MEMBERS PRESENT

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

Staff Present:
Claire Dedrick, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight, Chief Counsel
Jan Stevens, Deputy Attorney General
Lisa Beutler
Lisa Lynn
Gail Moore
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CHAIRMAN MC CARTHY: Good afternoon, ladies and gentlemen, welcome to this meeting of the State Lands Commission.

Commissioner Stancell is on my right.
Commissioner Tucker is sitting in for Controller Gray Davis is on my left.

Is there a motion to approve the minutes of the last Commission meeting?

COMMISSIONER STANCELL: I move.

CHAIRMAN MC CARTHY: The minutes are unanimously approved.

On the consent calendar, the consent calendar goes from 1 through 27. We are pulling Item 13 and Item 14.

Is there any objection from any member of the audience, the public, to any of the other items on the consent calendar? You want to take it off for any reason so we can hear them separately? If not, I'd like to have a motion?

COMMISSIONER STANCELL: Move.

CHAIRMAN MC CARTHY: All consent items, except 13 and 14, are approved.

Now, we'll move to Item 27. I'm sorry. To Item
28.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, Item 28 is an application for a 15-year general permit-protective structure. It's located at Isla Vista, Santa Barbara.

The applicant in this case is Del Playa Seawall Owner's Association.

CHAIRMAN MCCARTHY: Is there anyone of the public who wishes to testify on Item 28?

Do we have a motion from the members of the Commission?

COMMISSIONER STANCELL: Move.

CHAIRMAN MCCARTHY: Mr. Stancell moves. Commissioner Tucker seconds. It's unanimously approved.

29.

EXECUTIVE OFFICER DEDRICK: Item 29 and 30 are essentially the same as 28. These are other neighbors. Stanley Borowski is one. And there's a list of four or five people, beginning with Robert Gillespie on Item 30. They're all the same issue.

CHAIRMAN MCCARTHY: All right. Anyone in the audience wish to comment on Item 29 or Item 30?

All right. If we may, we'll take a motion to handle those together. Mr. Stancell so moves both. Commissioner Tucker seconds. Unanimous.
Item 31.

EXECUTIVE OFFICER DEDRICK: Item 31 is the authorization for the Executive Officer to enter into a contract and agency agreement with the Riverside Community College District for the sale of a parcel of land in Norco. This is a School Land parcel. We would be coming back to you with the final -- basically what we want to do is put this out to bid and come back to you for final approval on the sale, at which time, I believe, acting as School Land Bank Trustees.

Is that correct, Bob?

MR. HIGET: Correct.

CHAIRMAN MC CArTHY: Any questions by the members of the Commission?

Any member of the public have a question on Item 31?

If not, there's a motion by Commissioner Tucker, seconded by Commissioner Stancell. And it's unanimous.

Item 32.

EXECUTIVE OFFICER DEDRICK: Item 32 is the -- applicant is John O'Leary, Jr. This is a denial of an application for a lease on lands which have already been leased to the City of Sacramento.

CHAIRMAN MC CArTHY: Any questions by members of the Commission? Any member of the audience care to
testify on this item?

If not, Commissioner Stancell moves;
Commissioner Tucker seconds. And it's unanimous.

Item 32.

EXECUTIVE OFFICER DEDRICK: Item 32 is the execution of an assignment and a lease amendment for Riverview Marina, which is located on the Sacramento River.

CHAIRMAN MC CARthy: 33 is what we're on.

EXECUTIVE OFFICER DEDRICK: I'm sorry. Did I say 32?

CHAIRMAN MC CARthy: You were right. I said 32. 33 is what we're on.

EXECUTIVE OFFICER DEDRICK: Item 33, correc'

The amendment provides for an increase in the current term of an additional eight years and allows a first right of refusal of an addition to the lease of ten years at the Commission's discretion.

COMMISSIONER TUCKER: We're not expanding this, right?

EXECUTIVE OFFICER DEDRICK: There's no area change.

CHAIRMAN MC CARthy: The answer to Commissioner Tucker's question is no. All right.

Any other questions by members of the Commission?
Does anyone in the audience have anything they'd like to comment on on Item 33?

If not, Commissioner Stancell moves.
Commissioner Tucker seconds. Approved.

Item 34.

EXECUTIVE OFFICER DEDRICK: 34 and 35 are both assignments of leases along the Yolo County side of the Sacramento River from their current lessees to the Lighthouse Marina and Riverbend Development Company.

The leases require that the uses as they are in the present leases be continued, and that those leases cannot be changed without Commission approval.

The uses under the leases require Commission approval to be changed.

CHAIRMAN MC CARTHY: All right. Any questions by members of the Commission? Commissioner Tucker?

COMMISSIONER TUCKER: You have really answered my question. But I want to restate it so it's clear on the record.

We're not in any way agreeing to any kind of development, other than what's already described in the existing leases?

EXECUTIVE OFFICER DEDRICK: That is correct, Mr. Tucker.

