

MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

COPY

DEPARTMENT OF CONSUMER AFFAIRS
1020 N STREET
AUDITORIUM
SACRAMENTO, CALIFORNIA

TUESDAY, MARCH 27, 1990
10:30 A. M.

Ronald J. Peters
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License Number 2780

PETERS SHORTHAND REPORTING CORPORATION

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COMMISSION MEMBERS PRESENT

Honorable Leo T. McCarthy,
Lieutenant Governor,
Acting Chairman

Mr. Gray Davis,
State Controller,
Represented by Mr. James Tucker,
Chief Deputy Controller

Mr. Jesse R. Huff,
Director of Finance,
Represented by Mr. LaFenus Stancell,
Assistant Director

STAFF PRESENT

Mr. Charles Warren, Executive Officer

Mr. James Trout, Assistant Executive Officer

Mr. Robert C. Hight, Chief Counsel

Ms. Gail Moore, Commission Executive Secretary

ALSO PRESENT

Mr. N. Gregory Taylor, Assistant Attorney General

Mr. Peter Pelkofer, Senior Counsel, State Lands Commission

Mr. Dennis Eagan, Deputy Attorney General

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PROCEEDINGS

1
2 ACTING CHAIRMAN MCCARTHY: Good morning, ladies
3 and gentlemen. Just before we begin I'd like to tell you
4 what items are pulled off the calendar in case any of you
5 in the audience are here on those items.

6 Consent Item 1A, Consent Item 8 and Items 22, 23
7 and 24. I have got 22 dash 24.

8 ASSISTANT EXECUTIVE OFFICER TROUT: I think it's
9 Items 22, 24 and 25, Mr. Chairman.

10 ACTING CHAIRMAN MCCARTHY: All right. Item 23 is
11 still on the calendar. So 22, 24, 25 and 68.

12 This is the meeting of the State Lands Commission.
13 My name is Leo McCarthy. On my right is Jim Tucker
14 representing Controller Gray Davis. On my left is Stan
15 Stancell representing the Director of Finance, Jesse Huff.

16 The minutes of the last meeting are approved
17 without objection.

18 The Consent Calendar, with the deletions that I
19 mentioned, 1A, and 8, without objection, is approved.

20 And we now move to Calendar Item 21.

21 Mr. Warren.

22 EXECUTIVE OFFICER WARREN: Calendar Item 21, Mr.
23 Chairman and Commissioners, the staff is requesting that
24 you approve a rent increase for a grazing lease for State
25 school land located eight miles north of the town of Doyle

1 in Lassen County.

2 We understood that we had been advised that a Mary
3 Conway, on behalf of the applicant, might be present to
4 oppose staff's recommendation.

5 Would you mind making inquiry because I have no
6 speaking request?

7 ACTING CHAIRMAN MCCARTHY: I do have someone who
8 has indicated an interest in this for the Garnier Estates,
9 Ms. Mary Conway.

10 EXECUTIVE OFFICER WARREN: Yes, I have that.

11 ACTING CHAIRMAN MCCARTHY: Is Ms. Mary Conway
12 present, please?

13 Would you like to come forward and testify in
14 this, Ms. Conway?

15 MS. CONWAY: I don't think I need to come forward.
16 I think you have all the information in the files and I am
17 just here to listen, and possibly speak if I have to say
18 anything more.

19 ACTING CHAIRMAN MCCARTHY: Thank you.

20 Is there a difference between Ms. Conway's
21 position and what staff is recommending to the Commission?

22 EXECUTIVE OFFICER WARREN: Well, I don't know if
23 there is a difference at present. What this is, the site
24 involves a five-year rent review for almost 3,000 acres of
25 State school land in Lassen County. This land was recently

1 acquired for State school land from the BLM.

2 Prior to the time State Lands took title to this
3 parcel, the applicant had a grazing lease with the BLM.
4 So, on her behalf, or on the behalf of the applicant, their
5 experience was limited to BLM's rental rate determination
6 practices.

7 Consequently, it might be difficult for applicant
8 to appreciate the fact that the State Lands Commission is
9 obliged by law to receive fair market rent on its leases.
10 We made fair market determinations, and it was based upon
11 that review that the rental proposed was determined.

12 ACTING CHAIRMAN MCCARTHY: Okay. Are there any
13 questions by Commissioners?

14 ACTING COMMISSIONER STANCELL: No.

15 ACTING CHAIRMAN MCCARTHY: All right. The item is
16 moved and the staff recommendation is accepted.

17 Thank you.

18 Item 23.

19 EXECUTIVE OFFICER WARREN: Item 23, Mr. Chairman
20 and Commissioners, staff is asking to approve an assignment
21 of an interest in two general lease right of ways.

22 There is no opposition. The leases refer to the
23 access to Rincon Island and for pipeline to service Rincon
24 Island. It is a noncontroversial item.

25 ACTING CHAIRMAN MCCARTHY: Any questions from the

1 audience on Item 26?

2 EXECUTIVE OFFICER WARREN: Item 23.

3 ACTING CHAIRMAN MCCARTHY: I'm sorry, Item 23.

4 From the Commissioners?

5 All right. Approved as recommended.

6 Twenty-six.

7 EXECUTIVE OFFICER WARREN: Twenty-six is the sale
8 of a right-of-way easement for an existing electrical
9 transmission line located on State lieu land.

10 The sale is proposed in this instance because the
11 minimum of rent of \$100 a year was thought less than
12 adequate to justify the time spent in processing. So
13 instead, there is a sale of the easement for the total sum
14 of \$1,511.

15 This is a negotiated sale and we ask for approval.

16 ACTING CHAIRMAN MCCARTHY: Any questions from the
17 audience or the Commission?

18 The recommendation is approved.

19 Item 27.

20 EXECUTIVE OFFICER WARREN: Item 27 is a request by
21 staff for it to be authorized to recommend to the Governor
22 the nomination of Morro Bay Estuary in San Luis Obispo
23 County to the National Estuary Program administered by the
24 Environmental Protection Agency.

25 ACTING CHAIRMAN MCCARTHY: Questions from the

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1 audience?

2 From the Commission?

3 Recommendation is approved.

4 Twenty-eight.

5 EXECUTIVE OFFICER WARREN: Item 28, Mr. Chairman
6 and Commissioners, the staff is recommending an amendment,
7 the consideration of amendment of the litigation measure to
8 extend the time period to April 27th of this year for
9 construction of near-shore portion of Exxon's Santa Ynez
10 unit oil pipeline. This is located offshore at Las Flores
11 Canyon in Santa Barbara County.

12 The lessee, Exxon, has advised that due to
13 circumstances beyond its control it was unable to meet the
14 time limits previously imposed and it has asked for this
15 extension to April 27th.

16 We believe that any damage by this extension can
17 be suitably mitigated?

18 ACTING CHAIRMAN MCCARTHY: Any questions from the
19 audience?

20 Questions from the Commission?

21 All right, recommendation is accepted.

22 The next item, 29.

23 EXECUTIVE OFFICER WARREN: Item 29, Mr. Chairman
24 and Commissioners, staff is recommending a rescission of the
25 prior authorization and approval for staff and/or the

1 Office of the Attorney General to take necessary steps,
2 including litigation, for the ejectment and collection of
3 rentals of land located in the San Joaquin River at Acker
4 Island.

5 The record shows that over the past four years
6 over 12 letters have been sent by State Lands Commission
7 staff to the lessees, and none of them have been
8 forthcoming or effective.

