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
APPEARANCES

Gray Davis, State Controller, Chairman
Stephen Hopcraft for Leo T. McCarthy,
Lieutenant Governor, Commissioner
Nancy Sweet for Jesse R. Huff,
Director of Finance, Commissioner

Staff Present:
Claire T. Dedrick, Executive Officer
James Trout, Assistant Executive Officer
Bob Hight, Chief Counsel
Jan Stevens, Deputy Attorney General
Allen Willard
Lance Kiley
Wilbur "Moose" Thompson
Jane Smith
Lisa Lynn
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CHAIRMAN DAVIS: All right. The Lands Commission meeting will come to order. I notice there's a quorum.

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

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

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

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

EXECUTIVE OFFICER DEDRICK: All right. In Item
C2, Sections C, Q, and R are off calendar.

Item C11 is off calendar.

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

C20 and 21 are off.

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

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

EXECUTIVE OFFICER LEDRICK: Yes, Mr. Chairman.

We'll move that to the regular calendar.

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

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

Are there any questions from the members?

COMMISSIONER HOPCRAFT: No.

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

COMMISSIONER HOPCRAFT: So move.

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

Also, I want to ask for a motion to confirm the minutes of the meeting of July 26th.
COMMISSIONER HOPCRAFT: So move, Mr. Chairman.

CHAIRMAN DAVIS: Without objection, that motion is approved.

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

EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman.

Item Cl-G, Dale Dorn, who is here to speak, Boon-Dox Liquor and Deli.

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

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

EXECUTIVE OFFICER DEDRICK: Five years ago.

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

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

MR. DORN: Yes.

CHAIRMAN DAVIS: Would you state your name for
the record, please? Be seated and offer whatever
comments you think are appropriate.

EXECUTIVE OFFICER DEDRICK: Pull the mike over.

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

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

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

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

When I asked for comparisons, they sent me
four comparisons. When you add up the four comparisons,
the land value is $18,800. I was willing to concede to
a $19,000 figure. They want 25,000. That's a 33 percent
raise. It just isn't there. It's not there in that area.

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

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

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

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

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

MR. KILEY: I think the Assessor --

EXECUTIVE OFFICER DEDRICK: Lance, go ahead

Lance.

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

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

And we get nine percent of the property value
for rental typically.

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

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

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

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

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

There is no escalation of property down there.

We're not Elk Grove, Sacramento, Galt. This is a little town community. And if you don't believe me, come on down.

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

EXECUTIVE OFFICER DEDRICK: Would you like to hear from the Appraisal Section? Steve Sekelsky is in charge of appraisals.
CHAIRMAN DAVIS: All right.

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

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

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

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

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

It's standard appraisal practices that you do not add up all the comparables. You take the best
indicators and use that. The Appraisal Section feels strongly that the best indicators indicate a value of twenty-four hundred five per acre. The Assessor has $35,000 an acre (sic) on that particular parcel on the uplands. So, we feel that we're well within that range based on the information I just stated. We're talking about a $135 increase over a five-year period.

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

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

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

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

CHAIRMAN DAVIS: The Assessor -- let me tell you why I mentioned the Assessor. You have a right to go before the Assessor and challenge his valuation. In other words,
if you're paying the taxes at the assessed rate, then
you're basically agreeing with his valuation of your
property.

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

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

Four comparable sales.

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

And, you know, I don't fault Steve for that.

He may be an excellent appraiser in Galt, because land
prices are accelerating there. But they're not
accelerating in the Walnut Grove area. There within I...

the difference of opinion.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, if
you would like, I would be happy to -- we could put this
over. And I would be happy to sit down with staff and
this gentleman and the officials of Walnut Grove, if
necessary, and see if -- in fact, there is a -- one thing
that came up here that I thought might be significant is
the question of it being -- you know, it's been represented by this gentleman that it is the public access from the river.

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

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

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

CHAIRMAN DAVIS: Do you have any thoughts, Steve?

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

Did you evaluate that as part of your appraisal?

MR. SEKELSKY: Yes, we did. Not at the -- when we started to do the appraisal, but after it became apparent that Mr. Dorn was servicing the whole community, I went down and talked to Mr. Dorn. And I asked, "Well, why didn't the rest of the businesses that benefited from
this dock, why didn't they contribute to the insurance
that he has to pay, which he does have to pay by himself,
for the improvement itself, which is a costly, beautiful
improvement that he has?"

