MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

MONDAY, SEPTEMBER 23, 1991
9:15 A.M.

Nadine J. Parks
Shorthand Reporter
MEMBERS PRESENT

Leo T. McCarthy, Lieutenant Governor, Chairman
Jim Tucker for Gray Davis,
State Controller, Member
LaFenus Stancell for Thomas W. Hayes,
Director of Finance, Commissioner

Staff Present:
Charles Warren, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight, Chief Counsel
Jan Stevens, Deputy Attorney General

Presentations by:
Jane Sekelsky
Chief, Land Management Division
Paul Mount
Chief, Mineral Resources Management Division
Dwight Sanders
Environmental Planning and Management
Gary Gregory
Marine Facilities Inspection Unit
James Trout, Assistant Executive Officer
David Brown
Administrative Chief
Bill Morrison
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CHAIRMAN MC CARTHY: Welcome, ladies and gentlemen, to this meeting of the State Lands Commission. On the calendar, Consent Item No. 1 is pulled, Consent No. 18 is --

EXECUTIVE OFFICER WARREN: Pardon me, Mr. Chairman. Correction. That's Item 1(d).

CHAIRMAN MC CARTHY: 1(d). Thank you, Mr. Warren.

Consent 1(d), Consent 18, and regular Calendar Items 37, 38, and 45. So, anyone in the audience who is here on any of those items, they will not be heard today.

Without objection, the minutes of the last Commission meeting are approved.

Any objections to any other items on the Consent Calendar? If not, the Consent Calendar is adopted.

Now we'll move to the regular calendar.

Mr. Warren.

EXECUTIVE OFFICER WARREN: Mr. Chairman and Commissioners, we're going to vary the procedure a little bit today. We're going to have the various regular calendar items presented to you by the division chiefs. They've been grouped so that each division chief will have
all the calendar items at one time before him or her.

The first set of calendar items will be
Items 33 through 39, and will be presented to you by
Jane Sekelsky, who is the Chief of our Land Management Division.

Item 40 through 44 will be presented to you by
Mr. Paul Mount, who is the Chief of our Mineral Resources Management Division.

Item 46 will be presented to you by Dwight Sanders of our Environmental Planning and Management;
Item 47 by Gary Gregory of our Marine Facilities Inspection Unit; Item 48 by Mr. Trout, Assistant Executive Officer; Item 49 by David Brown, our Administrative Chief. I will sit back.

Jane Sekelsky.

MS. SEKELSKY: Yes. Item 33 -- is that okay?
Can you hear that all right.

CHAIRMAN MC CARTHY: Can the audience hear?

Okay. Item 33.

MS. SEKELSKY: Okay. Item 33 is a request for authorization to approve a settlement of litigation. It involves lands along the waterfront in the City of San Mateo; and lands, the record title for which, is in PG & E's. This is a triple settlement. It involves PG & E, the City of San Mateo, and ourselves, and will be
settled by exchange, wherein the lands that PG & E has record title to along the shoreline will be given to the city, and the city will be managing those lands as part of their shoreline park system.

CHAIRMAN MC CARTH: Questions by members of the Commission on this item? Anyone in the audience have a question on Calendar Item 33?

The recommendation is adopted.

34.

MS. SEKELSKY: Item 34 is a request for authorization to amend a lease to Union Oil Company to allow them to repair a pipeline that is part of the pipeline system to Platform Gina and Gilda, and to convert it from a water pipeline to a gas transport. The item would also increase the rent, insurance, and bond on this lease.

CHAIRMAN MC CARTH: Questions from members of the Commission? Anyone in the audience wish to comment on 34?

The recommendation is adopted. 35.

MS. SEKELSKY: Item 35 is another existing permit to Exxon Corporation for installation of pipeline and power cables offshore.

This is an amendment to delete part of the mitigation requirements initiated in the original lease.
The original lease contemplated blasting for part of the construction, and it was provided that they would -- that Exxon would have to do daily aerial surveys to protect against damage to cetaceans in the area. They no longer contemplate any blasting; there has not been any blasting, nor do they contemplate further blasting -- or future blasting.