9 Consequently, we feel we have no action other than
10 to suggest recolon and to seek authorization to institute
11 legal action if necessary.

12 ACTING CHAIRMAN MCCARTHY: Questions from the
13 audience or the Commission?

14 Approved as recommended.

15 Thirty.

16 EXECUTIVE OFFICER WARREN: Item Number 30, Mr.
17 Chairman and Commissioners, staff is seeking your approval
18 to remove the remains of eight steel groins on tide and
19 submerged lands in Malibu, Los Angeles County.

20 These are the remnant steel groins. They
21 constitute a serious hazard and they need to be removed.
22 Arrangements which we thought had been made for their
23 removal by a local district have not been satisfactory and
24 therefore we are seeking your approval for this provision.

25 ACTING CHAIRMAN MCCARTHY: Okay.

1 Questions from the audience or from Commissioners?

2 ACTING COMMISSIONER TUCKER: What is the status
3 now of the settlement agreement?

4 ASSISTANT ATTORNEY GENERAL TAYLOR: As per the
5 settlement agreement, they have a year to get a permit to
6 rebuild the groins and restabilize the beach. And if they
7 fail to do that within the time, then we have the option of
8 compelling them to take the groins out.

9 ACTING COMMISSIONER TUCKER: Have they formed the
10 special district?

11 ASSISTANT ATTORNEY GENERAL TAYLOR: Not yet, I
12 don't think.

13 Rob, where are you?

14 MR. COLLINS: They haven't formed the special
15 district but it is not necessary for them to do so. They
16 are applying to build new groins as the owner parties to
17 the agreement, and that application should come before you
18 around July of this year.

19 ACTING COMMISSIONER TUCKER: They don't need the
20 special district to pay for it?

21 MR. COLLINS: The agreement does not provide that
22 that is a necessity. They are going to try to do that, but
23 if they don't do that they will just do it as individual
24 owner parties or as an association of home owners.

25 ASSISTANT ATTORNEY GENERAL TAYLOR: There are

1 still some parties who are challenging this settlement in
2 court. However, the amount of money that the title company
3 had provided for the settlement terminates at the end of
4 the year and we need to be in a position to compel them to
5 take them out if they haven't performed the other part of
6 the deal. And so this is to make sure that all the permits
7 are in place for the removal of the groin to keep the
8 pressure on.

9 ACTING COMMISSIONER TUCKER: So we are not going
10 for it?

11 ASSISTANT ATTORNEY GENERAL TAYLOR: No.

12 ACTING CHAIRMAN MCCARTHY: Any other questions?
13 Audience?

14 The recommendation is approved.

15 Next item.

16 EXECUTIVE OFFICER WARREN: Item 31, Mr. Chairman
17 and Commissioners, Chevron, USA, staff is recommending that
18 you approve the deferment of drilling obligation under the
19 applicable State oil and gas lease. There is no
20 opposition. We recommend approval.

21 ACTING CHAIRMAN MCCARTHY: All right. No
22 questions?

23 Approved as recommended.

24 Thirty-two.

25 EXECUTIVE OFFICER WARREN: Item 32, Mr. Chairman,

1 staff is recommending that the Commission approve the
2 resolution by the City of Tracy declaring its intention to
3 enter into a competitively bid subsurface oil and gas
4 lease. The statute requires our approval of such intention
5 by the County.

6 ACTING CHAIRMAN MCCARTHY: Questions from the
7 audience?

8 From the Commission?

9 That is approved as recommended.

10 Thirty-three.

11 EXECUTIVE OFFICER WARREN: Item 33, Mr. Chairman,
12 staff is recommending that you determine that the
13 geothermal resources are being drained from leased lands in
14 Sonoma County and to authorize staff to terminate or take
15 appropriate actions specified by law.

16 Mr. Eagan, Dennis Eagan, of the Attorney General's
17 staff has a statement on this issue.

18 DEPUTY ATTORNEY GENERAL EAGAN: Mr. Chairman and
19 Members of the Commission, I have been in touch with Owen
20 Olpin who is the attorney for the lessee. They will not be
21 here today but he authorized me to represent that while
22 they disagree with the staff's recommended determination
23 that drainage is occurring, they are willing to meet with
24 staff on this matter.

25 ACTING CHAIRMAN MCCARTHY: Any other questions

1 about this?

2 All right. The recommendation is approved.

3 Thirty-four.

4 EXECUTIVE OFFICER WARREN: Item 34, Mr. Chairman,
5 is the usual award of the Royalty Oil Sales Contract.

6 ACTING CHAIRMAN MCCARTHY: Questions from the
7 audience or the Commission?

8 Approved as recommended.

9 Thirty-five.

10 EXECUTIVE OFFICER WARREN: Thirty-five, Mr.
11 Chairman, is that staff is asking permission to authorize
12 issuance of a negotiated subsurface State oil and gas lease
13 on land underlying the Eel River. The Atlantic Richfield
14 Company is the owner of all lands surrounding that site and
15 the drilling will be from the landward subsurface into the
16 field underlying the water.

17 ACTING CHAIRMAN MCCARTHY: Questions from the
18 audience or the Commission?

19 You are authorized.

20 Thirty-six.

21 EXECUTIVE OFFICER WARREN: Item 36, Mr. Chairman,
22 seeks approval of a two-year mineral prospecting permit for
23 valuable minerals other than oil and gas. Essentially the
24 mineral being sought is gold. It is on 607 acres and the
25 fee is \$883 for the permit.

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1 ACTING CHAIRMAN MCCARTHY: Questions from the
2 audience or the Commission?

3 All right.

4 EXECUTIVE OFFICER WARREN: Item 37 is staff is
5 seeking approval or permission to approve a two-year
6 mineral prospecting permit for borates and valuable
7 minerals other than oil and gas on State school land in San
8 Bernardino County.

9 ACTING CHAIRMAN MCCARTHY: Any questions?

10 Authorized.

11 Next, 38.

12 EXECUTIVE OFFICER WARREN: Thirty-eight would
13 authorize issuance to Ecosystems Management Associates,
14 Inc., to conduct operations compatible with the Seafloor
15 Hazards Survey of the State Lands Commission.

16 ACTING CHAIRMAN MCCARTHY: Questions from the
17 audience or the Commission?

18 You are authorized.

19 Thirty-nine.

20 EXECUTIVE OFFICER WARREN: Item 39 was a similar
21 authorization to Engineering Hydraulics, Inc., of a non-
22 exclusive permit to conduct geophysical surveys on
23 tidelands. That is part of the Seafloor Hazards Survey of
24 the State Lands Commission.

25 ACTING CHAIRMAN MCCARTHY: Okay.

1 Any questions from the audience or the Commission?

2 That is authorized.

3 Forty.

4 EXECUTIVE OFFICER WARREN: Union Oil Company, the
5 applicant in Item 40, Mr. Chairman, seeks a non-exclusive
6 geological survey on tide and submerged lands for the
7 purpose of obtaining shallow samples of the seafloor
8 looking ahead to the possible need for laying of pipelines.

9 ACTING CHAIRMAN MCCARTHY: Questions from the
10 audience or the Commission?

11 That is approved.

12 Forty-one.

13 EXECUTIVE OFFICER WARREN: Item 41, the staff is
14 recommending that you authorize maintenance dredging of
15 materials in Corte Madera Creek near Larkspur for the ferry
16 boat service to Marin County, and the deposit of the
17 dredged tailings at a site off Alcatraz Island, and impose
18 a rental charge for such a deposition of twenty-five cents
19 per cubic yard.

