5 EXECUTIVE OFFICER DEDRICK: We will do that.

6 CHAIRMAN DAVIS: -- to direct your future --

7 MR. BURDUE: That's all I can ask for.

8 CHAIRMAN DAVIS: The immediate item before us,  
9 we've got to -- at least in my judgment -- I have to  
10 observe the staff recommendation to --

11 MR. BURDUE: Does that mean -- I'm sorry -- does  
12 that mean economically I would have to go through the  
13 financial hardship of reopening the thing again if I  
14 wanted to do something? Or is this a chance to reevaluate  
15 the application?

16 EXECUTIVE OFFICER DEDRICK: Now, there would  
17 be -- other than the question of the environmental  
18 impact report, which is a substantial economic investment,  
19 the existing application -- the existing application could  
20 be resubmitted and we would not charge an additional  
21 fee.

22 CHAIRMAN DAVIS: All right. You're probably  
23 going to be facing an environmental impact report, though,  
24 as a matter of law whichever way you go. So, they will  
25 explain that to you. And you may view that as a hardship.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 but that is a legal obligation, and that would be a  
2 violation of our duties if we didn't require that.

3 So, that has nothing to do with the decision  
4 we'll make in time.

5 MR. BURDUE: That'd be fine.

6 CHAIRMAN DAVIS: All right. Is there a motion  
7 to accept the staff recommendation?

8 COMMISSIONER HOPCRAFT: Yes. I would move  
9 that we adopt the staff recommendation.

10 COMMISSIONER SWEET: I'll second it.

11 CHAIRMAN DAVIS: Without objection, that's  
12 approved.

13 EXECUTIVE OFFICER DEDRICK: Thank you,  
14 Commissioners.

15 Item 46, the Portofino Cove Condominium  
16 Homeowners Association. This is an application not for  
17 a maintenance dredging permit, but for a dredging permit  
18 for an area in Huntington Harbor.

19 CHAIRMAN DAVIS: Mr. Burdue, you might want to  
20 just stay around here, ~~and~~ after the Commission meeting  
21 you can make some arrangement with Claire Dedrick to  
22 schedule a meeting. I would imagine we'd be through in  
23 about a half hour or 40 minutes.

24 EXECUTIVE OFFICER DEDRICK: The item is a  
25 dredging permit, not a maintenance dredging permit, for

1 the Portofino Cove Condominium Homeowners Association in  
2 Huntington Harbor.

3 Staff recommends approval.

4 CHAIRMAN DAVIS: All right. Does anyone want  
5 to be heard on this item? Is there any opposition?  
6 Is there a motion to approve?

7 COMMISSIONER SWEET: I'll move the staff  
8 recommendation.

9 CHAIRMAN DAVIS: Without opposition, that's  
10 approved unanimously.

11 EXECUTIVE OFFICER DEDRICK: Item 48, CGG  
12 American Service. This is approval of a geophysical  
13 survey permit for State-owned land essentially in the  
14 San Joaquin Delta area.

15 The Department of Fish & Game has regulatory  
16 approval here, and they're exercising it.

17 CHAIRMAN DAVIS: Anyone want to be heard?  
18 Any opposition?  
19 Is there a motion to approve?

20 COMMISSIONER HOPCRAFT: The Department of Fish &  
21 Game is in support of --

22 EXECUTIVE OFFICER DEDRICK: That's correct. Yes,  
23 they are regulating this operation.

24 CHAIRMAN DAVIS: All right. That's without --  
25 Would someone make a motion to approve this? No motion

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 to approve?

2 COMMISSIONER HOPCRAFT: I would move to approve  
3 the staff recommendation.

4 COMMISSIONER SWEET: I'm hesitating only because  
5 I happened to note here that this is a geophysical --

6 EXECUTIVE OFFICER DEDRICK: This is a different  
7 sort of -- this isn't an offshore geophysical operation.  
8 This is partly on land and partly over water in the  
9 Delta. It's a totally different type of operation than  
10 is carried on in the offshore area.

11 This particular operation utilizes dynamite.  
12 And whenever that is the case, the Department of Fish &  
13 Game has a direct regulatory control over the operation,  
14 whether it takes place or not and how it takes place.