COMMISSIONER TUCKER: And there's no implication,
nothing's been said by staff to the Lighthouse Marina that could cause a reasonable person to conclude that we're somehow buying onto a bigger project than is --

EXECUTIVE OFFICER DEDRICK: That is quite correct. We were very careful on that issue.

My concern was that the Commission's position of flexibility here be protected. It was absolutely clear in the meetings with the Lighthouse people and our staff, at which all of us were present, that that was the intent. And they accepted that intent and the language reflects it.

COMMISSIONER TUCKER: The reason I am bringing this up is for the other Commissioners' notice that there's a lot of discussion locally about plans up and down the river. And all this seems to be going on without any consultation with the Lands Commission, which has to approve this. And apparently with the assumption that the Lands Commission is willing to approve some rather major developments that we have never even discussed.

So, I think it's important that no -- and I'm not saying it's necessarily with Lighthouse. But I think there are certainly neighbors of theirs where this is an issue.

So, I think it's really important that staff understands that we have not taken any position on any
further development, as far as I know, along the river, and that some people may find themselves with a very rude shock when they've proceeded way down the line in terms of these developments and then recognize they've got to come here for approval.

So thank you.

EXECUTIVE OFFICER DEDRICK: We appreciate your feelings on that subject. And staff clearly recognizes the Commission wants to retain the flexibility on those matters.

CHAIRMAN MC CARTHY: Any further comments by members of the Commission?

Would any member of the audience care to comment on Items 34 and 35?

If not, approved as requested.

Item 36 is off calendar.

Item 37.

EXECUTIVE OFFICER DEDRICK: Item 37 through 41, Mr. Chairman, all relate to piers in the Lake Tahoe area. Some, as in Item 37, are new piers. Most of them are renewals.

In every case, staff has investigated the location to determine that it is not a fish habitat area as your concern addressed. And in the one case where there was a question, an initial study -- an environmental
initial study was done.

In all cases, the Department of Fish & Game, as I understand it, has signed off on the -- on these applications.

COMMISSIONER TUCKER: And local --

EXECUTIVE OFFICER DEDRICK: Pardon?

COMMISSIONER TUCKER: And that would be with their local agencies?

EXECUTIVE OFFICER DEDRICK: In all cases, they have permits or will have to have, one way or the other, I think if they have, it's from the Tahoe Regional Planning Agency, which is the governing body.

The Attorney General's Office, as you may recall, had a slightly tighter view of the needs in the area than the Tahoe Agency had.

So, we've satisfied both here. That would be Items 37, 38, 39, 40, and 41. But I'd be happy to read those, if you'd like me to, Mr. Chairman.

COMMISSIONER TUCKER: Excuse me. Jan, are you in agreement with this --

MR. STEVENS: Yes. This met the individual evaluation standard that the Commission directed last time. All of these projects seem to comply.

COMMISSIONER TUCKER: Good.

CHAIRMAN MC CARTHY: For purposes of public
participation, we are now addressing four items:
37, 38, 39, and 40.

Any other questions by members of the --

EXECUTIVE OFFICER DEDRICK: And 41,
Mr. Chairman.

CHAIRMAN MC CARTHY: And 41. All right. Five
items.

Does any member of the audience wish to
comment on any of those five items -- five items,
starting with Item 37? 38? 39? 40? 41?

COMMISSIONER STANCELL: I move the item.

CHAIRMAN MC CARTHY: Commissioner Stancell
moves. Mr. Tucker seconds. Approved as suggested.

Item 42?

EXECUTIVE OFFICER DEDRICK: Item 42 is a request
for permission to allow the Executive Officer to execute
a memorandum of understanding between the State Lands
Commission and the Bureau of Land Management to use
4,181 acres of base, which has been owed to the Bureau of
Land Management in indemnity selections.

There's a time limit of three years on the
authority.

CHAIRMAN MC CARTHY: Any questions by members
of the Commission on this item?

Does any member of the audience care to comment
on Item 42?

    If not, it's approved as requested.

    Item 43?

EXECUTIVE OFFICER DEDRICK: Item 43, again, is a Bureau of Land Management matter. All of these, incidentally, relate to lands of the School Lands variety.

    This is an authorization to execute patents and exchanges with the Bureau of Land Management for land owned by the State in the East Mojave Desert in exchange for land owned by the Bureau of Land Management in the area of Barstow, which we believe have some industrial potential for -- which will bring us revenue for the State Retired Teachers' System.

CHAIRMAN Mc CATHY: Questions by members of the Commission?

    Does anybody in the audience care to comment on Item 43?

    If not, approved as requested.

    Item 44?

EXECUTIVE OFFICER DEDRICK: Itte. 44, Segamb, Inc.

    This is approval of a one-year salvage permit for the wreck of the City of Rio de Janeiro, which apparently sank in San Francisco Bay at the turn of the
century.

CHAIRMAN MCCARTHY: I could tell these fellows that I've already been down there, and there's nothing there.

(Laughter.)

CHAIRMAN MCCARTHY: If they want to look, it's all right.

Any questions by the members? Any members of the audience care to comment on Item 44?