And so, they have asked that the requirement for daily aerial surveys be removed, and it will remain in the lease only in the event blasting becomes necessary.

This also is requesting deletion of a requirement for sonar warning devices that have been in the original lease. NMFS has advised us that that is harassment of the animals and is not a desirable form of mitigation.

CHAIRMAN MC CARTHY: Any questions by members of the Commission? The audience? All right. 35 is adopted. 36.

MS. SEKELSKY: Item 36 is to grant to the City of Palo Alto a nonprejudicial lease for an area near Harbor Point. It's an area which has been used for disposal of spoils material in the past. They are now going to remove some of that material and revegetate the area to create a tidal marsh. They're going to establish public access view points for this marsh area. And the
excavated materials will be located at Byxbee Park, another area where they have a nonprejudicial lease from us, to create foundation material for the park area.

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

The audience? Item 36 is adopted. 37, 37 are off calendar. 39.

MS. SEKELSKY: 39 is just an informational item to let you know that we are continuing to move forward with Unocal on their Oleum Marine Terminal site.

We have agreed with Unocal as to the rent that will be applicable to the period between expiration of their last lease and the beginning of the permanent lease, which will take effect following certification of the EIR that is presently being started.

We have agreement from Unocal; they will pay $1,100,000 for the preparation of that EIR. They have already given us $100,000. Staff expects to begin the scoping process this month.

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

Item 40.

EXECUTIVE OFFICER WARREN: Item 40, Mr. Chairman, and subsequent items through 44 will be presented to you by Mr. Paul Mount.
MR. MOUNT: Item 40, receive 12 months status report for 1990-91 plan of development and operations and budget, Long Beach Unit, Wilmington Oil Field. Revenues to the State from Long Beach Unit in 90-91 were $154.3 million.

CHAIRMAN MC CARTHY: Questions by members of the Commission? By the audience? Accepted.

41.

MR. MOUNT: Item 41, approve the second modification of the 91-92 plan of development and operations and budget, Long Beach Unit, Wilmington Field, Los Angeles County, to transfer funds amounting to $1.1 million to repair JL-2 gas shipping line.

CHAIRMAN MC CARTHY: Any questions by members of the Commission? The audience? Recommendations are accepted. 42.

MR. MOUNT: Item 4, deny a prospecting permit for valuable minerals other than oil, gas, and geothermal resources, and sand and gravel on 642.6 acres of vacant State-owned school lands, San Bernardino County.

CHAIRMAN MC CARTHY: Questions by members of the Commission? The audience? The recommendation is accepted. 43.

MR. MOUNT: 43, approve the sale of shallow mineral rights of escheated property in Sacramento County.
CHAIRMAN MC CARTHY: Questions by members of the Commission? The audience?

Recommendation accepted. 44.

MR. MOUNT: Item 44, notice of default for failure to comply with royalty obligations under geothermal lease 5217 to GRI Exploration Corporation and GRI Development Corporation in Sonoma County.

CHAIRMAN MC CARTHY: Questions by members of the Commission? The audience? Recommendation is adopted. 45.

EXECUTIVE OFFICER WARREN: 45 has been pulled, Mr. Chairman.

CHAIRMAN MC CARTHY: 45 has been pulled.

EXECUTIVE OFFICER WARREN: Item 46 will be presented by Mr. Dwight Sanders.

CHAIRMAN MC CARTHY: Mr. Sanders.

MR. SANDERS: Mr. Chairman, members of the Commission, Item 46 is an information calendar item.

Nearly a year ago, the Executive Officer, at the invitation of the Tahoe Regional Planning Governing Board -- Agency Governing Board -- made a presentation with that board indicating the nature and extent of the Commission's activities at Lake Tahoe and that of other agencies.

As a result of that presentation, the TRPA staff
has requested to put together an interagency coordinating policy statement to coordinate the activities of the seven major agencies involved at Lake Tahoe, including two from the State of Nevada.