15 COMMISSIONER SWEET: And they've approved this?

16 EXECUTIVE OFFICER DEDRICK: They have approved  
17 this operation.

18 COMMISSIONER SWEET: I'll second it.

19 CHAIRMAN DAVIS: All right. Item 48 is  
20 unanimously approved.

21 EXECUTIVE OFFICER DEDRICK: Okay. Item 49,  
22 Noble Consultants. This is approval of a geologic survey  
23 permit for -- this is in the offshore area, but it is  
24 geologic, not geophysical.

25 COMMISSIONER HOPCRAFT: Does anyone wish to be

1 heard on this item?

2 COMMISSIONER SWEET: If not, I'll move the  
3 staff recommendation.

4 COMMISSIONER HOPCRAFT: And I will second that.  
5 Item 50?

6 EXECUTIVE OFFICER DEDRICK: Item 50, United  
7 States Air Force. This is approval and ratification of  
8 a maintenance dredging permit for less than 10,000 cubic  
9 yards at Point Arguello, Vanderberg Air Force Base.

10 CHAIRMAN DAVIS: Does anyone want to be heard  
11 on this item?

12 Any objection?

13 COMMISSIONER SWEET: Move staff recommendation.

14 CHAIRMAN DAVIS: Okay. Without objection,  
15 that's unanimously approved.

16 EXECUTIVE OFFICER DEDRICK: Item 51, Petro  
17 Source Corporation, and is the assignee of -- this is  
18 approval of assignment of a State royalty oil sale's lease  
19 from -- I don't know who -- in Los Angeles and Santa  
20 Barbara Counties. From Cal Jet to Petro Source. Sorry.

21 CHAIRMAN DAVIS: Does anyone want to be heard  
22 on this item?

23 Is there any opposition?

24 Is there a motion to approve?

25 COMMISSIONER SWEET: So move.

**PETERS SHORTHAND REPORTING CORPORATION**

3338 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 352-2345

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CHAIRMAN DAVIS: Okay. That will be  
unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 52, Shell  
Western Exploration & Production, Inc. Approve the form  
of indemnity agreement between Shell and the California  
Coastal Commission. Staff recommends approval.

CHAIRMAN DAVIS: Any opposition to this? I  
assume the Coastal Commission approves this?

EXECUTIVE OFFICER DEDRICK: Yes.

CHAIRMAN DAVIS: Is there a motion in favor?

COMMISSIONER SWEET: Move staff recommendation.

CHAIRMAN DAVIS: Without objection, that's  
unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 53, the City of  
Long Beach. This is a status report on the 1987-88 plan  
year, Long Beach Unit, Wilmington Field, Los Angeles  
County.

This is an informational item. You don't need  
to vote on that.

CHAIRMAN DAVIS: Next item?

EXECUTIVE OFFICER DEDRICK: Item 54, Arco Oil  
and Gas. This is a consideration of the drilling  
deferment on the Coal Oil Point leases, 208, 308, 309, 3120,  
and 3242. Arco applied for a five-year deferment.  
Staff recommends a three-year deferment. And

1 that is the item that's before you.

2 CHAIRMAN DAVIS: The applicant agrees to,  
3 you know, that amended motion?

4 EXECUTIVE OFFICER DEDRICK: Yes. I'll let the  
5 attorney speak to that.

6 MR. HIGHT: Mr. Draper from Atlantic Richfield  
7 is here, and I believe he is in agreement with that.

8 MR. DRAPER: Yes, we had a prestatement. We  
9 are in agreement with that. I have one comment on the  
10 staff report if we might.

11 CHAIRMAN DAVIS: Please be seated and state  
12 your name for the record.

13 MR. DRAPER: Good morning. I'm Jack Draper,  
14 attorney for Atlantic Richfield Company.

15 And Mr. Richard Ranger of Arco & Gas Company  
16 is here with me today on this --

17 CHAIRMAN DAVIS: Good morning, Mr. Ranger.

18 MR. DRAPER: -- calendar item.

19 Arco does support the recommendation of staff  
20 for a three-year deferment. We do have one comment on  
21 page 2 of the staff report, the second full paragraph  
22 mentions the three-year deferment is in order to allow  
23 Arco a reasonable time in which to study and propose  
24 alternative development plans that are economically and  
25 technologically feasible, are compatible with other public

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 trust uses of these lands and will mitigate significant adverse  
2 environmental effects.