Approved as requested.

EXECUTIVE OFFICER DEDRICK: Okay.

CHAIRMAN MCCARTHY: Item 45.

EXECUTIVE OFFICER DEDRICK: Item 45 is Coastline Development Corporation, a termination of a 35-year general permit in Huntington Harbour, Orange County.

CHAIRMAN MCCARTHY: Questions from members of the Commission?

Any member from the audience care to comment on Item 45?

If not, 45 is approved as requested.

46 and 47 are off calendar.

We're now on Item 48.

EXECUTIVE OFFICER DEDRICK: item 48, the applicant is Kenneth Listerman. This is a denial of an
application for a millsite residence on school land
near Mountain Pass in San Bernardino County.

CHAIRMAN MC CARthy: Do members of the
Commission have a question? Does anybody in the
audience have a comment on Item 48?
If not, approved as requested.
Item 49.

EXECUTIVE OFFICER DEDRICK: Item 49. The
applicant is John Milliken. This is to authorize the
Executive Officer to terminate a rent-free recreational
pier permit held by Mr. Milliken on the Sacramento
River in Sacramento unless the lessee corrects lease
deficiencies within 30 days.
We would like to direct the lessee to remove
all structures upon termination of the permit.
You have some people who are here. I don't
know whether they want to speak or not.

CHAIRMAN MC CARthy: I'll find out in a minute.
Does either Commissioner have a question on
this item?

I have slips from Irene Bowles, Lee Snook, Sr.,
and Barbara Greve.
Could you kindly tell us whether you are in
agreement with or in opposition to what the staff is
recommending to the Commission for action? You're
perfectly --

MR. SNOOK: (From audience) We agree.

UNIDENTIFIED FEMALE FROM AUDIENCE: We're in agreement.

CHAIRMAN MC CARTHY: You're in agreement?

MR. SNOOK: Yes.

CHAIRMAN MC CARTHY: With what staff is recommending to the Commission?

MR. SNOOK: Yes, sir.

MR. MILLIKEN: I'm Milliken. I'd like to speak on this.

CHAIRMAN MC CARTHY: You're very welcome to speak, Mr. Milliken.

Is there anyone else in the audience? I didn't get a slip from you, sir. I would have mentioned that. Anyone else in the audience care to speak?

Mr. Milliken, would you step forward, please?

MR. MILLIKEN: I've got a man with me here, too.

CHAIRMAN MC CARTHY: He's welcome.

EXECUTIVE OFFICER DEDRICK: Mr. Milliken, if you would sit down here in front of the mike --

(Thereupon, there was a discussion held off the record while Mr. Milliken and his witness were seated at the witness table.)
CHAIRMAN MC CARthy: Do you want to use that microphone?

MR. MILLIKEN: Oh, I think I can speak loud enough.

CHAIRMAN MC CARthy: Well, we just want to make sure you're being recorded. All right.

Go ahead, sir.

MR. MILLIKEN: Okay. I think the principal disagreement is the condition of the docks and a submerged houseboat.

Okay. In December of '87, I allowed a friend of mine to park his houseboat there. He was supposed to only leave it there for about two, three weeks. But it just dragged on into the spring, at which time it sank right at my dock, the houseboat.

So, I really got on his case. I said, "Get that houseboat out and get it out of here. You only wanted it for a couple of weeks."

Well, he contacted the Associated Divers. And supposedly, he was going to bring this houseboat up. Well, I've had experience with Associated Divers, so I know whereof he's talking about.

It's when it dragged on for months, I was continuously harassing the man to get this houseboat lifted up. Finally, he came to me and said, "I can't do
much about it. I'll just give you and Roy the houseboat."

So, Roy and I were going to raise it, but then it developed a little later in the summer. So, finally, my neighbor complained about it being there.

But in the meantime, the houseboat caused my dock to shelve onto -- onto the land, because it was holding it there. So, I wasn't able to really repair the dock at the same time.

So, finally, we got a letter from the State Lands Commission saying we had a complaint from Mrs. Snook and, "Do something about it."

So, I agreed, yes. We got ahold of this Associated Divers, who, incidentally, is about the only person capable of doing that around here. He's -- he's -- Lisa from the State Lands Commission knows who we're talking about.

So, he came down there about Thanksgiving and said, "Yeah," he was going to do it, and took some measurements and stuff. And then didn't show up.

We kept harassing him, harassing him. And finally, about 10 days ago, he came by and said, yes, he would raise it for $750.

Finally showed up. He spent about three days doing some idiotic things. And finally came up and told
us, "Well, we'll do it, yeah, but 750 doesn't fly. $500 a day. We want to be paid every day."

This just transpired this last week.

So, Roy and I have looked it over. And we think that we can raise it ourselves. But, you know, with this weather coming up here, I think 30 days -- we should be able to do it in 30 days. But if we get a lot of rain and high water, we may have trouble. So, we agree if you will give us 90 days to do it, and we'll do it.

CHAIRMAN MC CARTHY: Any questions by members of the Commission?

Do you want to add something, sir?