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

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

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

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

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

COMMISSIONER HOPCRAFT: I thought there were no
fees.

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

COMMISSIONER HOPCRAFT: So you charge the users;

MR. DORN: Yes, but it's a minimal amount. It
doesn't even take care of the Lands Commission fee, you know, much less the insurance, the bond, you know, everything. The maintenance.

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

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

COMMISSIONER HOPCRAFT: No, but you charge the users.

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

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

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

You know, there's not that much business. What boater comes in -- get a six-pack of beer and a bag of ice. I mean, how can you justify a $16,000 investment in a dock, paying two, three thousand a year for insurance, $360 to the State Lands Commission, 200-some dollars for a bond?
You know, you add up all these figures, and there's no way that you can support that thing with user fees.

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

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

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

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

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

COMMISSIONER HOPCRAFT: Could you estimate,
Mr. Dorn, the revenues from the fees charged at the dock --

MR. DORN: Oh, I --

COMMISSIONER HOPCRAFT: -- annually?

MR. DORN: To my best recollection, the total fees that recovered from the dock last year were in the neighborhood of $900 to $1,100. That was the total fees collected.

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

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

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

MR. DORN: I understand.

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

So, you're kind of rolling the dice here. And
if you're willing to do that, I think the Commission is
willing to give you the time to do that.

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

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

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

MR. SEKELSKY: That's true.

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

The appraiser is somewhere else. He's in Galt.

Things are exploding in Galt. They were in the front page
of the *Bee* yesterday.

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

CHAIRMAN -- S: My sense is that you don't have the votes necessary to have your position prevail.

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

MR. DORN: No problem.

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

MR. DORN: No problem.

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

EXECUTIVE OFFICER DEDRICK: Yes. I believe it is.

Is that enough time for you, too, Steve?

MR. SEKELSKY: Certainly.

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

(Laughter.)

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

EXECUTIVE OFFICER DEDRICK: I will.

MR. DORN: Thank you.

CHAIRMAN DAVIS: Thank you for coming.

EXECUTIVE OFFICER DEDRICK: Thank you,

Mr. Chairman.

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

(Laughter.)

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

EXECUTIVE OFFICER DEDRICK: Yes.

COMMISSIONER HOPCRAFT: I mean, I think that the equity as regards the rents that the other folks in similar positions are paying is a concern.
EXECUTIVE OFFICER DEDRICK: Yes, Commissioner,
I appreciate what you're saying. The Commission has always
made a serious effort to be equitable to all -- all
leaseholders, and I'm sure that the staff is carrying out.
And those regulations are clearly defined to
try and maintain that equity. I'd be happy to go through
this process. And if there's an alternative and -- you
know, I'll be back to you in any event in two months.
CHAIRMAN DAVIS: And, you know, just one last
thought on this item. It's been my experience that, if
anything, the Lands Commission tends to be at the low end
of market value on some of these things.
So, it does not have a tendency to overcharge.
Not that they may not be wrong in isolated instances, but
generally they do not seem to be gougers.
EXECUTIVE OFFICER DEDRICK: Thank you, Mr.
Chairman. We don't feel like gougers.
CHAIRMAN DAVIS: All right. Let's take up
Item C13, which we put over. Let's take that up now.
EXECUTIVE OFFICER DEDRICK: Okay. Jim, would
you? I'd like to ask Mr. Trout to take this one for me.
MR. TROUT: Mr. Chairman, the Item 13 is to
provide an intake and outflow for salt water to establish
an abalone farming activity in San Luis Obispo County.
We originally felt that this had minimal impact.
However, in review of the environmental certification by the county, they found that there were basically three unmitigatable significant environmental effects.

One had to do with the adverse effect on the plankton during the actual laying of the pipeline. One had to do with the potential, although very remote, for some adverse effect on the Pismo clam, and some potential during the construction for some erosion of the inner tidal zone.

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

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

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

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

COMMISSIONER HOPCRAFT: I move the staff's recommendation.
COMMISSIONER SWEET: I second.

CHAIRMAN DAVIS: It passes unanimously.

EXECUTIVE OFFICER DEDRICK: Thank you, Mr. Chairman.

CHAIRMAN DAVIS: Now we go to --

EXECUTIVE OFFICER DEDRICK: Regular calendar?