20 They anticipate about 200,000 cubic yards will be
21 dredged and deposited off the Alcatraz site.

22 ACTING CHAIRMAN MCCARTHY: Questions from the
23 audience or the Commission?

24 All right, that is approved.

25 Forty-two.

1 EXECUTIVE OFFICER WARREN: Item 42 is to authorize
2 dredging of material from the entrance channel of the
3 Oceanside Small Craft Harbor to maintain a navigable
4 channel. Staff recommends approval.

5 ACTING CHAIRMAN MCCARTHY: Any questions from the
6 audience or the Commission?
7

8 All right. That is authorized.

9 EXECUTIVE OFFICER WARREN: Item 43, Mr. Chairman,
10 the Department of Fish and Game seeks to dredge and
11 sidecast material to breach the mouth of Batiquitos Lagoon
12 in San Diego County to make a nesting habitat available for
13 the Least Tern.

14 Staff recommends approval.

15 ACTING CHAIRMAN MCCARTHY: Questions from the
16 audience or the Commission?
17

18 That is approved.

19 Forty-four.

20 EXECUTIVE OFFICER WARREN: Applicant Joelen
21 Enterprises seeks assignment of a dredging permit in San
22 Diego Bay at Crown Isle in San Diego County and the staff
23 recommends approval.

24 ACTING CHAIRMAN MCCARTHY: Questions from the
25 Commission or the audience?
26

27 That is approved.

28 Forty-five.

1 EXECUTIVE OFFICER WARREN: Item 45 is the
2 consideration of 1990-1991 Plan of Development and
3 Operations and Budget of the Long Beach Unit, Wilmington
4 Oil Field, submitted by the City of Long Beach.

5 There is one thing. The City has agreed with the
6 State Lands Commission to amend their drilling plan to
7 include six additional drilling months during the drilling
8 cycle under consideration, and we would recommend that that
9 be approved.

10 ACTING CHAIRMAN MCCARTHY: Questions from the
11 Commission or the audience?

12 That is approved.

13 Forty-seven.

14 Forty-six.

15 EXECUTIVE OFFICER WARREN: Item 46, Mr. Chairman,
16 this is informational and it is the report of the first
17 eight months' status of the Plan of Development and
18 Operations and Budget of the Long Beach Unit in the
19 Wilmington Oil Field.

20 ACTING CHAIRMAN MCCARTHY: Okay.

21 EXECUTIVE OFFICER WARREN: I don't think action is
22 necessary on this item.

23 ACTING CHAIRMAN MCCARTHY: No. The information is
24 received.

25 Forty-seven.

1 EXECUTIVE OFFICER WARREN: Forty-seven. The
2 applicant is the City of Long Beach, and this involves its
3 third modification to the 1989-'90 Plan of Development in
4 the Long Beach Unit of the Wilmington Oil Field.

5 ACTING CHAIRMAN MCCARTHY: Questions from the
6 Commission or the audience?

7 That is approved.

8 Next.

9 EXECUTIVE OFFICER WARREN: Item 48, the same
10 applicant, involves the second modification of the 1989-'90
11 Long Beach Unit Plan of Operations and Budget, and it is to
12 provide funding for paying claim to the Department of
13 Energy.

14 The staff recommends approval.

15 ACTING CHAIRMAN MCCARTHY: Questions from the
16 Commission?

17 That is approved.

18 Forty-nine.

19 EXECUTIVE OFFICER WARREN: This is a statement of
20 the actual revenues for the first six months of the 1989-
21 '90 production period and estimates of revenues for 1989-
22 '90 and for 1990-'91.

23 ACTING CHAIRMAN MCCARTHY: Questions from the
24 Commission?

25 The report is approved.

1 Fifty.

2 EXECUTIVE OFFICER WARREN: Item 50, Mr. Chairman,
3 we give notice to the City of Long Beach to direct the
4 field contractor to sell off crude oil from Tract Number 1
5 of the Long Beach Unit.

6 We ask for the approval.

7 ACTING CHAIRMAN MCCARTHY: Questions?

8 The recommendation is approved.

9 Fifty-one.

10 EXECUTIVE OFFICER WARREN: Item 51 involves the
11 Long Beach Harbor Tidelands Parcel. And the City of Long
12 Beach and TOPKO are proposing a second amendment to the
13 contract.

14 The amendments are three in nature and they are
15 set forth on the analysis.

16 The first would permit TOPKO to perform
17 accounting, engineering and management functions in
18 conjunction with the TOPKO project.

19 The second amendment provides the City with
20 greater flexibility to administer the sale of the oil that
21 it is permitted to take.

22 And thirdly, the amendment would permit TOPKO to
23 provide a letter of credit as security for faithful
24 performance in lieu of the performance bond currently
25 required.

1 And we would recommend approval.

2 ACTING CHAIRMAN MCCARTHY: Okay. Questions from
3 the Commission?

4 Approval given.

5 Fifty-two.

6 EXECUTIVE OFFICER WARREN: Item 52, Breit Burn
7 Energy Corporation. It is an amendment to the Compensatory
8 Royalty Agreement, and essentially provides for a 20-day
9 extension by which such royalty payments are to be made in
10 the future. Due to transfers of interest the applicants
11 were unable to pay at the times specified and therefore we
12 are giving them the 20 additional days for the payment of
13 such royalty.

14 And staff would recommend approval.

15 ACTING CHAIRMAN MCCARTHY: Commission questions?
16 Audience?

17 Approved.

18 Fifty-three.

19 EXECUTIVE OFFICER WARREN: Item 53 involves a
20 lessee, Capitol Oil Corporation, and involves an amendment
21 to the Agreement of Understanding which would allow
22 additional time to unitize State oil and gas leases in
23 Sutter County.

24 The additional time was from February 28th, '90 to
25 February 6th of '92.

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1 We see no objection to that and recommend
2 approval.

3 ACTING CHAIRMAN MCCARTHY: Questions?

4 It is approved.

5 Next.

6 EXECUTIVE OFFICER WARREN: Item 54, State Lands
7 Commission seeks permission to dig a trench for the
8 scientific study of soil located in the berm area on
9 sovereign land at Chicory Bend, Sacramento River. This is
10 for the purpose of establishing evidence in a title dispute
11 that is current.

12 We seek approval.

13 ACTING CHAIRMAN MCCARTHY: Questions?

14 It is approved.

15 Fifty-five.

16 EXECUTIVE OFFICER WARREN: Item 55, Mr. Chairman
17 and Commissioners, involves a Compromise Title Settlement
18 and Exchange Agreement between the State Lands Commission
19 and the Port Costa Materials, Inc., and authorizes a public
20 agency permit to East Bay Regional Park District for lands
21 located in and along the Carquinez Straits near the City of
22 Port Costa in Contra Costa County.

23 The agreement is between the State Lands
24 Commission and the Port Costa Brickworks, as I indicated.

25 We convey title to a portion of the disputed

1 property and we obtain clear title for the remaining
2 portions, and as to the portion of the latter, that is
3 being transferred to East Bay Park for their management as
4 a park segment.

5 We seek approval.

6 ACTING CHAIRMAN MCCARTHY: All right.

7 Any questions?

8 It is approved.

9 Next.

10 EXECUTIVE OFFICER WARREN: Item 56, the applicant
11 is the City of Antioch and involves boundaries that they
12 have established in their proposal to annex tide and
13 submerged lands into the City of Antioch.