MR. MARTIN: Well, essentially to --

CHAIRMAN MC CARTHY: Will you use the microphone, sir, please?

MR. MARTIN: Well, really --

EXECUTIVE OFFICER DLDRICK: Would you please identify yourself for the record, sir?

MR. MARTIN: Yes. Pardon me?

CHAIRMAN MC CARTHY: Your name?

MR. MARTIN: Roy Martin.

The attempts to raise it --

CHAIRMAN MC CARTHY: What is your interest in this, Mr. Martin?

MR. MARTIN: Well, actually, we will share the
salvage if there is any left. That was the idea. We were going to raise --

MR. MILLIKEN: For both of us.

MR. MARTIN: Yeah. The previous owners, who we both knew, couldn't do anything with it, or didn't. So, they said, "If you'll get it out of there, we'll just abandon it."

So, that's my interest in it is to help him get it up. If there's anything left, we'll do whatever we can with it.

The attempts to raise it so far have been fruitless. They were unable to do it. So, we're going to go in with heavy equipment and we're going to -- from the land side, we're going to get it. And at least float it and get it away so we can repair the dock. It's that simple.

But with the weather, 30 days might or might not be enough time. I would doubt it.

CHAIRMAN MC CARthy: Either Commissioner have any questions of this witness?

Thank you. Why don't you take seats in the front row, if you want, and you can come back up if that's appropriate.

Now, up to three witnesses. Irene Bowles, Lee Snock, Sr., and Barbara Greve. Do you have a particular
order in which you think appropriate that you might want
to say something at this point?

    You want to come up, sir?

    Why don't you give us your name, sir.

MR. SNOOK: I'm Lee Snook. I moved into the
Garden Highway from Sacramento. Been there for four
years. And when I got there, John had a boat, a wooden
cabin cruiser, that sank that --

CHAIRMAN MC CARTHY: Four years ago?

MR. SNOOK: Well, some time after that. Three
years ago. And that he resurrected and tied back up to the
pier. And I don't believe it's been running. I think he
had it up for sale.

    I don't think it's ever left the pier except to
sink. And it sank a couple more times since then.

    And he resurrects it and just leaves it there.
And then somebody brought another boat up, called the
African Queen, and it sank here, oh, a couple of months
ago. And they resurrected it and tied it up to the
dock.

    And then the houseboat a while back came up.
And I watched it sink for three weeks. And anytime during
that three-week period, it could have been towed away.
Instead, they watched it sink.

    And the rest of the property that Mr. Milliken
has. It's a disgrace to the Garden Highway.

We've contacted the Garden -- the Highway Patrol several times on the vehicles he has on the road. I currently have him up with the Lands -- with you people, and we've also contacted the Zoning Commission.

So, it doesn't stop here. So, living on the Garden Highway, trying to think of the beautification of the Garden Highway and the people that live and drive up and down the community and the river, this is a sore spot to the county.

That's all I have to say.

CHAIRMAN MC CARTHY: Well, we may have some peripheral interest in vehicles, of course, but what we have in front of this committee is -- this Commission is --

MR. SNOOK: I understand.

CHAIRMAN MC CARTHY: -- a pier permit.

MR. SNOOK: But all -- I was trying to make a point --

CHAIRMAN MC CARTHY: I understand.

MR. SNOOK: -- of for four years -- actually, it's been longer than that -- the community has tried to get John to do something.

So, if you get any promises, I can almost tell you what's going to happen.

CHAIRMAN MC CARTHY: Why don't you please remain
there for a minute.

Staff want to elucidate on this for us? Have you had some correspondence and some history you could give us briefly?

EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman.

CHAIRMAN MCCARTHY: Give us a picture here?

EXECUTIVE OFFICER DEDRICK: We've had many contacts.

Lisa Beutler is our Enforcement Officer has handled this case directly. Let her tell you what's been going on.

MS. BEUTLER: We received a complaint regarding the permit a while back in October. And we went out and conducted a site inspection to determine the severity of the problem.

After one of my assistants inspected the area, we wrote a letter to Mr. Milliken on November the 23rd and advised him of many problems that we found in the facility. And that letter should be attached to your calendar item for your review.

It was quite specific as to what the problems were and what needed to occur to clean up the area.

We asked that he contact us within ten days, which he did do. And he, on November the 30th, agreed to have the partially submerged houseboat refloated.
and brought into repair within four weeks. This was on November the 30th.

He also agreed to have the area cleaned up and have the debris, including boxes, clothes, and junk, removed from the dock area within four weeks.

He also advised me that he had obtained an Army Corps of Engineers permit for reconstruction of the dock, which he agreed to provide a copy of the Corps permit within two weeks.

We conducted another inspection on January 20th. At that time, no repairs had occurred. There did appear to be some cleanup of some garbage off the boats. There weren't clothes or that sort of thing at that time.

However, the facilities -- obviously, there was still the sunken boat. There obviously were still problems with the dock.