The agreement that is before you will provide for a project review committee and a monitoring and enforcement committee, which -- in staff's opinion -- will greatly facilitate the consideration of projects up at the Lake and the monitoring and enforcement activities subsequent to approval by the agencies at the Lake.

CHAIRMAN MC CARthy: Questions by members of the Commission? Members of the audience have a comment on 46?

If not, thank you. Let's move on.

EXECUTIVE OFFICER WARREN: Item 47, Mr. Chairman, will be presented by Mr. Gary Gregory.

MR. GREGORY: Mr. Chairman, Item No. 47, consider and adopt emergency provisions, with modifications, as permanent regulations governing all marine terminal operations in the State of California.

Basically, we're asking the Commission to adopt regulations which were adopted as emergency regulations on May 1, 1994 (sic). Basically, these establish the Commission's regulatory inspection program over the operation of marine terminals in the State of California.
CHAIRMAN MC CARTHY: Members of the Commission have questions on the proposed regulations?

Let me ask you to make any comments on what we're doing to make multiple mooring systems safer or less prone to accidents.

MR. GREGORY: Yes, sir. We've taken a number of steps. We have inspectors on scene at these multiple point mooring operations. We have a number of rules put in place in terms of the Commission has put in place at their April meeting with the offshore mooring operators.

In addition, we are commencing a study of the safety of these multiple point mooring systems and comparing them against more modern technology, such as single-point mooring systems that could be utilized in the State of California.

CHAIRMAN MC CARTHY: Any other questions from members at this point?

We have a request from a representative of Chevron Shipping Company. Mr. Morris Groce. Welcome.

Would you like to testify, sir?

MR. GROCE: Yes. Thank you. I have a written statement here, and then I'll answer any questions I can deal with today as you wish.

My name is Morris Groce. I am the manager for U.S. ports for Chevron Shipping Company. Chevron
operates a fleet of 41 tankers worldwide and overseas, nearly 800 port calls in California each year.

The reason for my wishing to speak with you today is a followup to comments Chevron provided to the State Lands Commission Marine Facilities Inspection and Management Division during the development of the emergency provisions governing inspections of all marine terminal operations in the State.

Prior to the Board adopting the emergency provisions as a permanent regulation, we would like to suggest that a jurisdictional question be resolved. There is no question in our own mind that government in general has the right and the duty indeed to monitor and audit all aspects of tanker and terminal operations, both here in California as well as throughout the United States.

Our concern is over the potential of being subject to duplicate inspections. I hope that you can appreciate that, as our vessels move from state to state, as they are attempting to comply with potentially conflicting requirements in each state, it becomes increasingly difficult to ensure compliance and, in fact, it may divert attention from safe, prudent vessel operation, which is both of our ultimate objective.

Therefore, we would prefer that purely vessel related activity be audited by a Federal agency like the...
U.S. Coast Guard, as it is done now, and as been done for many years.

However, should the State of California find good reason for wanting to supplement or replace the U.S. Coast Guard, then we would ask that only one State agency have the statutory authority to inspect and monitor vessel operations.

With that principal in mind, I'd like to turn your attention to a specific requirement within the proposed marine terminal operations regulation. The specific clause I'm referring to would authorize State Lands inspectors to monitor vessel approach, mooring, and departure from a terminal. This is contained in Section 2300(f)(?), Definition of Transfer Operations.

As pointed out in Chevron's August 2nd comment letter, we believe this exceeds the authority granted under the newly enacted California oil spill legislation, 2040. This concern was reiterated in a letter from the Western States Petroleum Association on August 8, reflecting the views of the nine member companies of the Western States Petroleum Association's Marine Subcommittee.

Furthermore, our position appears to be shared by the Department of Fish & Game as stated in their August 20 letter to the State Lands Commission.

What we wish to avoid is a situation where,
first, a State Lands inspector reviews a vessel approach, mooring, and departure operation under the authority granted by the regulation currently up for adoption; and then the Department of Fish & Game inspector conducts an identical inspection as authorized under 2040, maybe.