CHAIRMAN DAVIS: Yes,

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

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

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

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

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

We'll continue to negotiate the lease, and we'll
extend the lease for three months. Not three months
anymore, but to September, in order to continue those
negotiations. And that is the item that's before you.

CHAIRMAN DAVIS: What is the item?

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

CHAIRMAN DAVIS: All right.

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

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

MR. BOYER: In favor of the staff recommendation.

My name is Dale Boyer. I'm a staff engineer with the
Regional Water Quality Control Board, San Francisco Bay
Region.

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

COMMISSIONER SWEET: I have a question for staff.

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

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

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

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

CHAIRMAN DAVIS: Are there any further --

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

MR. BOYER: Well, certainly, a positive environmental benefit will be construction of this diffuser, which is required by the cease and desist order in Unocal's current permit. They're currently overdue.
The deadline was July. But we won't take enforcement action, I feel, because delays were caused by circumstances beyond their control.

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

MR. BOYER: Yes, this is a requirement.

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

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

This has a couple of benefits. Basically, dilution is not a solution for pollution, but it certainly (Laughter.)

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

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

COMMISSIONER HOPCRAFT: Thank you.

Mr. Chairman, I would move the staff recommendation.

COMMISSIONER SWEET: Second.

CHAIRMAN DAVIS: All right. Without opposition,
that motion passes.

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

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

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

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

After we came into the meeting today, an attorney that represents some of the pier owners has suggested a minor amendment to the recommendation, which is a concern Recommendation 2 -- is that staff may authorize to accept and process applications for new piers. It said, "and pier extensions and modifications,"
which we do agree would be included. But they'd ask this language to be deleted simply because it may indicate that extensions and modifications have to come under this process. I don't think there's any harm in that.

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

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

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

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

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

So, again, a drought year where a lot of multiple-use and commercial facilities need to get some
extension further into Lake Tahoe, this will be an absolute disaster for many Lake Tahoe property owners and business owners.

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

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

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

Fishermen, from my point of view, are the kind of people that go out and -- well, whether they're amateurs
or professionals -- they're fish killers.

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

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

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

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

EXECUTIVE OFFICER LEDRICK: That's not true.

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

MR. LIEN: Excuse me.

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

EXECUTIVE OFFICER LEDRICK: I really would like to speak to that.

CHAIRMAN DAVIS: Listen. I'm going to run this meeting.
EXECUTIVE OFFICER DEDRICK: Yes, sir.

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

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

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

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

Thank you.

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

Do you want to respond, either Claire or --

EXECUTIVE OFFICER DEDRICK: May I, Mr. Chairman?

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

EXECUTIVE OFFICER DEDRICK: We have coordinated closely with TRPA, with Cal-TRPA when it was in existence,
and with the other relevant agencies on all of these issues.

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

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

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

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

The reason Fish & Game is spoken to directly in this particular item or the calendar item is because Fish & Game has the authority to determine spawning areas where such structures should not go in. That is by agreement with Fish & Game and the Regional Planning Agency. And, in fact, we're lifting the moratorium at this time at the request of the Tahoe Regional Planning Agency.
And we will continue to coordinate. One of our regulations requires that we get approval of leases from the Tahoe Regional Planning Agency before we grant them, so -- and, as you know, all our leases require compliance with all local, State, and Federal regulations before they are enforced.

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

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

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

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

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

Basically, it's very unlikely, I think, that a modification or extension could have the same detrimental effects at Lake Tahoe as an entirely new pier. But it's possible that it might. And any amendment to this item...
which would imply that a modification or extension is going to come home free and escape the kind of scrutiny that a pier would have is unjustifiable in our view.

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

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

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

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

CHAIRMAN DAVIS: I'm trying to reduce this from a general philosophical discussion to the specific item
Does TRPA recommend to this body that we approve Item 31 before us?

MR. TROUT: Yes.

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

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

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

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

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

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

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

What this says is that it may yet still be possible to put a pier, pier extension, or modification
within those areas. But they will have to be looked at very, very carefully.

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

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

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

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

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

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

Item 31, which immediately follows this, would be the first application that the Commission would
consider within this revised process. And it may mean that
he may not get a pier in in time to use it this summer.

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

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

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

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

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

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

So, if human activity, as Mr. Trout pointed
out, is the detrimental impact, relocating that into deeper
water where the fish have more room to get away, at least
in the TRPA's judgment, from my understanding of their
point of view, was a better way to go, to allow these
extensions.