14 Staff would recommend approval.

15 ACTING CHAIRMAN MCCARTHY: Questions?

16 Approved.

17 Fifty-seven.

18 EXECUTIVE OFFICER WARREN: Item 57, the State
19 Lands Commission. Staff is seeking authority to hold
20 public hearings in Sausalito or some other suitable place
21 in Marin County for the purpose of determining if the City
22 of Sausalito and County of Marin are in compliance with
23 their public trust, duties and responsibilities concerning
24 certain residential houseboats that are presently located
25 on trust property.

1 This is granted land to the City and County. We
2 believe that the residential use is not compatible with the
3 public trust values and the only way we can establish that
4 is by a public hearing, and we seek your permission to do
5 so.

6 ACTING CHAIRMAN MCCARTHY: Okay.

7 Any questions?

8 You have that permission.

9 The next item.

10 EXECUTIVE OFFICER WARREN: Item 58 would extend
11 the time effective recording date for a Compromise Title
12 Settlement Agreement concerning lands within the City of
13 Sausalito and we would recommend approval.

14 ACTING CHAIRMAN MCCARTHY: Questions?

15 Approved.

16 Fifty-nine.

17 EXECUTIVE OFFICER WARREN: Fifty-nine is a
18 settlement of a mineral trespass involving sand and gravel
19 in Solano and Contra Costa Counties.

20 The penalty is, what, 30 cents a cubic yard?

21 CHIEF COUNSEL HIGHT: Yes.

22 EXECUTIVE OFFICER WARREN: And I think the amount
23 received by this settlement is about \$148,000.

24 We ask approval.

25 ACTING CHAIRMAN MCCARTHY: Questions?

1 Approved.

2 Sixty.

3 EXECUTIVE OFFICER WARREN: Item 60 is the United
4 States of America, Department of Energy --

5 ACTING CHAIRMAN MCCARTHY: I am sorry, excuse me.
6 On that last item, 59, there was a Mr. Fred
7 Cummings who had signed up.

8 EXECUTIVE OFFICER WARREN: Yes, he indicated only
9 if the matter was controversial.

10 ACTING CHAIRMAN MCCARTHY: Did you wish to make a
11 statement, sir?

12 MR. CUMMINGS: Only if it was a contested item.

13 ACTING CHAIRMAN MCCARTHY: Oh, all right.

14 Thank you very much.

15 Continue.

16 EXECUTIVE OFFICER WARREN: Item 60. This is the
17 usual disclaimer by us in litigation brought in a
18 condemnation action brought by the United States.

19 We have no interest in the parcel at issue and we
20 ask permission to file the disclaimer.

21 ACTING CHAIRMAN MCCARTHY: Questions?

22 Permission granted.

23 Sixty-one.

24 EXECUTIVE OFFICER WARREN: Item 61 would authorize
25 the purchase from funds presently in the Kapiloff Land Bank

1 Fund of land known as the Marin Islands off San Rafael Bay
2 in Marin County.

3 There are two islands, one of which is a nesting
4 area, a rookery, for a number of significant water fowl,
5 and the other is a partially developed site which can be
6 used for water fowl nesting and other purposes.

7 The State Lands Commission is one of a number of
8 participants in the purchase. The authority we ask you to
9 give staff is conditioned upon the other participants
10 providing the required amounts to complete the purchase.

11 ACTING CHAIRMAN MCCARTHY: Any questions?

12 All right, that is approved as recommended.

13 Sixty-two.

14 EXECUTIVE OFFICER WARREN: Item 62, Mr. Chairman,
15 is an item we had on our calendar at the last meeting, and
16 the staff is again asking authority to revoke a permit to
17 salvage the Brother Jonathan.

18 The applicant is here, Mr. Knight, and
19 representing Sea Epics. I understand he has a statement to
20 make.

21 ACTING CHAIRMAN MCCARTHY: Mr. Knight, would you
22 like to come forward, please?

23 MR. KNIGHT: Mr. McCarthy, gentlemen, Mr. Warren,
24 I believe that Mr. Warren has with him --

25 ACTING CHAIRMAN MCCARTHY: Would you identify

1 yourself and your client for the record, please, Mr.
2 Knight?

3 MR. KNIGHT: Yes. My name is Mr. Knight, Donald
4 G., and I am Director of the research for Sea Epics
5 Research.

6 I believe that Mr. Warren has a correspondence
7 that was received yesterday from us.

8 There are three items that seem to be in
9 contention from the last meeting. We have attempted to try
10 to alleviate Item Number 1, the research questions, and I
11 would ask Mr. Warren if there is any problem with the
12 questions that we have submitted thus far.

13 EXECUTIVE OFFICER WARREN: Let me refer Mr.
14 Knight's questions to Mr. Peter Pelkofer of our staff who
15 has been handling this item.

16 MR. PELKOFER: Good morning.

17 In direct response to Mr. Knight's question --

18 ACTING CHAIRMAN MCCARTHY: Would you give your
19 name for the record?

20 MR. PELKOFER: Certainly. Peter Pelkofer, Senior
21 Counsel, staff of the State Lands Commission.

22 In response to Mr. Knight's specific question, we
23 have had an opportunity, having received this yesterday
24 afternoon, to review the letter that he sent. We have some
25 concerns about his questions but I think we would find them

1 in substantial compliance with our request. That is the
2 research questions. That is one of the three items, and I
3 will stop there and let you go on.

4 ACTING CHAIRMAN MCCARTHY: Mr. Knight, do you want
5 to proceed?

6 MR. KNIGHT: And, of course, Item 3, you should
7 also have letters indicating the acceptance by the
8 International Artifact and Conservation Research
9 Laboratory. That was a large contention last time that we
10 had not even tried to locate a conservation laboratory,
11 which was in error. We have been attempting to do so since
12 1986, and last meeting I indicated that I had come up with
13 a conservation laboratory in Ottawa, Canada.

14 One of your previous employees, Mr. James Delgado
15 and I have had conversations, and he indicated also that
16 there was not a sufficient facility on the West Coast that
17 could take care of the material that would be coming up off
18 the ocean floor. And he recommended the International
19 Artifact Conservation and Research Laboratory which is
20 controlled by Mr. Herbert Bump and Mr. David Johnson who
21 are in Belle Chasse, Louisiana.

22 Are there any questions from Mr. Warren or Mr.
23 Pelkofer as to their capability and their willingness to
24 carry out the project from a conservation aspect?

25 MR. PELKOFER: We have had some previous

1 experience with Mr. Bump. As I understand it he was well
2 qualified in the community and we would not have a problem
3 with him carrying out the conservation. The letter,
4 however, merely indicates Mr. Bump's interest in doing this
5 project if he were contracted to do it and paid for it.
6 What we had asked for was, indeed, a contract in place so
7 that we have some assurance that items brought up will
8 actually be conserved. And so as far as we are concerned,
9 this is about half compliance with our request for that
10 particular item.

11 He has found someone who is acceptable but he has
12 given us no evidence that the gentleman will actually be
13 doing it. He simply says I am interested in doing the
14 work, sure, but that's as far as it goes.

15 ACTING CHAIRMAN MCCARTHY: All right. Third
16 point.

17 MR. KNIGHT: Before we go on to the third point,
18 let me just point out to the Commission here that by
19 communications with Mr. Bump they have been such that he
20 asked that if there should be any additional paperwork sent
21 to the Commission, and I said I don't believe so at this
22 time. I believe that all that is necessary is to let the
23 Commission know that you are willing to take on the project
24 and that any additional paperwork that would be necessary,
25 I would secure from Mr. Pelkofer or someone else on the

1 staff.