A duplication of such is bad enough, because it unnecessarily disrupts the vessel operation and distracts the crew from either their primary functions; but, what if the two inspectors have conflicting opinions? God forbid if they were to dissent from the U.S. Guard. Where do we -- tankers operation -- go next for arbitration?

Chevron is asking for a resolution of this jurisdictional question prior to adoption of the proposed regulation. We will then avoid being faced with multiple visits by inspectors or receiving the same operation -- reviewing the same operation, and the State will save unnecessary duplication of inspection cost.

A memorandum of understanding between the Department of Fish & Game and the State Lands Commission might be the one vehicle for delineating areas of responsibility under 2040. Either way, the Department of Fish & Game or State Lands, we, as vessel operators, merely wish to have a defined answer to which California agency has jurisdiction. This clarification is important to us and should be done before any regulation is
promulgated.

This concludes my written remarks, and I'll be glad to answer any questions.

CHAIRMAN MC CARTHY: As I understand your testimony, Mr. Groce, you have no objection to any of the substantive aspects of the regulations that are before us for adoption?

MR. GROCE: That is correct.

CHAIRMAN MC CARTHY: Your single issue goes to the possibility of conflicting orders coming from two or more State agencies in California.

MR. GROCE: That is correct.

CHAIRMAN MC CARTHY: Mr. Gregory, do you want to comment on that?

MR. GREGORY: Yes, sir, if I might. First of all, I need to make sure that you understand -- this is only with the operation of offshore moorings. The language is quite clear in the regulation. It does not deal with all marine terminals, simply offshore moorings. And also, it says, "approach, mooring, and departure as defined in the Facility Operations Manual."

The Facility Operations Manual is a document required by the United States Coast Guard today. They view these aspects of tanker operations in marine terminals as part of the operation of the marine terminal. So, our
regulations are consistent with the Coast Guard's view of
the operation of these offshore moorings.

We have had discussions with the Department of
Fish & Game regarding an MOU regarding jurisdictional
issues. This is one of the items that we have raised
with them as an opportunity to get on the table through an
MOU. And my understanding with the Department of Fish &
Game at this point is, they have no intention writing
regulations specifically addressing this aspect of tankship
operations.

CHAIRMAN MC CARTHY: I understand, Mr. Gregory,
you've met a number of times with your former comrades
and colleagues in the U.S. Coast Guard --

MR. GREGORY: Yes, sir.

CHAIRMAN MC CARTHY: -- discussing these
issues --

MR. GREGORY: Yes, sir.

CHAIRMAN MC CARTHY: -- and you are together
with them on the approaches that are embodied in the
proposed regulations before us?

MR. GREGORY: Yes, sir.

CHAIRMAN MC CARTHY: All right. Do you have
any indication, Mr. Groce, that the Fish & Game Department
of the State of California is going to issue any
regulations that come into conflict with what's proposed
before us here today?

MR. GROCE: No. I don't have any indication as such. All we're concerned about is that the Administrator may decide to issue regulations covering the same area. And --

CHAIRMAN MC CARTHY: Did he give you any indication whatever about it?

MR. GROCE: No. 2040 describes the administrative provisions. And consequently, it seems to us that is not clear which agency will take jurisdiction over that area.

The State Lands Commission proposes to do it, and that's fine with us as long as there is nobody else coming afterwards to do the same thing. I also --

CHAIRMAN MC CARTHY: I don't think the State Lands Commission proposed to do it. I think the State statute, which was adopted, has designated the State Lands Commission will have the authority to regulate in this area.

This is the first time I've ever heard there was any serious doubt about this.

However, we are concerned about your concern, and we will be on our guard to make sure that there aren't any conflicting inspections or conflicting regulations adopted by two State agencies.
MR. GROCE: That will be satisfying us.

CHAIRMAN MC CARTHY: Thank you for your testimony.

MR. GROCE: Thank you.