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

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

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

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

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

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

CHAIRMAN DAVIS: Well, then, as I understand it,
there's really no dispute on the specific item before us, as far as we take the amended language?

MR. STEVENS: The only concern we have --

I really don't think that the item, as presented today, raises the kind of problem that Mr. Lien envisages.

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

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

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

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

MR. LIEN: Let me ask a question. If we went with the language, as amended, and then brought it back next month for a more comprehensive discussion of the impact of extensions and modifications, and then hopefully
we can take care of everything, including Mr. Wood, who I
do not represent, but I understand is on your calendar
today.

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

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

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

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

CHAIRMAN DAVIS: Well --

COMMISSIONER SWEET: Can I ask just a technical
question?

What's the difference between a review that
would occur on extensions and modifications if the language
was amended? What's the practical difference of the
review that would occur?
EXECUTIVE OFFICER DEDRICK: There would be no practical difference. But there is an implication now before us that there should be.

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

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

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

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

CHAIRMAN DAVIS: Let me --

EXECUTIVE OFFICER DEDRICK: We were trying to accommodate --

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

I am sensitive to Mr. Lien's comments. So, I would suggest we put this over for 30 days and see if we can't get something in writing from TRPA as to what their view is. And I don't know if we are the ultimate policy-making authority or simply the revenue-collecting agency, because if you look at some of our other items, particularly
Santa Barbara, I think others would tend to agree with me that we don't view this "just collecting money" as our principal task -- it's important, but the affected communities' interest, particularly relating to any projects that we might approve, is also very important to us.

Why don't we put this over 30 days?

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

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

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

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

CHAIRMAN DAVIS: Thank you. Okay. Item 32.

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

CHAIRMAN DAVIS: Any comment from anyone on this item? Any opposition to it?
COMMISSIONER SWEET: Mr. Chairman, I move the staff recommendation.

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

Item 33?

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

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

CHAIRMAN DAVIS: Anyone care to comment on this item?

Any questions or comments from the Commission?

COMMISSIONER SWEET: I move the staff recommendation.

CHAIRMAN DAVIS: Without objection, approved unanimously.

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

We would ask you to accept and approve their report, which we call the LOSS report-- I can't remember why it's called that -- on the investigation of historical sites and shipwrecks along the Sacramento River between the city and Sherman Island.
This was authorized and funded by in the -- over the last two years. And the report we sent you -- we sent you a next-to-the-last version of the report. We didn't get them all printed. We didn't want to get them printed until you approved it, so --

CHAIRMAN DAVIS: Any opposition to this?
COMMISSIONER HOPCRAFT: I move we adopt this report.

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

Item 35?

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

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

Any opposition to it?

COMMISSIONER SWEET: I'll move the staff recommendation.

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

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

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

Is there a motion to approve?

COMMISSIONER SWEET: So move.

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

Item 37?

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

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

Is there a motion to approve?

COMMISSIONER SWEET: So move.

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

EXECUTIVE OFFICER DEDRICK: Item 38 is off
Item 39, the Kerry K. and Caren R. Kennedy. This is the issuance of a patent on a parcel of land the Commission authorized the sale of over two or three months ago.

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

Any opposition?

Is there a motion to approve?

COMMISSIONER SWEET: Move the staff recommendation.

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

Item 40?

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

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

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

Any opposition?
COMMISSIONER SWEET: I move the staff recommendation.

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

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

Item -- excuse me.

CHAIRMAN DAVIS: Item 41?

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

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

Is there a motion?

COMMISSIONER SWEET: I so move.

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

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

This is approval to enter into an interagency agreement for a prescribed burn on a parcel of land in Shasta County.
CHAIRMAN DAVIS: Anyone want to be heard on this item?

Is there opposition?

COMMISSIONER SWEET: Move the staff recommendation.

CHAIRMAN DAVIS: That's unanimously approved.

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

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

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

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

CHAIRMAN DAVIS: Take your time.

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

And then, in addition to --

In case, just the project itself, have to take any on the statements (sic), I'd like to also submit some
assessments impact for similar type of activities that
have been done on -- and I have more, but that's just an
example.

EXECUTIVE OFFICER DEDRICK: Go ahead,

Mr. Burdue.