We had not, at that time, received an Army Corps permit. I advised Mr. Milliken of the results of my inspection on January 24th, and explained that, you know, we -- he had agreed to do these things. He had not done them, and we would ask that the Commission review the matter.

We did offer him an opportunity to come into compliance, and that is the reason that we have suggested a 30-day correction period in addition to the notices he
has received throughout the last couple of months.

CHAIRMAN MC CARthy: Questions by members of the Commission?

COMMISSIONER STANCELL: And he's asking for 90 days instead of 30 days?

MS. BEUTLER: Yes. And at this point, we have yet to see the Army Corps permit for reconstruction, which would be required for reconstruction or reconfiguration of the dock, which he indicates he has one and has yet to provide it.

COMMISSIONER STANCELL: And it's your feeling that 30 days is ample time to correct it?

MS. BEUTLER: I would be willing, if we had some assurance that he would be cleaning up the area, to allow a few more days. But I think he's had ample opportunity to clean up at this point.

MR. MILLIKEN: I object to that cleanup you said. It's all been cleaned up down there.

CHAIRMAN MC CARthy: Mr. Miliken, you'll have another chance to speak, sir.

Did you answer Commissioner Stancell's question?

MS. BEUTLER: Yes. There are other ways -- he indicated there was a problem with the tow company. This could be accomplished by upland. It does not necessarily have to be supported by a boat. You can see from the
photographs that were taken this morning. I have the investigator that conducted the site inspection if you would like to ask additional questions of him.

CHAIRMAN MC CARTHY: Do you have anything you want to add to your testimony, Mr. Snook?

MR. SNOOK: No.

CHAIRMAN MC CARTHY: All right. Would you vacate the chair, please. And we'll give Mr. Milliken an opportunity to respond.

Would you come up, sir, and sit in this chair?

MR. MILLIKEN: Okay. Well, basically, that bears out what I said. We tried to do something in November. Except they did not stipulate exactly what they were complaining about besides the houseboat.

They did say, well, there's some junk and stuff down there. That's been all cleaned up. There's nothing I can do about the docks right now as far as putting them back together.

They're steel sections. Without that houseboat being out of the way, the houseboat is forcing my docks out to the rocky shore. And there's nothing I can do to remove that houseboat.

But otherwise, it's all perfectly clean down there.

CHAIRMAN MC CARTHY: Has the dock been in this
condition since we gave Mr. Milliken this permit four years ago?

No, it was more than four years ago. October, 1982.

MS. BEUTLER: The initial permit was a result of an enforcement action at that time. I have no personal knowledge of that. The Bureau --

CHAIRMAN MC CARTHY: Was Mr. Milliken using the dock at that time?

MS. BEUTLER: Yes. And at that time, it was also the subject of a Reclamation Board action for some violations at that time as well.

CHAIRMAN MC CARTHY: What kind of violations?

MS. BEUTLER: There were problems with electricity running into the area; the repair of the facility at that time was an issue.

CHAIRMAN MC CARTHY: How long has the dock been in this condition?

MS. BEUTLER: I believe the neighbors would be better able to answer that question.

I have only personally inspected it since November. So my knowledge of it only extends to that period.

CHAIRMAN MC CARTHY: How long has the dock been in this condition, Mr. Milliken?
MR. MILLIKEN: The condition? You mean it being on the bank? Because, actually, what the dock consists of, sir, it consists of about six 14-- 14-foot steel sections.

And I've had those docks actually since, oh -- originally, when I got these permits from the Corps of Engineers -- you say it was '82 -- and I picked up this dock probably, oh, a couple of years afterwards.

So, I'd say probably it's been -- they haven't been all finished up with a gangplank going down to 'em probably for four or five years.

CHAIRMAN MCCARTHY: Okay. Does any Commissioner have any question on this?

What's the pleasure of the Commission?

COMMISSIONER TUCKER: I think we should go with the staff's recommendation. And I think that we have the opportunity, if the staff came back to us in 30 days from now, to say that, you know, he's just about done, which would mean just about 95 percent done, you know, I think we could address that concern.

But I'm just concerned if we say 60 or 90 days, that he will expend the 60 or 90 days, and then, you know, it will be, well, it's kind of sort of gotten done, et cetera.

And I have a great deal of empathy with the
neighbors who have had to live with this a long time.

So, I think that staff's recommendation seems appropriate, and the lease ought to be terminated in 30 days if he can't address these problems.

And if something arises that's unusual that the staff feels we should address, we have that option. I assume so.

MR. MILLIKEN: Can I comment on that if I may?

CHAIRMAN MC CARTHY: This is your final comment, Mr. Milliken.

MR. MILLIKEN: Okay. You cannot -- it can't be partial. In other words, I can't do something -- that houseboat has to come out of the way. I mean there's nothing I can do partially.

So, in other words, if I don't do the houseboat, there's nothing else I can do. And if we get a lot of rain and high water, I'm just not going to be able to get that houseboat out of the way.

It's a big, heavy thing that -- it's going to be very difficult to remove. Like -- these professional people have spent four days -- three days in a row trying to do it. I don't think they're very skillful, but they're the only ones available. But I believe we can raise it.