2
3 ACTING CHAIRMAN MCCARTHY: Well, we don't have to
4 go into this, Mr. Knight. You know, I think we made it
5 clear the last time that we would need evidence of such a
6 contract and if we don't go forward with our revocation and
7 we allow you to continue this work, it would be conditioned
8 upon the existence of such a contract in a set period of
9 time. Why don't you proceed to your third point?

10 MR. KNIGHT: Well, the third point is, I am
11 afraid, not available. My secretary just has not turned
12 over the financial statement to us.

13 MR. PELKOFER: Mr. Chairman, in that regard, we
14 have concerns of Mr. Knight's financial ability to carry
15 out this project in appropriate format. I might point out
16 that you granted him 30 days last time to get counsel or to
17 produce this information.

18 Because of the calendaring, he has actually had
19 about 60 days. He did nothing to comply with our requests
20 until yesterday afternoon and I suspect he wouldn't have
21 except that he faced a hearing today.

22 EXECUTIVE OFFICER WARREN: Mr. Chairman, let me --

23 ACTING CHAIRMAN MCCARTHY: Mr. Tucker.

24 ACTING COMMISSIONER TUCKER: I was just going to
25 ask you. He is not going to be doing anything in the next
30 or 60 days, I take it, so is there some reason why we

1 can't just continue this and see what happens?

2 EXECUTIVE OFFICER WARREN: Well, let me just say
3 this whole practice of laying salvage of sunken vessels is
4 a very sensitive issue. There are some folks, particularly
5 those in the federal government, who think it should not be
6 done at all or under very limited circumstances.

7 California's right to continue, I think, would
8 depend on the extent to which we could show responsibility
9 in dealing with these issues, and I think that our program
10 is premised on the fact that the applicant would show a
11 certain amount of professionalism and a strong sense of
12 responsibility in approaching a salvage of this nature.

13 Throughout, the applicant here has demonstrated
14 neither professionalism nor the sense of responsibility I
15 feel that the activity requires and warrants. The most
16 recent example is by complying with the requests that we
17 have made for a considerable period of time the day before
18 the hearing itself and then complying in a very inadequate
19 and suspect manner which means that we haven't had an
20 opportunity to examine the credentials or the contents of
21 the material that he has provided, and to the extent that
22 we have, I find them suspect.

23 I would go ahead and it would be my recommendation
24 that the permit be revoked without prejudice to his right
25 to reapply when he can get his affairs in order to

1 demonstrate the professionalism and the sense of
2 responsibility that the project requires.

3 ACTING COMMISSIONER TUCKER: Isn't it easier just
4 for us to give him additional time than to start the
5 process all over again?

6 EXECUTIVE OFFICER WARREN: It depends on how you
7 want to manage the program. I would like to manage the
8 program very --

9 MR. KNIGHT: I have some questions about the
10 administration of the program myself.

11 ACTING CHAIRMAN MCCARTHY: Just a minute. We will
12 give you every opportunity to make comments.

13 Mr. Warren, are you finished?

14 EXECUTIVE OFFICER WARREN: I am finished, Mr.
15 Chairman. I have just let off my pique.

16 ACTING CHAIRMAN MCCARTHY: Okay, Mr. Knight.

17 MR. KNIGHT: One of the conditions that Mr.
18 Pelkofer has indicated to us is that we would even have to
19 now secure a new search permit just to be able to turn on
20 electronic equipment and to do mapping and survey
21 operations in the area. I am questioning that and I am
22 challenging that. If that is to be the case, then I would
23 suggest that each and every fisherman in Crescent City that
24 fishes the area, that turns on any sensor whatsoever, be it
25 a fish-finder or a depth-finder, also be forced to take out

1 the same search permit.

2 ACTING CHAIRMAN MCCARTHY: Mr. Knight, let me ask
3 you --

4 MR. KNIGHT: This is more than just a salvage
5 project. Of course, it pertains to California's worst
6 maritime disaster. It is definitely an historical wreck.
7 It is a piece of history that pertains to California. It
8 belongs to the people of California, and if the project
9 comes to a screeching halt, then the State of California
10 loses, the people lose, and Sea Epics Research loses.

11 I have a tendency to believe Mr. Tucker is being
12 more reasonable in at least allowing additional time. I
13 noticed that over here on Items 36, 37 and 40 that there
14 didn't seem to be too much difficulty providing a two-year
15 prospecting permit, for example, for American Girl Mining
16 Corporation, and I am wondering why there is just a one-
17 year permit process for cultural material?

18 ACTING CHAIRMAN MCCARTHY: Mr. Knight, let me just
19 ask you, were you here at the last Commission Meeting?

20 MR. KNIGHT: Yes, in January.

21 ACTING CHAIRMAN MCCARTHY: I think, in extending
22 it from that Commission Hearing to this Commission Hearing,
23 that we really made it plain that we didn't want to see
24 much more of this item, that it has now been going on for a
25 number of months. As a matter of fact, the correspondence

1 dates back to September 2nd, 1988.

2 I was hoping you would get the impression from
3 that last Commission Meeting that we really did want the
4 required data in and the information, allowing for any
5 points of dispute that you wanted to make or you felt
6 something was not required. It is somewhat disappointing
7 to only receive your communication yesterday so that we
8 could take a look at it and analyze it and try to be
9 helpful to you in any reasonable way that we could.

10 I am not really inclined to keep going with this
11 one. I think this is a time when we have to act on these
12 things one way or the other. We really tried to be fair
13 about this and give you ample time to come up with the
14 documents and the information on this that we need on this.

15 But I will listen to the other Commission Members.

16 ACTING COMMISSIONER STANCELL: As I recall from
17 the last meeting, the January meeting, that I was present
18 at, that it was made pretty clear to Mr. Knight that we
19 wanted to give him every opportunity to comply to or with
20 the issues and concerns that were raised by the staff and
21 that I was left with the impression that it was just a
22 matter of a short timeframe in which that would be
23 possible. And I am somewhat disappointed that he wasn't
24 able to come forth in a more timely manner and in a more
25 complete manner than he has so I don't think I am willing

1 to carry this issue any further than what it has been.

2 ACTING CHAIRMAN McCARTHY: Anything you want to
3 say at this point?

4 ACTING COMMISSIONER TUCKER: No.

5 ACTING CHAIRMAN McCARTHY: Do I have a motion?

6 ACTING COMMISSIONER STANCELL: I move the staff
7 recommendation.

8 ACTING CHAIRMAN McCARTHY: The staff
9 recommendation is moved. The staff recommendation is
10 accepted.

11 Next item.

12 EXECUTIVE OFFICER WARREN: Item 63, Mr. Chairman
13 and Commissioners, is the Long Beach equity issue. Final
14 equity determinations have to be made in the near future.

15 The participants, the City and the State and the
16 Townlot representatives have come to an agreement, and this
17 would seek your approval of an agreement to support the
18 implementation of the final equity factors that the parties
19 have negotiated.

20 Staff recommends your approval.

21 ACTING CHAIRMAN McCARTHY: Questions?

22 Approved as staff recommended.

23 Next item.

24 EXECUTIVE OFFICER WARREN: Item 64 involves the
25 Lighthouse Marina and Riverbend Development on the

1 Sacramento River in the City of West Yolo. This matter has
2 only been recently concluded and I would like to have our
3 General Counsel, Mr. Hight, brief you on its details.