3 I would just like to reiterate, as stated in our  
4 letter of application for the deferment, that it's  
5 Arco's position that Arco's Coal Oil Point project  
6 development plan represents the only feasible development  
7 for the project, and it is one which the Commission staff  
8 was intimately involved in developing.

9 EXECUTIVE OFFICER DEBRICK: Jack, could you get  
10 that mike a little closer to your mouth? She can't quite  
11 hear you.

12 MR. DRAPER: And it was one in which the  
13 Commission staff was intimately involved in developing at  
14 the time.

15 In conclusion, that's all -- the only comment  
16 we had. We request the Commission adopt the staff  
17 recommendation for the three-year deferment, and we're  
18 here to answer any questions you might have.

19 Thank you for your time.

20 CHAIRMAN DAVIS: Jan, do you have any comments  
21 on this?

22 MR. STEVENS: No problem. I think we're familiar  
23 with Arco's position. We recognize it.

24 CHAIRMAN DAVIS: No. I'm well aware of that.  
25 But I mean on this --

1 (Laughter.)

2 CHAIRMAN DAVIS: I mean on this particular item.

3 MR. STEVENS: No, no problem. This was in  
4 accord with our recommendation.

5 CHAIRMAN DAVIS: Bob?

6 MR. HIGHT: Yes. As Mr. Stevens said, we  
7 recognize Atlantic Richfield's position and respectfully  
8 disagree with it. For this item, we are in agreement.

9 CHAIRMAN DAVIS: Okay. Does anyone else want to  
10 be heard on this item? Is there any opposition to it?  
11 Is there a motion to approve?

12 COMMISSIONER SWEET: I'll move to defer the  
13 obligation per staff's recommendation.

14 CHAIRMAN DAVIS: Okay. That's approved  
15 unanimously.

16 Thank you.

17 MR. DRAPER: Thank you, Mr. Chairman,  
18 Commission members.

19 EXECUTIVE OFFICER DEDRICK: Item 55, Shell  
20 Western E & P. This is an approval of a request to  
21 replace two deteriorated and leaking water pipelines to  
22 Platform Emmy, which is located at Huntington Beach in  
23 Orange County.

24 CHAIRMAN DAVIS: Does anyone want to be heard  
25 on this item? Is there any opposition? Is there a motion

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 to approve?

2 COMMISSIONER SWEET: So move.

3 CHAIRMAN DAVIS: That will be unanimously  
4 adopted.

5 EXECUTIVE OFFICER DEDRICK: Okay. Item 56,  
6 East Bay Municipal Utility District. This is the --  
7 staff's recommending approval of a request for exemption  
8 from competitive bidding procedures for oil and gas lease --  
9 they're really gas leases -- in Contra Costa County,  
10 because the lands are surrounded.

11 CHAIRMAN DAVIS: Why do we want to avoid  
12 competitive bidding?

13 EXECUTIVE OFFICER DEDRICK: These -- in the  
14 case where the lands over which we have jurisdiction are  
15 completely surrounded by other lessees, you can't really  
16 get anywhere with a competitive bid and allow -- that's  
17 one of the ways -- one of the times when the law allows  
18 the exemption from the competitive bidding procedure.

19 CHAIRMAN DAVIS: Do you have any thoughts on this  
20 Jan?

21 MR. STEVENS: No. I'd defer to Mr. Hight.

22 MR. HIGHT: Mr. Chairman, in this case, the  
23 areas surrounded by existing leases. And as a practical  
24 matter, no lessee, other than the lessee of the surrounding  
25 leases, would bid. And in those cases, the staff would

1 recommend to the Commission approval of the exemption.

2 We believe that this case meets those  
3 requirements.

4 CHAIRMAN DAVIS: Okay. You don't have any  
5 guidance for us on this, Jan? Do you think this is  
6 appropriate?

7 I always get nervous when I see us exempting  
8 from competitive bidding.

9 MR. STEVENS: The statute does provide for an  
10 exemption under these circumstances. We weren't involved  
11 in the transaction, but under the facts indicated, it's  
12 certainly appropriate.