CHAIRMAN MC CARTHY: Mr. Milliken, I'll tell you the problem I have with your testimony vs the testimony of some of your neighbors that you didn't contradict.
And that was that it took a number of days for this last boat to sink. And there was an opportunity while it was sinking to try to take some steps.

MR. MILLIKEN: No, it sank overnight. It's got big hollow pontoons. It sank overnight.

CHAIRMAN MC CARTHY: All right. The testimony of your neighbors --

MR. MILLIKEN: No, they were talking about my other boats. I have a boat and Mr. Martin has a boat. And they sank and we raised it.

CHAIRMAN MC CARTHY: How many other boats sank at your pier?

MR. MILLIKEN: Well, just those two. We've had those boats there for a number of years.

CHAIRMAN MC CARTHY: All right.

MR. MILLIKEN: And, you know, they don't stay sunk very long. I mean we get them up as soon as they sink.

CHAIRMAN MC CARTHY: But how many days does it take to sink? Did you observe them sinking, or did they happen just --

MR. MILLIKEN: Oh, they happen overnight.

For one -- one of the main problems we've had recently, that houseboat keeping these docks on the bank. That's where Roy's boat sunk, that -- it's an angle, and the boat
came on top of the dock there and put a hole in it.

Actually, the main trouble has been with that sunken houseboat.

CHAIRMAN MC CARTHY: Commissioner Stancell?

MR. MILLIKEN: But I can't say that I can get it done in 30 days, because of the vicissitudes of the weather.

COMMISSIONER STANCELL: I think we can assume that the weather is going to be like it's been for the last -- for this season. That's very dry.

And it sounds like 30 days seem to be a realistic time frame for which you can get started immediately and adjust the problem.

CHAIRMAN MC CARTHY: Commissioner Tucker moves. Commissioner Stancell seconds that the staff recommendation be accepted.

Approved as requested.

50.

EXECUTIVE OFFICER DEDRICK: Item 50, Mr. Chairman, is California Yacht Marina, approval of a dredging permit for up to 4330 yards of material from Chula Vista Harbor.

CHAIRMAN MC CARTHY: Any questions by members of the Commission?

Anybody in the audience care to comment on Item
50?

Approved as recommended.

51.

EXECUTIVE OFFICER DEDRICK: Item 51, this is a proposed sale of royalty crude oil from leases in the Los Angeles, Orange, and Santa Barbara Counties.

CHAIRMAN MC CARTHY: Questions by members of the Commission?

Anyone in the audience have any comments on Item 51?

MRS. GREVE: (Speaking from the audience) Excuse me. Is it possible to back up to No. 49?

CHAIRMAN MC CARTHY: The Commission has acted on Item 49 and accepted the staff's recommendation.

COMMISSIONER TUCKER: It means that the lease is terminated in 30 days if he doesn't clean up the property.

MRS. GREVE: Thank you.

CHAIRMAN MC CARTHY: Item 52?

EXECUTIVE OFFICER DEDRICK: Item 52 is the approval of an award of royalty oil sale contracts. Edgington Oil Company is the winner. There are two parcels of oil, one went for 72 cents over posted, and the other for 92 cents, roughly, a little less than that.
COMMISSIONER STANCELL: Would you give me a little history on this?

EXECUTIVE OFFICER DEDRICK: This is a royalty oil sale, a crude oil sale from the Long Beach Unit, as a matter of fact, from the Wilmington Oil Field.

COMMISSIONER STANCELL: Is it a transfer?

EXECUTIVE OFFICER DEDRICK: I beg your pardon?

COMMISSIONER STANCELL: Is this transferring the--

EXECUTIVE OFFICER DEDRICK: No. We're just selling oil. The State has the option in its leases for selling a certain amount of oil every period if -- for a bid price.

When we do that, we get -- make more money than it would sell for if it was left at the posted price.

Our standard procedure is to put a 25 cent minimum -- 25 cents over the posted price minimum bid condition.

So, these two parcels sold for 72 cents and 92 cents over the minimum. We made a little bit more money than we'd have made if we sold it at the posted price.

Does that answer your question?

COMMISSIONER STANCELL: Yes. That's fine.

CHAIRMAN MC CARTHY: Any other -- any member of the audience have a desire to comment on Item 52? If not, approved unanimously by the Commission.
Item 53.

EXECUTIVE OFFICER DEDRICK: Item 53, Mr. Chairman, is a proposal by the Bush Oil Company for to do two exploratory wells in two leases on near Rincon Island, related to Rincon Island in Ventura County.

Item -- pardon? Yes. Item 56 is a related item.

In Item 53, the drilling site is located on the shoreline, on the shore, you know, upland on the shore. And Item 56, the drill site is located on Rincon Island.

The reason for the exploratory wells is the old lease relates to the shallow deposits, which have been in production for a good many years on Rincon Island's banks and shore sites and from another pier in the area.

That lease produces about roughly 9,000 barrels a day right now.