CHAIRMAN MC CARTHY: Any other members of the audience wish to ask questions about this? The matter's before the members of the Commission. Commissioner Tucker?

COMMISSIONER TUCKER: I do think the point on conflict between the agencies is one that we really have to be concerned about.

I understand our reading of 2040 and our concerns, et cetera. But I do think at some point where conflicts arise, as I think they probably will, and we don't resolve them between agencies, I think that needs to be brought to the Commission's attention immediately, because it isn't unprecedented for businesses to get conflicting directions from State agencies and Federal agencies. And I think that's something we really have to be sensitive to and not hold the businesses hostage in a war that could arise between states and the Federal agencies. And I know that you're working hard to avoid that. But I just wanted to reiterate that my expectation would be that when you see something like this arising, if you would communicate that to the Commission, so that, if there's some way that we could resolve it --
including trying to get legislation that clarifies who has specific responsibilities, et cetera -- because I'm familiar with 2040. And I'm not sure it's what we'd hold up as the clearest piece of legislation that's ever gone through the Legislature.

And obviously, from what I've heard, there are disagreements about what some of the provisions mean.

MR. GREGORY: Yes, sir. I might say that these regulations went through the SIOSC Review Subcommittee organization, which includes the Department of Fish & Game and the Administrator's Office. And while they expressed concern over this issue, they also basically passed on these rules and regulations.

ASSISTANT EXECUTIVE OFFICER TROUT: I'd like to point out that Mr. Gregory and I met with the Fish & Game people, and they had suggested consideration of a memorandum of understanding. And at our request, they will -- as soon as they have time to draft one -- as the first step in this process.

MR. TUCKER: Good

ASSISTANT EXECUTIVE OFFICER TROUT: So, it may not work out, but --

CHAIRMAN MC CARthy: I think the comment's a good one. I don't think we need to drive people crazy with any conflicts between State agencies in the regulatory
process.

So, let's take special pains to make sure those conflicts don't come up while we're trying to do our job as directed by the law involved here. All right?

The matter's before the Commission. Any further questions?

The regulation is unanimously adopted.

EXECUTIVE OFFICER WARREN: Item 48, Mr. Chairman, is being presented by Mr. Trout.

ASSISTANT EXECUTIVE OFFICER TROUT: The reason this calendar item is before you means that some action is taking place in Congress regarding adoption of a California Desert Protection Act. There are three bills now before the Congress -- Senator Cranston's S 21 on the Senate side, Mr. Lehman and Miller's HR 2929 on the House side, along with Congressman Lewis' HR 3066.

The major difference between these -- this legislation is the amount of area that will be included in national parks, monuments, and wilderness areas.

Congressman Lehman had a hearing on Monday last week, and the Executive Officer testified. And it involves the enclosing of 327,000 acres of State school land within the areas affected by the bill. This is going to result in the need for the Commission to make some kind of an exchange to keep the school land asset intact and in a way...
in which it can be used productively and produce revenue.

As a result of that, we worked with the authors to get included in HR 2929 a Section 607 that authorizes the Secretary of Interior to make exchanges. In order to assist us in that, we have hired the firm of Lane, Pontius, and Myers to work with us in drafting some exchange provisions and setting up a way to do that.

The reason we chose this firm is that Robert Lane, the senior officer, is a former land commissioner of Arizona, in which he exchanged more than a million acres with the Federal Government to facilitate Federal property and the school land asset in Arizona.

His partner, Mr. Pontius, is a former Interior employee with long years of experience. However, the process is taking longer than we anticipated, and we're recommending that the contract be increased, not to exceed $50,000, and run not later than June 30th, '92.

CHAIRMAN MCCARTHY: What amendments did we get into the Cranston legislation a couple of years ago relative to this?

ASSISTANT EXECUTIVE OFFICER TROUT: A very similar amendment. It's currently in -- is Section 605, I believe, in S 21. The languages are not direct -- not exactly the same, but we have worked with Senator Cranston's office for similar language. It appears to us -- and maybe
Mr. Warren can comment on that -- that the House intends to move the bill this year and move it over to the Senate sometime in the spring.