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

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

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

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

Please take a minute to recall in the past or
notice today's calendar items and note how many of these
items are mainly for sea sand removals. True, they don't
call it prospecting, but used language like maintenance
dredging, sand replenishment, et cetera.
Also, there's another big difference, and that if -- if we don't have a mineral discovery, there is no reason for -- to proceed farther than but a removal of just a few pounds.

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

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

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

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

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

I am here today to urge this Commission to direct their Long Beach office to mitigate a prospecting
permit in keeping with the State's past public intention of developing their resources through private enterprise.

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

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

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

With the current high budget pressure, all agents (io) should do their part in trying to relieve the private sector of any undo tax stress.

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

Also, should you feel I should further (sic) address more specifically each statement of the staff's report with why I feel they were generic in nature, biased, and misleading, I will do so.
And, please, the tone came out, I guess, stronger than what I meant. I'm just trying to -- I got a lot of time and energy in this. And I feel a lot -- no -- to me, no mitigation was accomplished, or even tried to in this case, because it gave the impression that there'd been a freeze on any type of exploration or anything.

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

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

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

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

They funded that to the private enterprise.

They came up with a good computer program for collecting
data. They never did go ahead and fund, to my knowledge, the implementation of collecting this data so somebody intelligent can make a decision.

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

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

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

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

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

There are data there. I don't think there was any problems there or anything encountered there. Now --
and we got more sophisticated laser analysis, spectro-
analysis, where we can go out and make better analysis (sic).

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

MR. BURDUE: Okay.

CHAIRMAN DAVIS: -- you for a second.

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

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

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

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

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

Uniformly, there were -- there were responses.
There are a couple of pages of comments here expressing concern as to really hoping the Commission would not grant this prospecting permit.

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

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

EXECUTIVE OFFICER DEDRICK: In the sand --

CHAIRMAN DAVIS: In the adjacent area?

EXECUTIVE OFFICER DEDRICK: No. There are none.

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

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

Moose, do you remember any of those?

Moose Thompson is Chief of Extraction --

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

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

CHAIRMAN DAVIS: Of a mining operation --
MR. BURDUE: Yes.

CHAIRMAN DAVIS: -- in this area?

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

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

CHAIRMAN DAVIS: What year?

MR. BURDUE: 1976 through 1979.

EXECUTIVE OFFICER DEDRICK: Al?

MR. BURDUE: Al?

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

CHAIRMAN DAVIS: Did any mining operations ensue --

MR. WILLARD: No.

CHAIRMAN DAVIS: -- when the prospecting permit concluded?

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

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

EXECUTIVE OFFICER DEDRICK: No.

CHAIRMAN DAVIS: -- but just your view, corroborated by a number of other agencies, this is not an
area which we think mining is appropriate?

EXECUTIVE OFFICER DEDRICK: That's correct,

Mr. Chairman.

CHAIRMAN DAVIS: What do you say to that,

Mr. Burdure?

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

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

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

There was never any intent to do the mining
there. It would be a harvesting mainly of resources that
came from land. They have washed into the ocean, and
they've been washed there. Now we want to pick them back
up, because they've been concentrated in a different
format now where we think, maybe with new technology, we
can make an income.

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

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

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

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

And I appreciate --

CHAIRMAN DAVIS: That's a policy judgment.

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

EXECUTIVE OFFICER DERRICK: The one --

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

EXECUTIVE OFFICER DERRICK: Let me expand just a little bit on that.

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

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

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

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

884 runs on 10/28 of this year. So, clearly,
there isn't time to accomplish an environmental impact report in that period.

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

CHAIRMAN DAVIS: Is that your understanding, Jan?

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

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

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

EXECUTIVE OFFICER DORICK: Surely, we can do -- to go forward on this, you can certainly deny without prejudice. He can make another application. Part of that
application would require a reimbursement agreement for the funding of an environmental impact report in order for that application to go forward.

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

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

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

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

An EIR in the case of a small person like this here, you got to use good judgment. And that's why I'm coming before the Commission here is to lay out a little bit farther down here what the plan really is. And I think if you will look at it from a judgment standpoint, that if you look at it from strictly the prospecting --
that's all we're here for -- I'm here for is the
prospecting to see -- gather that to see if it justifies
going ahead with the mining type of operation. That's all
we can do.