We believe that there is a productive layer lower, around 12,000 feet below the existing development. That lease was granted about four years ago perhaps. I think it's about four years ago.

As a condition of that lease, of course, we required exploratory wells to determine whether or not oil is actually present in the location.

Item 53, the County of Ventura did an
environmental workup on the proposal for the drilling in 1986.

We have since contacted them, in fact, talked to them today, and to the Santa Barbara office of the Coastal Commission.

No objections have been registered or filed on either Item 53 or on the Island proposed well, which is Item 56.

The EIR on Item 56 was conducted by the staff of the State Lands Commission. I'd be happy to answer any other questions if you have any you'd like to ask.

CHAIRMAN MC CARTHY: Questions from the Commissioners?

Does any member of the audience wish to address Item 53 or Item 56? Let's take them together. Any testimony on either of those two items?

Do I hear a motion from the Commissioners?

Commissioner Stancell moves. Shall we take the two items together?

COMMISSIONER STANCELL: Yes.

CHAIRMAN MC CARTHY: Commissioner Stancell moves approval of 53 and 56. Commissioner Tucker seconds. The recommendation is accepted unanimously.

EXECUTIVE OFFICER DEDRICK: Thank you, Mr. Chairman.
CHAIRMAN MC CARTHY: 54?

EXECUTIVE OFFICER DEDRICK: Tenneco Oil Company is the assignor of a portion of the lease we've just been talking about to TOC-Pacific Coast, Inc., in -- I guess in a merger -- as a result of a merger with Atlantic Oil Company.

That's Atlantic Richfield. Sorry, who is, incidentally, the original owner of the old lease.

CHAIRMAN MC CARTHY: Questions?

EXECUTIVE OFFICER DEDRICK: There's no controversy here.

CHAIRMAN MC CARTHY: Questions by members of the Commission?

Any member of the audience desire to comment on Item 54?

If not, motion by Commissioner Stancell, seconded by Commissioner Tucker. Staff recommendation is approved.

EXECUTIVE OFFICER DEDRICK: Item 55, Black Mountain Oil Company. This is a proposal of issuing a negotiated subsurface oil and gas lease for subsurface gas in the Sacramento River in Yolo and Sutter Counties.

CHAIRMAN MC CARTHY: Questions by members of the Commission? Any member of the audience wish to
comment on Item 55?

If not, unanimously approved by the Commission.

Motion by Commissioner Stancell.

EXECUTIVE OFFICER DEDRICK: All right.

CHAIRMAN MC CARthy: Item 56 we already handled.

Item 57.

EXECUTIVE OFFICER DEDRICK: Item 57 is an application by Kennecott Explorations for the issuance of a preferential geothermal lease in Imperial County.

The reason this lease is preferential is because Kennecott is the adjacent leaseholder and because as soon as this -- there's an existing power plant in operation there. And this lease will be drilled and go immediately into production.

And, again, this is the State Teachers' Retirement System revenue we're talking about here. It's not? I'm wrong. I'm sorry.

MR. TROUT: It's Fish & Game.

EXECUTIVE OFFICER DEDRICK: It's Fish & Game land.

CHAIRMAN MC CARthy: Questions by members of the Commission?

We're on Item 57. Does anybody in the audience care to comment?

Commissioner Stancell moves and Commissioner
EXECUTIVE OFFICER DEDRICK: Capitol Oil Corporation, issuance of a negotiated oil and gas lease underlying Department of Fish & Game lands in the Tisdale By-Pass in Sutter County.

Again, it's negotiated because it's State land -- or because it's Fish & Game proprietary land.

CHAIRMAN MC CAPTHY: Questions by members of the Commission?

Commissioner Tucker moves. Any member of the audience care to comment on 58?

Commissioner Tucker moves and Commissioner Stancell seconds. Unanimously adopted.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, I misspoke myself on 7. I thought this was the one next to the Salton Sea. This is, in fact, on the Wister Wildlife Refuge.

But the conditions of negotiations apply there because it is a Fish & Game upper ownership. And the conditions of the lease were determined in advance.

It will not go promptly into production, but it won't be too long, we hope.

Item 59, the City of Long Beach. This is a
notice of intent by the city to spend $178,000 of tideland revenues for restroom modifications at the Long Beach Arena.

COMMISSIONER TUCKER: Mr. Taylor has agreed to this --

MR. HIGHT: Yes.

COMMISSIONER TUCKER: -- as a repository for all trust decisions?

CHAIRMAN MC CARTHY: Questions? Any member of the audience wish to comment on 59?

Commissioner Tucker moves and commissioner Stancell seconds. Unanimously adopted.

Item 60 and 61 were taken off calendar.

62.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, Bob Hight, our Chief Counsel, will handle the legal issues.

MR. HIGHT: 62, Mr. Chairman, is the authorization to retrocede jurisdiction at the Presidio in Monterey. We had a hearing and there's no opposition to this retrocession.

CHAIRMAN MC CARTHY: Any questions from the Commissioners?

COMMISSIONER TUCKER: What is a retrocession?