4 CHIEF COUNSEL HIGHT: This item involves the
5 settlement of the boundary along the Sacramento River on
6 the area of the map shown on the wall approximately one
7 mile.

8 The staff is recommending that the Commission
9 agree to an agreed boundary along that area. In addition
10 we will receive \$1.75 million from Lighthouse for
11 restoration and purchase of other areas which would be used
12 as riparian habitat to replace the habitat that will be
13 replaced.

14 In addition, this would be the approval of the
15 assignment and Consent to Encumbrance of two existing
16 commissions, the River Galley and the Viewpoint Marina.
17 There will be an entire corridor along the Sacramento River
18 that will be a parkway and riparian habitat, and staff
19 believes that this is a very acceptable transaction.

20 ACTING CHAIRMAN MCCARTHY: Questions from
21 Commission Members?

22 ACTING COMMISSIONER TUCKER: Yes.

23 ACTING CHAIRMAN MCCARTHY: Commissioner Tucker.

24 ACTING COMMISSIONER TUCKER: A couple of
25 questions.

1 What is the deadline by which they would have to
2 pay the money?

3 CHIEF COUNSEL HIGHT: August 1st.

4 ACTING COMMISSIONER TUCKER: And then if they
5 don't pay by then, it blows up?

6 CHIEF COUNSEL HIGHT: Yes.

7 ACTING COMMISSIONER TUCKER: Because I think
8 that's important that we emphasize that there is a
9 deadline. I am not optimistic that they can actually come
10 up with the money, given our experience with them in the
11 past.

12 The other thing is I think that because this
13 doesn't affect Lighthouse at all, that you should not
14 commit at this point exactly what we will do with the funds
15 and limit them in any way other than consistent with the
16 Kapiloff requirement because it may be that we determine
17 that there are better uses for the money consistent with
18 Kapiloff other than using all of it right in that area, et
19 cetera, so I would ask that the language here not be as
20 specific as it is since Kapiloff obviously has requirements
21 itself. And I assume that the defendants don't care how we
22 use the money, but that wasn't a matter of negotiation with
23 them.

24 CHIEF COUNSEL HIGHT: That is correct.

25 ACTING COMMISSIONER TUCKER: And then it's my

1 understanding that it's the staff's representation that
2 this development will not adversely affect the river, is
3 that right?

4 CHIEF COUNSEL HIGHT: The carrying capacity of the
5 river was studied by the Commission several years ago. The
6 benchline information that for the size of the Lighthouse
7 project, was included in the study. The study said that
8 additional carrying capacity of the river will affect
9 riparian habitat, and we believe that the riparian habitat
10 is being compensated for by the acceptance of the money.

11 ACTING COMMISSIONER TUCKER: That's all.

12 ACTING CHAIRMAN MCCARTHY: Any questions?

13 ACTING COMMISSIONER STANCELL: Yes.

14 I notice here we talked about the use of the funds
15 to provide the public access and the conservation of
16 habitat and wildlife so if we don't, if we remove the
17 restriction or that condition, if you will, how do we go
18 about insuring that these, what appear to be good things to
19 have done in this area, how do we go about insuring that
20 these things do occur?

21 CHIEF COUNSEL HIGHT: The funds would be placed in
22 the Kapiloff Land Bank which would then be under your
23 discretion.

24 ACTING COMMISSIONER STANCELL: But how does this
25 come to us in terms of making a judgment or decision on

1 this particular area?

2 CHIEF COUNSEL HIGHT: Any expenditure of the funds
3 would come to you.

4 ACTING COMMISSIONER STANCELL: I understand that,
5 but who would propose when we would do this?

6 CHIEF COUNSEL HIGHT: Staff.

7 EXECUTIVE OFFICER WARREN: My impression, and I
8 may be butting in where I shouldn't, but my impression is
9 that the matter would be handled in a manner similar to how
10 we handled the purchase of the two islands in San Pablo
11 Bay, that when suitable parcels for acquisition, when they
12 present themselves, we will consider a proposal to you and
13 determine whether or not you find them appropriate for
14 purchase.

15 I would, on Commissioner Tucker's comment --

16 ACTING CHAIRMAN MCCARTHY: Excuse me. Does that
17 take care of it?

18 ACTING COMMISSIONER STANCELL: I understand.

19 EXECUTIVE OFFICER WARREN: I may not understand
20 the question.

21 ACTING COMMISSIONER STANCELL: No, you understand
22 the question. I also understand the answer.

23 There's no more to be said. I just want to remove
24 that condition. I just would like to see that it remain so
25 we can assure that we have the conservation and things that

1 are being proposed here as part of the transaction and I
2 just have a different view on whether you have that as part
3 of this settlement so I think you should have it as part of
4 this settlement.

5 EXECUTIVE OFFICER WARREN: If I may add to that,
6 there are several reasons why we think that the
7 acquisitions in the future should be in the near vicinity.

8 One, on general principles, we think that any
9 project for which mitigation is required, that that
10 mitigation should take place in the region of impact. Now,
11 I know that there are certain circumstances that may be
12 unique where that principle is violated, particularly in
13 Southern California, for mitigation sites are kind of far
14 apart, but here the resource which we are seeking to
15 protect is the riparian forest in the Sacramento region.

16 We are losing for a significant stretch of this
17 project that riparian habitat of which in order to be
18 effective should be contiguous. Furthermore, as a part of
19 the package, we are acquiring up-river about a 60-acre
20 riparian parcel which the Corps of Engineers required from
21 the project as mitigation for the dredging operation to
22 create the Inland Marina. We will be acquiring that
23 parcel.

24 But it is envisioned that we will acquire other
25 parcels in the general West Yolo-Sacramento area so as to

1 preserve the remaining riparian corridor that exists, that
2 we have already identified some parcels that might be
3 suitable for acquisition and which we plan to inspect
4 within the near future.

5 I don't know, so I'd like to maybe get further
6 instructions of whether or not we should proceed on that
7 course or if we should follow something else?

8 ACTING COMMISSIONER TUCKER: I don't have any
9 problem. I think to the extent it's feasible we should
10 make efforts to have the mitigation in the same area, but
11 my only concern was that we, by committing ourselves now,
12 that every penny ought to be spent there without knowing
13 exactly what is available, when it might be available, et
14 cetera, it seems to me it's an unnecessary restriction.

15 But I don't feel that strongly about it because we
16 could always modify it ourselves if we wanted to in the
17 future.

18 EXECUTIVE OFFICER WARREN: I don't think we have
19 committed to spend the full amount. I am hoping to acquire
20 the parcels available for half, that we are getting, and
21 have the rest for other purposes. I grant you that, but I
22 would like to exhaust the potential acquisitions in the
23 Sacramento region.

24 ACTING COMMISSIONER TUCKER: Sure.

25 ACTING CHAIRMAN MCCARTHY: Any further questions?

1 Does that complete the presentation, Mr. Warren?

2 EXECUTIVE OFFICER WARREN: Yes, it completes the
3 presentation.

4 We recommend approval.

5 ACTING CHAIRMAN MCCARTHY: Does anyone in the
6 audience wish to address this issue?

7 The matter is before the Commission. Is there a
8 motion?

9 ACTING COMMISSIONER STANCELL: Moved.

10 ACTING CHAIRMAN MCCARTHY: Mr. Stancell so moved.

11 ACTING COMMISSIONER TUCKER: Second.

12 ACTING CHAIRMAN MCCARTHY: Mr. Tucker seconds.

13 The recommendation is accepted.

14 Next.

15 EXECUTIVE OFFICER WARREN: Item 65, Mr. Chairman,
16 is to authorize us to file a disclaimer in a condemnation
17 action brought by the United States against 14.03 acres in
18 Kern County concerning which we have determined the State
19 has no interest.