EXECUTIVE OFFICER WARREN: It's my understanding that the House will go to markup this year. While the primary authors of 3939 have accepted our language for the Section 607, their co-author and chairman of the full committee is still somewhat undecided. That, of course, is George Miller.

I met with Congressman Miller Friday morning in his district office to go into the detail the problem is that 3939 (sic) poses to the school land asset, which Mr. Trout described.

His problem is that, because of the budgetary concerns in Congress, that any action taken by the committee which has revenue impact, the committee has the responsibility to offset -- I'm not sure I expressed that requirement accurately -- but, inasmuch as we have appraised our holdings, just the surface rights of our holdings, in the proposed area around 36 million, it is an issue because of the budgetary situation in Congress of some uncertainty.

I think that Congressman Miller expressed sympathy with us; did not indicate how he would -- his final decision. But he did indicate that he would keep
in touch with us when this bill -- when this item is considered.

I think, given the situation in Washington, I think this item will be resolved one way or another between now and the middle of 1992. And it's very important that we keep on top of it to ensure that our school land assets are protected in some way, if not the way that we proposed in Section 607 of the House legislation.

CHAIRMAN MC CATHY: Questions by members of the Commission?

Authorized.

EXECUTIVE OFFICER WARREN: Item 49, Mr. Chairman and Commissioners, will be presented by Mr. David Brown, Administrative Chief.

MR. BROWN: Item 49 is a status report on our efforts in order to recoup full costs for applications that we process. The Commission asked that we give periodic reports, and that is what's contained herein.

EXECUTIVE OFFICER WARREN: What might be of interest to the Commission on this item is that, of the 160 applications received, I understand only five of them have been withdrawn because of the processing fee attached.

On the back of the information, there is a
breakdown of the type of applications received and the processing fees that have been received for the various classifications.

So, it seems to be an initiative that is working and is successful without having --

CHAIRMAN MC CARTHY: Any bitter complaints about the unreasonableness of fee levels?

EXECUTIVE OFFICER WARREN: I understand that most of the comments have been quite --

MR. BROWN: (Interjecting) What has taken you so long.

EXECUTIVE OFFICER WARREN: The comments have not been off-putting except for the five who withdrew their applications.

MR. BROWN: It has been, Mr. Chairman, very difficult to determine if it has deterred any applications from initially coming in, because the economy has been such that we can't tell what would cause people not to come into us. But those that have come in, very few have been turned off by the idea of paying the fees.

CHAIRMAN MC CARTHY: Any questions? Thanks for the report.

COMMISSIONER TUCKER: Could we continue to get these reports?
EXECUTIVE OFFICER WARREN: Yes, that would be our intention.

MR. BROWN: In fact, Mr. Tucker, I would like to come back to you when we have enough information on what our average cost is. What you see before you now is what we are initially estimating it to be. There have not been enough that have gone through the pipeline that we have any idea at this point what our actual costs are. And hopefully, we can get to a point where we would have more of a fee schedule.

CHAIRMAN MC CARTHY: Any further questions?

All right. Thank you very much. That concludes the regular calendar. We're going to receive a legislative report from the Executive Officer and his team.

EXECUTIVE OFFICER WARREN: Mr. Chairman, Commissioners, the -- given the status of the legislative session this year, I thought it appropriate for you to have a summary of legislative actions affecting the State Lands Commission, and that report will be given to you by Mr. Bill Morrison.

MR. MORRISON: Mr. Chairman and members, we finished the first year of the two-year session. Many of the bills that we've been supporting or following are on the Governor's desk. I'll run through those bills at this
time.

The Arco bill, AB 227, is before the Governor at this time. I understand negotiations have taken place with the Department of Finance, and I think there's agreement as to the fiscal provisions of the bill.

Another bill, AB 888, is by Tom Mayes. It establishes an oil and gas sanctuary similar to that created by the Commission in December of 1989. It applies only to Santa Barbara, Orange, and Los Angeles Counties.