MR. HIGHT: The Presidio currently is an exclusive federal jurisdiction --
COMMISSIONER TUCKER: What does the word mean?

MR. HIGHT: It means to give back jurisdiction.

CHAIRMAN MC CARTHY: Moved by Commissioner Stancell, second by Commissioner Tucker.

Does anybody in the audience desire to comment on this item? Approved.

Item 63 was removed. 64.

MR. HIGHT: 64, Mr. Chairman, is the authorization to settle litigation with the Cirincoine-Coles in Tomales Bay.

By the settler of this lawsuit, the Commission will receive $20,000 and an easement access to the parcel. And the Attorney General recommends the settlement.

CHAIRMAN MC CARTHY: Questions by members of the Commission?

COMMISSIONER STANCELL: This will be the conclusion? This is the final, final?

MR. HIGHT: Yes.

COMMISSIONER STANCELL: I'll move.

CHAIRMAN MC CARTHY: Does any member of the audience wish to comment on Item 64?

Commissioner Tucker moves. Commissioner Stancell seconds. Unanimously approved.
65?

MR. HIGHT: 65, Mr. Chairman, is the authorization to settle a parcel of land in Petaluma, Sonoma County. The Commission will receive $20,000 as Kapiloff Land Bank Trustees.

And the settlement provides for a boundary agreement along Petaluma Slough.

CHAIRMAN MC CARTH: All right. Any questions by the Commissioners?

By any member of the audience?

Commissioner Tucker moves. Commissioner Stancell seconds.

Unanimously approved.

66?

EXECUTIVE OFFICER DEDRICK: Mr. Trout will handle the administrative items, Mr. Chairman.

MR. TROUT: Mr. Chairman, Item 66 is a memorandum of understanding with the Bureau of Land Management to establish procedures to exchange mineral interests.

Primarily, this will say that we will exchange like mineral interests for like mineral interests and only go through the expensive process of a detailed mineral appraisal on the most valuable properties. There are risks on both sides. But this has been reviewed by our
staff, our extractive staff and the BLM mineral staff. And we believe that this is in the interest of both governments. It gets us out of School Land properties that we can't, in fact -- the Commission can't, in fact, administer because of various BLM surrounding land.

And we think this is a good way to go. The properties that appear to have reasonable mineral potential will be evaluated in detail. Otherwise, we'll exchange moderate for moderate, minimal for minimal.

CHAIRMAN MC CARTHY: I think I remember the answer to this. Let me ask again. Does the S 7 legislation have any applicability here?

MR. TROUT: Not for this particular memorandum of understanding. Senator Cranston's bill would provide that expansion of State Parks would include some State School Land. We're trying to deal with that on a separate basis to identify some other parcels.

But this would have no direct application.

CHAIRMAN MC CARTHY: These parcels are not a part of that legislation? Not within the boundaries proposed in that legislation?

MR. TROUT: I believe that's correct. Yes, that's correct.

CHAIRMAN MC CARTHY: Questions by members of the Commission? Anybody in the audience wish to comment...
on 66?

If not, Commissioner Stancell moves.

Commissioner Tucker seconds. Unanimously approved.

Now, Item 67 and 68 were removed from the calendar.

So, we've got one left. 69.

MR. TROUT: Mr. Chairman, on Item 69, we're asking Commission's approval to award a contract to Williams-Kuebelbeck and Associates for consulting services on investment of State Lands School Bank project. This would provide for an independent review of proposals submitted by developers, reviewed by staff, and would be available to the Commission in support -- or at least in discussion of projects brought before you both as the Lands Commission and the School Land Bank Trustee.

CHAIRMAN MC CARthy: Questions by members of the Commission?

COMMISSIONER TUCKER: How did we arrive at that particular consulting --

MR. TROUT: We asked for proposals. We got five proposals from real estate investment experts. Two of the proposals -- the review committee, which included a representative of the State Teachers' Retirement System -- did not meet the minimum qualifications.
Thereafter, a hypothetical project was used. And the three remaining proposals were opened and were evaluated against that project. And the Williams-Kuebelbeck Associates had the lowest bid.

COMMISSIONER TUCKER: Who was involved in the decision-making?

MR. TROUT: Excuse me, sir?

COMMISSIONER TUCKER: Who was involved in the decision-making?

MR. TROUT: The State Teachers' Retirement System representative, Mal Kangas; Staff Counsel, Peter Pelkofer. And I think Ed Chatfield and Lance Kiley on our staff, along with Bob Hall of our contract branch.

COMMISSIONER TUCKER: And they agreed that this was the best --

MR. TROUT: Yes, they do.

COMMISSIONER TUCKER: Okay.

CHAIRMAN MC CARTHY: Any further questions? Any questions from any member of the audience on Item 69?

Commissioner Tucker moves. Commissioner Stancell seconds. And it's unanimously approved.

Ladies and gentlemen, thank you very much.

That concludes the Commission meeting.

(Thereupon the meeting was adjourned at 2:49 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 before 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 16th day of February, 1989.

Nadine J. Parks
Shorthand Reporter