13 CHAIRMAN DAVIS: So, you would recommend  
14 approval of this?

15 MR. STEVENS: Yes.

16 CHAIRMAN DAVIS: Is there anyone who wants to be  
17 heard on this?

18 Any objection to it?

19 COMMISSIONER SWEET: Move the staff  
20 recommendation.

21 CHAIRMAN DAVIS: All right. That's, somewhat  
22 reluctantly, unanimously approved.

23 (Laughter.)

24 Item 57?

25 EXECUTIVE OFFICER DERRICK: Item 57, Kaiser

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 Steel Corporation. This is approval of an amendment of  
2 a mineral extraction lease for iron ore in Riverside  
3 County.

4 This will lead to the reopening of the old  
5 Kaiser mine. The amendment reduces the royalties from  
6 the earlier -- from the old lease in the existing lease,  
7 because the uses for the iron ore now are not as  
8 profitable as they were in the days when Kaiser made steel.

9 CHAIRMAN DAVIS: Okay. Does anyone want to be  
10 heard?

11 Is there any objection?

12 Is there a motion to approve?

13 COMMISSIONER SWEET: Is this a STRS item?

14 EXECUTIVE OFFICER DEDRICK: Yes. This is  
15 indeed a STRS item. This is -- that is, the revenue from  
16 this mine will flow to STRS.

17 COMMISSIONER SWEET: I'll move the staff  
18 recommendation.

19 CHAIRMAN DAVIS: Okay. That's, without objection,  
20 that's unanimously approved.

21 EXECUTIVE OFFICER DEDRICK: Okay. Item 59 is a  
22 legal item. And, Bob, would you like to take the legal  
23 items?

24 MR. NIGHT: Yes. Item 59, Chairman, is the  
25 approval of a compromise title settlement at White Slough.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 ADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1           You will be acting also in your capacity as  
2 Land Bank Trustees. It is staff's recommendation that  
3 we accept \$21,000 as the Commission's interest in this  
4 parcel in addition to an easement along the slough.

5           We believe this is a very good settlement.

6           CHAIRMAN DAVIS: Jan, what are your comments  
7 on that?

8           MR. STEVENS: I'm unfamiliar personally with this  
9 transaction; however, it appears to be in order.

10           COMMISSIONER HOPCRAFT: Is it correct that this  
11 will lead to new public access?

12           MR. HIGHT: Yes, it will, along White Slough.

13           COMMISSIONER HOPCRAFT: I would move we adopt  
14 the staff recommendation.

15           CHAIRMAN DAVIS: I don't know if I asked. Does  
16 anyone want to be heard on this item?

17           Is there any opposition to it?

18           Is there a motion to approve?

19           COMMISSIONER HOPCRAFT: So move.

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

22           EXECUTIVE OFFICER DEDRICK: Item -- I'm sorry,  
23 Bob. These are yours.

24           MR. HIGHT: Item 60, Mr. Chairman, is a memoran-  
25 dum of understanding between the Commission and oil

**PETERS SHORTHAND REPORTING CORPORATION**

3338 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2745

1 companies who are members of the Long Beach Unit.

2 This memorandum would provide a -- hopefully  
3 a means of resolving some of the equity disputes outside  
4 of the equity procedure. And this would provide that  
5 anything that was resolved in this is not binding upon the  
6 Commission, but it is our goal in doing this to expedite  
7 resolution of equity in Long Beach.

8 CHAIRMAN DAVIS: Mr. Draper, did you want to be  
9 heard on this?

10 MR. DRAPER: IN view of the staff recommendation,  
11 we don't have any comment. We do support the Commission's  
12 approval.

13 CHAIRMAN DAVIS: All right. Does anyone want  
14 to be heard on this?

15 Is there any objection?

16 COMMISSIONER HOPCRAFT: I would move we adopt  
17 the staff recommendation.

18 CHAIRMAN DAVIS: All right. That will be  
19 unanimously approved.

20 MR. HIGHT: Item 62, Mr. Chairman, is the  
21 City of Stockton --

22 CHAIRMAN DAVIS: Let me back up just a second.  
23 I gather the City of Long Beach approves this?

24 MR. HIGHT: Yes. The City of Long Beach  
25 supports it.

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 382-2345

1 CHAIRMAN DAVIS: Item 60 I mean?

2 MR. HIGHT: Yes.

3 CHAIRMAN DAVIS: 61?

4 MR. HIGHT: 61 is off calendar, Mr. Chairman.

5 62 is an application by the City of Stockton  
6 to annex an area that includes some land that is under  
7 Commission's jurisdiction.