I have the impression that it has the support of the Governor.

AB 1059 is a bill by Assemblyman Byron Sher, which gives BCDC the ability to participate in the LTMS San Francisco Bay dredging study. And it gives them funding and authorization to go forward and looking at bay dredging and the disposal of bay dredge materials, which we're quite interested in.

AB 1490 by Assemblywoman Jackie Speier is the bill dealing with the Commission's ability to charge for recreational piers. That bill is presently in the Senate Appropriations Committee. It is a two-year bill. I'm not sure how much difficulty it will have in the second year of the two-year session.

AB 2249 is a bill by Assemblyman Elder dealing with the Tidelands Oil Corporation, TOPCO. It allows the
State Lands Commission, if it wishes to, to extend the contract with the Tidelands Oil Corporation to develop Tract 1 of the Wilmington Oil Field.

In the Senate, the Commission has been following and has been involved from a staff level in Senate Bill 1183 by Senator Marks. And it involves an exchange of public trust properties within the City and County of San Francisco.

It's an exchange that would benefit the city, the port, and the State once it's negotiated.

Mr. Trout and Mr. Warren already discussed, at the Federal level, HR 2929. One thing I would like to comment or is we did oppose three bills the first year of the two-year session. And I think it helped tremendously to be on these bills early in the process.

Two of the bills are in their original policy committees and have not -- have not been heard, and I don't think that they'll be heard in the second year.

Those bills are AB 2233 by Assemblyman Knowles, which would have provided for emergency dredging bypassing CEQA for dredging operations in Lake Tahoe. It definitely was a bill that would have a severe, harmful environmental effect if, in fact, CEQA was not followed.

We also found ways of trying to expedite the processing of dredging permits during the period of time
that Mr. Knowles was quite concerned.

Senate Bill 525 by Rebecca Morgan was a bill --
or is a bill that also is in the original policy committee.
It directed revenues from the State tide and submerged
lands to go to a nonprofit environmental education
foundation.

The concept is quite laudable, but, in effect,
was a gift of public funds. Our revenues cannot go to
these kinds of entities even, you know, so laudable.

That concludes my report.

CHAIRMAN MCCARTHY: Any questions?

EXECUTIVE OFFICER WARREN: Mr. Chairman and
Commissioners, if I may just indulge on your time for just
a few minutes more, I have a short Executive Officer's
report I would like to give. I'll be referring to some
documents in the report, which are in the packets I've
given to you.

The first item I'd just like to announce what
you already know, and that is the Land Management
Division has been reorganized. The Chief of the Division
is Jane Sekelsky, from whom you've already heard this
morning. She has assembled a reorganization plan for the
Division, and a copy of that plan is in your packet,
showing areas of assignment and personnel assigned to
pa-ticular functions. Essentially, the activities of that
Division will be put on a regional basis with interdivisional teams assigned to deal with projects within the various areas.

In order to improve coordination between the Land Management Division and the Environmental Planning and Management Division, we have put together a program coordinating a working group consisting of Executive Officers, Dwight Sanders, the Division Chief of the Environmental Planning; and Jane of Land Management; and Elizabeth Patterson, who's the Resource Planning Supervisor. There are some areas that are related, and we hope to work out a common approach, acceptable approach to the planning group.

We also have in your packets something in which we'd like to call your attention. It is a proposal for amending the standard lease provision -- standard lease form that the Commission uses. It essentially fleshes or sets forth a policy of resource conservation and environmental protection. It specifies that the duty of the lessee to comply with that objective, and any failure of compliance with the regulations and laws of the State related to resource conservation/environmental protection are to be subject to a cease and desist order by the Executive Officer; if not complied with within a particular time, the matter will be brought to the Commission.
for action on the lease.

We're not asking for formal action on this provision at this time. We're just giving you our proposals. Our final draft, we'd appreciate your review and comments; we'd like to present it to you at the next -- as a formal calendar item at the next meeting.