20 We ask approval.

21 ACTING CHAIRMAN MCCARTHY: Questions?

22 Approved.

23 EXECUTIVE OFFICER WARREN: Item 66, Mr. Chairman,
24 is by the State Lands Commission staff. It is to seek
25 authorization for us to execute an agreement with Lawrence

1 Berkeley Laboratory to conduct reservoir studies in the
2 Geyser Geothermal Resource Area.

3 It involves a four-year study and involves the
4 determination of the causes and possible responses to loss
5 of pressure in the field.

6 We ask for approval.

7 ACTING CHAIRMAN MCCARTHY: Questions.

8 Approved.

9 EXECUTIVE OFFICER WARREN: Item 67, Mr. Chairman
10 and Commissioners, staff is asking you to ratify an award
11 of contract to Western Security of Torrance, California,
12 for the purpose of providing a security patrol at the
13 California Reception Center in Los Angeles, Los Angeles
14 County. That site has an interesting history. We are, as
15 you know, we are holding it for the Department of
16 Corrections until the decision can be made whether to go
17 ahead with the site as a prison. That issue is being
18 litigated and we are the stake-holder.

19 We learned some time ago that the site was being
20 used as a dumpsite by many of the folks in Los Angeles and
21 that the Department of Health has certified that as
22 unhealthy and they have issued a notice to clean up which
23 we undertook. But in the very process of cleaning it up,
24 folks continued to use the site as a dump during the night.
25 So we had to bring in a patrol until such time as we were

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1 able to erect a security fence. And that work is being
2 done now.

3 ACTING CHAIRMAN MCCARTHY: Questions?

4 EXECUTIVE OFFICER WARREN: We ask for your
5 authority to execute that agreement.

6 ACTING CHAIRMAN MCCARTHY: All right.

7 Questions?

8 You have the authority.

9 Sixty-nine.

10 EXECUTIVE OFFICER WARREN: Sixty-nine is to ratify
11 the award of a contract to Oceaneering International for
12 purposes of removing hazardous structures located within
13 Santa Barbara County.

14 Of the three bidders, they were the lowest by a
15 significant margin. And we ask that that award, that you
16 ratify the award of that contract.

17 ACTING CHAIRMAN MCCARTHY: Questions?

18 Approved.

19 Next item.

20 EXECUTIVE OFFICER WARREN: Item 70 seeks your
21 ratification of an amendment to emergency contract with
22 OCEANOR Oceanographic to conduct evaluation of the oil
23 spill response and clean-up methodology involving the
24 American Trader incident off shore Huntington Beach.

25 And staff recommends your approval.

1 ACTING CHAIRMAN MCCARTHY: Questions?

2 It is approved as recommended.

3 Seventy-one.

4 EXECUTIVE OFFICER WARREN: Item 71. I'd like to
5 pass on that temporarily.

6 ACTING CHAIRMAN MCCARTHY: Item 72.

7 EXECUTIVE OFFICER WARREN: Item 72 seeks authority
8 to the Executive Officer to execute amendment to increase
9 the contractual amount for consultant services in
10 connection with the CCORS Program.

11 ACTING CHAIRMAN MCCARTHY: Questions?

12 Accepted as recommended.

13 Seventy-three.

14 EXECUTIVE OFFICER WARREN: The final item on the
15 public calendar, 73, Davis, which is an application for
16 construction of a pier on the Sacramento River, staff is
17 recommending that that be denied without prejudice. We are
18 doing so -- I am sorry, pardon me. I defer to Mr. Trout.

19 ASSISTANT EXECUTIVE OFFICER TROUT: I just wanted
20 to point out that we scheduled it for denial. During the
21 period after notice, the applicant complied with all
22 provisions of the completion and things necessary to allow
23 us to proceed, and with your concurrence, staff would now
24 recommend approval.

25 ACTING CHAIRMAN MCCARTHY: Questions?

1 Approved.

2 EXECUTIVE OFFICER WARREN: I wonder if we could
3 suspend the public hearing for a short period of time in
4 order to enable an Executive Session by the Commission.

5 ACTING CHAIRMAN MCCARTHY: Before we do that, and
6 we will comply with that request, I have a distressing role
7 to play right now. A man that I personally admire very
8 very much for his legal ability is going to be leaving us,
9 Greg Taylor, who has been an attorney with the Attorney
10 General's Office since 1961.

11 And I have had the pleasure, as one member of this
12 Commission, of working with Greg Taylor for a lot of years.
13 It's pretty tough to get passionate about land law.

14 (Laughter.)

15 ACTING CHAIRMAN MCCARTHY: But Greg was able to
16 recharge his batteries on this subject with regularity and
17 make sense out of what can be a very dry subject. And
18 oddly enough, however, he has enlarged the value and the
19 service and the performance of the State Lands Commission
20 because of his commitment to doing it the right way and his
21 sense of balance on how to achieve our responsibilities
22 under the Public Trust Doctrine of this State.

23 He has been involved in a number of legal
24 precedent-setting cases and we say so on this resolution on
25 this plaque that we are going to give him from this

1 Commission. These are landmark cases that really are being
2 emulated in other states on similar matters. Long Beach v.
3 Mansell, Marks v. Whitney, U. S. v. California, and State
4 v. County of San Mateo, and so many other cases.

5 There are many people that make our form of
6 government work very well that are not seen very often and
7 that are not publicized, but they are here. Greg Taylor,
8 in my mind, is a classic example of what a very good public
9 servant is supposed to be.

10 Greg, would you mind joining us up here? We want
11 to present this to you with our deep gratitude.

12 Ladies and gentlemen, Mr. Greg Taylor.

13 (Standing applause.)

14 ACTING CHAIRMAN MCCARTHY: It is by acclamation.

15 Greg, thank you very much for all of those hours
16 of hard work. If you would like to say a couple of words,
17 we welcome it.

18 (Laughter.)

19 ASSISTANT ATTORNEY GENERAL TAYLOR: Two words.
20 Thank you very much.

21 Mr. Chairman and Members of the Commission, this
22 year is my 29th year with the State Lands Commission. The
23 first Lands Commission that I served was Alan Cranston,
24 Glenn Anderson and Hale Champion. And there was a young
25 assistant to the Lieutenant Governor at that time who was

1 Alan Sieroty.

2 It was a very interesting time. The headquarters
3 of the State Lands was in the true location of the State,
4 Los Angeles, on the third floor. And Alan Sieroty, I will
5 never forget him, wandering up with the calendar every
6 month to find out just what we were up to. And it was a
7 very painful process to go through the calendar but he
8 taught us well.

9 This is a wonderful Commission to represent. The
10 transactions that this Commission has worked on, I don't
11 believe, have been properly recognized, because the
12 preservation of areas for the enjoyment of the public
13 stretches from border to border.

14 It is true that we are in the oil business, but
15 the oil business was used for very good purposes of
16 investing in property and the Water Project and other
17 areas.

18 And I hope that you all learned your Public Trust
19 lessons very well because the agency that I am going to
20 will certainly test your stamina.

21 (Laughter.)

22 (Applause.)

23 ACTING CHAIRMAN MCCARTHY: What is your last day?

24 (Laughter.)