8 We recommend approval of the legal sufficiency  
9 of the boundaries and of the annexation.

10 CHAIRMAN DAVIS: Has the county checked in?  
11 Do they have any concern with this?

12 MR. HIGHT: LAFCO has --

13 EXECUTIVE OFFICER DEDRICK: Curtis is in the  
14 back of the room.

15 Curtis, would you come up and tell us what the  
16 standing with LAFCO is?

17 This is Curtis Fossum who handles these.

18 MR. FOSSUM: Mr. Chairman, Commissioners, LAFCO  
19 has not taken a formal position on this yet; but before  
20 they can take a formal position, the Government Code  
21 requires that the State Lands Commission first adopt the  
22 boundaries for the annexation.

23 At that time, they're allowed to accept the --  
24 accept the application for the annexation. So, this is  
25 the city at this time requesting our approving --

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 CHAIRMAN DAVIS: Right. But have we had any  
2 communication from San Joaquin County? Do they have any --

3 MR. FOSSUM: No, they did not communicate with  
4 us on that.

5 They will -- our approval of this will not  
6 preclude them from asserting their jurisdiction. LAFCO  
7 will have -- can recommend or deny the annexation.

8 CHAIRMAN DAVIS: Does anyone have any comment  
9 on this item?

10 Any opposition to it?

11 COMMISSIONER HOPCRAFT: I would move the  
12 staff recommendation.

13 CHAIRMAN DAVIS: All right. That will be  
14 unanimously approved. Next item?

15 MR. HIGHT: Item 63, Mr. Chairman, is the  
16 request to file a disclaimer in a lawsuit in Lake County.  
17 The Commission was served and has no interest in the case.

18 CHAIRMAN DAVIS: Does anyone want to be heard  
19 on this?

20 COMMISSIONER SWEET: I'll move the staff  
21 recommendation.

22 CHAIRMAN DAVIS: Fine. It's unanimously  
23 approved.

24 MR. HIGHT: Item 64, Mr. Chairman, is the  
25 request to enter into a boundary line agreement with

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 Mr. Raley in Yolo County across from Sacramento, and the  
2 approval of a 49-year lease for levee realignment.

3 We believe this is a very good settlement and  
4 allows Mr. Raley to proceed with his development.

5 CHAIRMAN DAVIS: Jan, do you have any --

6 MR. STEVENS: Yes. We concur and recommend  
7 approval.

8 CHAIRMAN DAVIS: Does anyone have an objection  
9 to this?

10 Anyone want to be heard?

11 Is there a motion to approve?

12 COMMISSIONER HOPCRAFT: Move that we approve.

13 CHAIRMAN DAVIS: That's unanimously approved.

14 MR. TROUT: Mr. Chairman, finally, Item 67 is  
15 the -- request your authority to solicit bids for repairs  
16 to the Huntington Beach field office.

17 The calendar item also suggests awarding a  
18 contract. We prefer to go to bid and bringing the bids  
19 back to you for approval on a subsequent meeting.

20 CHAIRMAN DAVIS: You want to spend the  
21 taxpayers' money for building an office for our own  
22 folks?

23 MR. TROUT: This is to repair an office that  
24 has long existed.

25 CHAIRMAN DAVIS: All right. Any opposition to

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

1 that?

2 Is there a motion to approve?

3 COMMISSIONER HOPCRAFT: So move.

4 CHAIRMAN DAVIS: All right. That will be  
5 unanimously approved.

6 EXECUTIVE OFFICER DEDRICK: That's all the  
7 business, Mr. Chairman.

8 CHAIRMAN DAVIS: Thank you very much.

9 EXECUTIVE OFFICER DEDRICK: Thank you,  
10 Commissioners.

11 CHAIRMAN DAVIS: This meeting will stand  
12 adjourned.

13 (Thereupon the meeting was  
14 adjourned at 12:50 p.m.)

15 --000--  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**PETERS SHORTHAND REPORTING CORPORATION**

3336 BRADSHAW ROAD, SUITE 240  
SACRAMENTO, CALIFORNIA 95827  
TELEPHONE (916) 362-2345