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

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

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

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

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

CHAIRMAN DAVIS: Well, Mr. Burdue --

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

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

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

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

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

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

COMMISSIONER HOPCRAFT: I certainly would dispute that. I think you've been present for this
morning's hearing --

MR. BURDUE: And I appreciate --

COMMISSIONER HOPCRAFT: -- and other leases and

other applications, so I would certainly strongly dispute

your statement, as I would strongly dispute many other

statements you've made this morning about this being

politically motivated. Obviously, there's no political

angle. We don't know you.

This is not a huge public issue. So --

MR. BURDUE: The political -- excuse me -- what

I was referring to is that it looks -- that it is negative

if anything'd done in the ocean, if anybody goes out and

do anything (sic), it's obviously going to be a bad

impact.

And there's good impacts and results from things,

too. And --

(Thereupon the witness interrupted

Commissioner Hopcraft's statement.)

MR. BURDUE: I'm sorry.

COMMISSIONER HOPCRAFT: If you examine the

record, you'd find that we do approve projects in the

ocean.

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

COMMISSIONER HOPCRAFT: Where they're

appropriate.
MR. BURDUE: That's okay. I'm sorry.

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

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

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

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

EXECUTIVE OFFICER DERRICK: Certainly.

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

And listen to these people. They're not trying to create problems for you. They're trying to suggest what is possible and what is not possible under the
law and under the best thinking of a number of other agencies with whom we have to consult before we can make an affirmative decision.

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

MR. BURDUE: I --

CHAIRMAN DAVIES: -- factored in to the decision we make.

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

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

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

CHAIRMAN DAVIES: You're getting something out of
this, because I'm directing Claire Dedrick, who is the
top person in the Lands Commission to sit down with you
personally and any other staff that she thinks is
appropriate.--

EXECUTIVE OFFICER DEDRICK: We will do that.
CHAIRMAN DAVIS: -- to direct your future --
MR. BURDUE: That's all I can ask for.
CHAIRMAN DAVIS: The immediate item before us,
we've got to -- at least in my judgment -- I have to
observe the staff recommendation to --

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

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

CHAIRMAN DAVIS: All right. You're probably
going to be facing an environmental impact report, though,
as a matter of law whichever way you go. So, they will
explain that to you. And you may view that as a hardship,
but that is a legal obligation, and that would be a violation of our duties if we didn't require that.

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

MR. BURDUE: That'd be fine.

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

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

COMMISSIONER SWEET: I'll second it.

CHAIRMAN DAVIS: Without objection, that's approved.

EXECUTIVE OFFICER DEBRICK: Thank you, Commissioners.

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

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

EXECUTIVE OFFICER DEBRICK: The item is a dredging permit, not a maintenance dredging permit, for
the Portofino Cove Condominium Homeowners Association in Huntington Harbor.

    Staff recommends approval.

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

    COMMISSIONER SWEET: I'll move the staff recommendation.

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

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

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

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

    COMMISSIONER HOPCRATCH: The Department of Fish & Game is in support of --

    EXECUTIVE OFFICER DERRICK: That's correct. Yes, they are regulating this operation.

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

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

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

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

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

COMMISSIONER SWEET: And they've approved this?

EXECUTIVE OFFICER DEDRICK: They have approved this operation.

COMMISSIONER SWEET: I'll second it.

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

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

COMMISSIONER HOPCRAFT: Does anyone wish to be
COMMISSIONER SWEET: If not, I'll move the staff recommendation.

COMMISSIONER HOPCRAFT: And I will second that.

Item 50?

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

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

Any objection?

COMMISSIONER SWEET: Move staff recommendation.

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

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

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

Is there any opposition?

Is there a motion to approve?

COMMISSIONER SWEET: So move.
CHAIRMAN DAVIS: Okay. That will be unanimously approved.

EXECUTIVE OFFICER DEBRICK: 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 DEBRICK: Yes.

CHAIRMAN DAVIS: Is there a motion in favor?

COMMISSIONER SWEET: Move staff recommendation.

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

EXECUTIVE OFFICER DEBRICK: 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 DEBRICK: 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
that is the item that's before you.

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

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

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

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

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

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

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

CHAIRMAN DAVIS: Good morning, Mr. Ranger.

MR. DRAPER: -- calendar item.

Arco does support the recommendation of staff for a three-year deferment. We do have one comment on page 2 of the staff report, the second full paragraph mentions the three-year deferment is in order to allow Arco a reasonable time in which to study and propose alternative development plans that are economically and technologically feasible, are compatible with other public
trust uses of these lands and will mitigate significant adverse
environmental effects.