25 ACTING CHAIRMAN MCCARTHY: I just want to know

1 when you are going to become the enemy.

2 (Laughter.)

3 ASSISTANT ATTORNEY GENERAL TAYLOR: I believe
4 April the 23rd. I will be leaving here, I hope, on the 6th
5 or the 11th of April.

6 ACTING CHAIRMAN McCARTHY: And I can never
7 remember the name of that little agency you are going to
8 work for. What is it?

9 It is south, 400 miles or so.

10 All right. Ladies and gentlemen, we need to go
11 into an Executive Session now for just a few minutes before
12 we take up Item 71, so would only those please stay in this
13 room who are -- oh, stay where you are. We will step into
14 the next room.

15 (Thereupon a recess was taken for an
16 Executive Session of the State Lands
17 Commission.)

18 ACTING CHAIRMAN McCARTHY: Ladies and gentlemen,
19 let me announce that we do have one more item on the public
20 calendar, Item 71. The State Lands Commission has a couple
21 of more issues in the Executive Session and we are going to
22 continue in that for a few minutes. Then we will come out
23 and dispose of the final item on the public calendar, Item
24 71.

25 We will be in recess for a few minutes.

1 (Thereupon a recess was taken for an
2 Executive Session of the State Lands
3 Commission.)

4 ACTING CHAIRMAN MCCARTHY: The State Lands
5 Commission will reconvene this Public Hearing. We are back
6 on Item Number 71.

7 Mr. Warren, would you like to give us staff's
8 report on this matter?

9 EXECUTIVE OFFICER WARREN: Yes, Mr. Chairman. I'd
10 like the staff report to be given by Mr. Taylor.

11 ACTING CHAIRMAN MCCARTHY: Go ahead.

12 ASSISTANT ATTORNEY GENERAL TAYLOR: Mr. Chairman,
13 staff would recommend the Calendar Item Number 71, as it is
14 before you in the green form, with an addition of B, on
15 page 7, B, we would add a sub 7 to B, with a "Recreational
16 Access Easement adjacent to A.(1), A.(5) and the south
17 entrance to Buckley Cove to March Lane."

18 And that recreational access easement will be
19 between the path and the water.

20 We would change on line -- below B, the paragraph
21 beginning with "The addition", one line up from the bottom
22 of that paragraph where it says "described in", we would
23 strike "A.(1)". That goes to the City. And we would make
24 "B.(1)" there say "B.(1)--(7)", which has three parts.

25 Based on that, we would recommend the settlement

1 of the Grube, Reclamation District 2074, City of Stockton,
2 transaction as outlined in the calendar item to you, and
3 that the Commission make all the necessary findings and
4 authorizations.

5 This transaction will provide for a public walkway
6 from the beginning of the Brookside Project on its easterly
7 side to Buckley Cove Marina. It will provide for a public
8 accessway from the easterly side of the Buckley Cove to 5
9 with access for the public along that area.

10 There will be three access points on Fourteen-
11 Mile Slough. There will be the public access easement to
12 the water along a bicycle path to be dedicated to the City
13 along the site of the proposed high school, and the State
14 will receive title to all of the private owner's claims
15 within the sloughs, including several islands in Fourteen-
16 Mile Slough and one island in the Calaveras River.

17 The State will, as part of its transaction, will
18 terminate any sovereign title interest within the Brookside
19 Project above the existing ordinary high-water mark. It
20 will agree to the annexation of the Brookside community to
21 the City of Stockton and there will be a provision in the
22 agreement for the future treatment, as required by CEQA, of
23 the issue with regard to both docks and with regard to the
24 development of the walkway.

25 That, in broad outline, is what is provided for by

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1 this agreement.

2 It would also be subject to court confirmation.

3 This would be substantially in the form and it
4 would be signed by the Executive Officer. It will be
5 approved in substantially the form because we are still
6 working on the final language.

7 ACTING CHAIRMAN MCCARTHY: When are we talking
8 about execution of this agreement?

9 ASSISTANT ATTORNEY GENERAL TAYLOR: The execution
10 of this agreement will be approximately up to a month,
11 depending upon the completion of the legal descriptions.
12 That is our biggest impediment. We will also have to do --
13 well, we have the necessary title work done but we will
14 need the approval of a title company that they will ensure
15 the titles of all the parties as we contemplate it coming
16 out at the end of the transaction.

17 But I believe, realistically, the agreement is in
18 fairly final form. If we have a delay, it will be in the
19 final form of the legal descriptions.

20 ACTING CHAIRMAN MCCARTHY: I am optimistic but
21 it's no until it's yes. So I wanted the timetable on the
22 execution so we have this language reduced down and both
23 sides have had an opportunity to look at it.

24 ASSISTANT ATTORNEY GENERAL TAYLOR: Certainly.

25 ACTING CHAIRMAN MCCARTHY: That's why we wanted to

1 know when we would be in a position to execute, and your
2 estimate is within 30 days?

3 ASSISTANT ATTORNEY GENERAL TAYLOR: That is
4 correct, because of the delay that has been caused by the
5 final preparation of legal descriptions.

6 ACTING CHAIRMAN MCCARTHY: Okay. I would like to
7 ask that maps be prepared for the Members of the Commission
8 explaining graphically each point of the agreement, and
9 that as many maps as are required be prepared to do that,
10 and that those maps be given to the Members of the
11 Commission as soon as possible.

12 Any other comments or questions from
13 Commissioners?

14 ACTING COMMISSIONER TUCKER: I just wanted to
15 thank both Greg and Curtis and other staff members that
16 worked on this. I think it is a good settlement. It's an
17 historic settlement, and everybody should feel that their
18 time has been well spent. It certainly has taken a lot of
19 time and a great deal of tenacity on the staff's part. So
20 thank you very much.

21 ASSISTANT ATTORNEY GENERAL TAYLOR: Dwight Sanders
22 and Jack Rump have also put in many hours as well as the
23 engineering staff.

24 ACTING CHAIRMAN MCCARTHY: Thank you all.

25 ASSISTANT ATTORNEY GENERAL TAYLOR: Thank you very

1 much.

2 It will be approved as submitted, subject to the
3 reviews that we have enumerated?

4 ACTING COMMISSIONER TUCKER: Yes.

5 ACTING COMMISSIONER STANCELL: Yes.

6 ACTING CHAIRMAN MCCARTHY: Unanimously.

7 ASSISTANT ATTORNEY GENERAL TAYLOR: Thank you very
8 much.

9 ACTING CHAIRMAN MCCARTHY: Thank you all very
10 much.

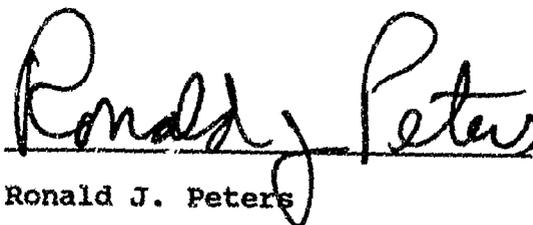
11 (Thereupon the March 27th, 1990 meeting of the
12 State Lands Commission was concluded at 1:06 p.m.)

CERTIFICATE OF SHORTHAND REPORTER

I, RONALD J. PETERS, a Certified Shorthand Reporter, of the State of California, do hereby certify that I am a disinterested person herein; that I reported the foregoing State Lands Commission Meeting in shorthand and thereafter caused my shorthand writing to be 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 2nd day of April, 1990.



Ronald J. Peters

Certified Shorthand Reporter

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