As you may have read during the week, a number of agency heads and your Executive Officer entered into formal signing of the biodiversity memorandum of understanding. It sets up a council to be chaired by the Secretary of Resources, Doug Wheeler. It includes the key resource management agencies from the State and Federal level and representatives from the University.

We, of course, State Lands, view this as a positive accomplishment and will work to the extent that we're permitted to assist in accomplishing the objectives of the program.

I'd also like to report on the results of the second Delta workshop that we held in Sacramento. It was well-attended. And I think that the comments were very instructive. We will have a copy of the transcript and a summary of the testimony available for your review probably in about two weeks as soon as we get the transcript back from the court reporter.

We did indicate to those in attendance that
there would be a third workshop on Delta matters, which will be held in the Stockton area.

Checking with the various calendar clerks, it would appear that probably the earliest we can have it would be in early December. If that causes anyone a problem, we'll be checking with your office to see what date would be acceptable during the early December time period.

Following the workshop, I received a call from the Assistant Secretary of Resources, who reported receiving favorable comment on our workshop and expressing an interest in working with the State Lands Commission in furthering the Delta program.

As you also may know, a Senate subcommittee has been formed to be chaired by Senator Pat Johnston, and consisting of Senators McCorquodale and Davis, on Delta protection.

We will work with that Senate subcommittee to the extent we're requested to do so. But they announced it was their intention to hold further hearings and to prepare legislation for introduction the first of January.

You've heard about AB 227 being on the Governor's desk. The arrangements as to the share that the City of Long Beach receives were made by the Department of
Finance. And apparently there was accord prior to the

passage of the bill. We expect it to be signed by
the Governor. There are a few things remaining that need
to be resolved between Arco, the City of Long Beach, and
the State Lands Commission on the agreement itself, but
we think that those remaining items can be disposed of
in the next few days. And so, this could be before you
for approval at your next meeting.

AB 350, which establishes the riparian parkway

program for California rivers, that is a two-year -- I
don't think Mr. Morrison included it, but that bill is a
two-year bill. I met recently with representatives from
the Resources Agency and received indications that they
would favor the program provided it was within the
Resources Agency, perhaps headed by the Secretary,
consisting of State Lands Commission and Park and
Recreation as the two members of a board.

They would like to have the program recast

into the Greenways Program, which would be the California
Rivers Greenway Program. But other than that, the program
would remain essentially intact. I did not find any of
those interests objectionable. I told them I would bring
it back to you, and we would ask to draft the language
in furtherance of an approach of that kind if it was
acceptable to you.
We will do so. We have another meeting scheduled with nem on October 10th. So, we are -- while it is a two-year bill, we still have hope for it.

We have received a report from Jane Sekelsky on Unocal lease. That completes an effort which has been long-going, and we are very pleased with the result.

Finally, Thursday and Fr'day of this week, I and other members of the staff and the Attorney General's Office will go to Owens Lake and Mono Lake, and we will meet with local officials there to discuss the air pollution problem at Owens Lake. We will also attempt to identify a program to reduce air quality effects by restoration of riparian corridors within the bed of Owens Lake. We have met with our lessee there. We have met with the University of California at Davis officials. And this weekend, we will meet with local officials to discuss a common agenda.

As you know, this issue surfaced recently as a result of being named a cross-defendant by the Los Angeles Department of Water and Power in an action brought against it by a landowner who claimed that L.A.'s activities were preventing land development in the region because of air contamination, air pollution.

So, we hope that maybe we can -- if we have participation of all parties, we can resolve this and avoid
the hazards of litigation.

That concludes my report, Mr. Chairman.

CHAIRMAN MC CARTHY: Any questions?

Any other matters to come before the Commission?

Thank you. We're adjourned.

(Thereupon, the meeting was adjourned at 10:25 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, Nadine J. Parks, a shorthand reporter of the State of California, do hereby certify that I am a disinterested person herein; that the foregoing meeting of the State Lands Commission was reported in shorthand writing 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 am I interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of October, 1991.

Nadine J. Parks
Shorthand Reporter