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

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

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

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

Thank you for your time.

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

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

CHAIRMAN DAVIS: No, I'm well aware of that.

But I mean on this --
(Laughter.)

CHAIRMAN DAVIS: I mean on this particular item.

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

CHAIRMAN DAVIS: Bob?

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

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

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

CHAIRMAN DAVIS: Okay. That's approved unanimously.

Thank you.

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

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

CHAIRMAN DAVIS: Does anyone want to be heard on this item? Is there any opposition? Is there a motion
COMMISSIONER SWEET: So move.

CHAIRMAN DAVIS: That will be unanimously adopted.

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

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

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

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

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

MR. HIGHT: Mr. Chairman, in this case, the area's surrounded by existing leases. And as a practical matter, no lessee, other than the lessee of the surrounding leases, would bid. And in those cases, the staff would
recommend to the Commission approval of the exemption.

We believe that this case meets those requirements.

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

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

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

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

MR. STEVENS: Yes.

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

Any objection to it?

COMMISSIONER SWEET: Move the staff recommendation.

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

(Laughter.)

Item 57?

EXECUTIVE OFFICER DEBRICK: Item 57, Kaiser
Steel Corporation. This is approval of an amendment of a mineral extraction lease for iron ore in Riverside County.

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

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

Is there any objection?

Is there a motion to approve?

COMMISSIONER SWEET: Is this a STRS item?

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

COMMISSIONER SWEET: I'll move the staff recommendation.

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

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

MR. HIGHT: Yes. Item 59, Chairman, is the approval of a compromise title settlement at White Slough.
You will be acting also in your capacity as Land Bank Trustees. It is staff's recommendation that we accept $21,000 as the Commission's interest in this parcel in addition to an easement along the slough.

We believe this is a very good settlement.

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

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

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

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

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

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

Is there any opposition to it?

Is there a motion to approve?

COMMISSIONER HOPCRAFT: So move.

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

EXECUTIVE OFFICER DEBRICK: Item -- I'm sorry, Bob. These are yours.

MR. HIGHT: Item 60, Mr. Chairman, is a memorandum of understanding between the Commission and oil
companies who are members of the Long Beach Unit.

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

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

MR. DRAPER: In view of the staff recommendation, we don’t have any comment. We do support the Commission’s approval.

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

Is there any objection?

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

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

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

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

MR. HIGHT: Yes. The City of Long Beach supports it.
CHAIRMAN DAVIS: Item 60 'I mean?

MR. HIGHT: Yes.

CHAIRMAN DAVIS: 61?

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

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

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

CHAIRMAN DAVIS: Has the county checked in?

Do they have any concern with this?

MR. HIGHT: LAFCO has --

EXECUTIVE OFFICER DEBRICK: Curtis is in the
back of the room.

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

This is Curtis Fossum who handles these.

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

At that time, they're allowed to accept the --
accept the application for the annexation. So, this is
the city at this time requesting our approving --
CHAIRMAN DAVIS: Right. But have we had any communication from San Joaquin County? Do they have any --

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

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

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

Any opposition to it?

COMMISSIONER HOPCRAFT: I would move the staff recommendation.

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

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

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

COMMISSIONER SWEET: I'll move the staff recommendation.

CHAIRMAN DAVIS: Fine. It's unanimously approved.

MR. HYIGHT: Item 64, Mr. Chairman, is the request to enter into a boundary line agreement with
Mr. Raley in Yolo County across from Sacramento, and the approval of a 49-year lease for levee realignment.

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

CHAIRMAN DAVIS: Jan, do you have any --

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

CHAIRMAN DAVIS: Does anyone have an objection to this?

Anyone want to be heard?

Is there a motion to approve?

COMMISSIONER HOPCRAFT: Move that we approve.

CHAIRMAN DAVIS: That's unanimously approved.

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

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

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

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

CHAIRMAN DAVIS: All right. Any opposition to
CHAIRMAN DAVIS: This meeting will stand adjourned.

(Thereupon the meeting was adjourned at 12:50 p.m.)
CERTIFICATE OF SHORTHAND REPORTER

I, Nadine J. Parks, a shorthand reporter of the State of California, do hereby certify that I am a disinterested person herein; that the foregoing meeting of the State Lands Commission was reported in shorthand by me, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of September, 1938.

Nadine J. Parks
Shorthand Reporter