MEETING BEFORE THE
STATE LANDS COMMISSION
STATE OF CALIFORNIA

1 WORLD WAY
BOARD OF AIRPORT COMMISSIONERS MEETING ROOM
DEPARTMENT OF AIRPORTS ADMINISTRATION BUILDING
LOS ANGELES, CALIFORNIA

FRIDAY, FEBRUARY 27, 1998
10:30 A.M.

REPORTED BY:
Scott Sawyer,
CSR No. 11488
Our File No. 43342
MEMBERS PRESENT

Kathleen Connell, Ph.D., State Controller
Tal Finney, Lieutenant Governor's Office
Robin Dezember, Department of Finance

STAFF PRESENT

Robert Hight, Esq.
Executive Officer
Gary L. Gregory
Assistant Executive Officer
Chief, Marine Facilities Division.
Jack Rump, Esq.
Chief Counsel
Paul Thayer
Assistant Executive Officer
Dennis M. Eagan
Deputy Attorney General

ALSO PRESENT

Sharon Shaw
Administrative Assistant II
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CONTROLLER CONNELL: I want to call this meeting of the Lands Commission to order, and all three representatives are present here today.

Do we need to ask the representatives of each member to identify themselves for the record?

Would you appreciate that, Bob?

MR. HIGHT: That's not necessary.

CONTROLLER CONNELL: That's fine.

The first item of business will be the adoption of the minutes of the last meeting.

May I have a motion to approve?

REPRESENTATIVE FINNEY: Motion to approve that, Madam Chairman.

REPRESENTATIVE DEZEMBER: Motion to approve.

CONTROLLER CONNELL: The minutes are unanimously adopted.

The next order of business will be the adoption of the consent calendar, and I call on our Executive Officer Robert Hight to indicate which items were removed from our consent calendar.

MR. HIGHT: Item C29 is the only item that has been pulled. And Item C76 we would like to remove from the consent calendar and discuss briefly after your adoption of the consent calendar.
CONTROLLER CONNELL: Do I have a motion to adopt the consent calendar as a whole?

REPRESENTATIVE FINNEY: Yes.

REPRESENTATIVE DEZEMBER: Yes.

CONTROLLER CONNELL: It's unanimous.

We'll go to the regular calendar then, if that's correct, and Item C76. This is a proposed lease at Camp Richardson in Lake Tahoe. And, Bob, I'll ask you to brief us on this item.

MR. HIGHT: Okay. Madam Chairman, I'd like Paul Thayer, Assistant Executive Officer, to present this item.

CONTROLLER CONNELL: Thank you.

MR. THAYER: Madam Chairman, this item involves a new lease to authorize the reconfiguration of an existing marina. This marina, the Camp Richardson Resort Marina, was first established over 70 years ago and is located on the south side of Lake Tahoe. The map -- excuse me. The air photo on the back wall there shows the marina from about two years ago (indicating.) You can see the pier here, the moorings, there's a campground in this area down here with public swimming out here, and some adjacent private property here mostly for summer homes (indicating.)

Of the three charts on your left, the one on
the right here is the existing lease, and this shows the
facilities in more detail (indicating.) This pier here is
530 feet long (indicating.) There's about 110 of these
mooring buoys with no requirement for any alignment.
Closer to the shore, we have about 18 slips here, and
there are various concessions in the form of small
building shacks along the pier here (indicating.)
Refueling occurs in this area, and Jet Skis are also
rented.

The proposal can be seen in the middle of
these charts here (indicating.) What they would like to
do with the reconfiguration is basically move the slips
that you can see here (indicating) out to the end of the
pier, and they would also move the Jet-Ski operation,
refueling operation, out to the end of the pier. They
would also reconfigure these buoys into a regular grid and
establish a navigational channel here that leads to the
larger operation (indicating.) The opponents -- and we
have received -- there's principally one opponent who
lives or occupies a summer home immediately adjacent to
the marina. We have also received letters that are very
similar from some of the other property owners, and,
again, that's in the area on the air photos to the east of
the marina itself. Their principal concerns are that
their access to their own property may be effected by this
project, and they are also concerned about access by emergency vehicles.

To analyze and respond to these concerns, the staff prepared a mitigative negative declaration. It's contained on the back of your calendar items, and it also includes a mitigation monitoring plan, which shows all of the different mitigation that's been required by the State Lands Commission as well as the other agencies which have more appropriate jurisdiction over some of the issues. We have also met with the opponents on several occasions to try and address their concerns. Project changes were negotiated with the applicant after incorporating the project, and, as I say, conditions were imposed to deal with a lot of the issues by some of the other agencies.

Generally, we feel that the reconfiguration that's proposed as part of the new lease addresses a lot of the concerns. As you can see, the activities that are presently near shore right in here (indicating) where the Jet-Ski leasing and the refueling occur are going to be moved to the end of the pier. And then that result will be that these activities are 700 feet further away from the property owners over in here (indicating), so we think that will have a beneficial effect in terms of safety as well as noise.
With respect to drainage, I think the applicants were concerned about drainage. And, again, one of the other agencies, the Lahontan Region Water Quality Control Board has adopted some requirements to ensure to protect the water quality in Lake Tahoe.

So, in conclusion, because we believe this reconfiguration is generally a benefit both to the public and to the private-property owners, we recommend that you adopt the mitigated negative declaration and approve the move.

CONTROLLER CONNELL: Let me ask if there are any questions from my fellow commissioners.

Robin?

REPRESENTATIVE DEZEMBER: Only one question. In the materials that we have looked at, the mitigation seems to have addressed many of the concerns that have been raised by the property owners.

Is that your impression, or are there still major concerns that the property owners have?

MR. THAYER: I believe that the property owners are still in opposition to the project, but, if I may, I believe that their concerns are really more with the existing operation. The specific project that is before us today is the reconfiguration of the marina, but they have concerns over the traffic impacts that are
already there.

CONTROLLER CONNELL: For the public beach, you mean, and for the restaurant that's run by the Forest Service there?

MR. THAYER: Yes.

Now, the county with respect to that particular issue has adopted an extensive set of conditions. They require, for example, that a traffic plan be developed and that the local fire department sign off on it. So there are other jurisdictions that are looking at these issues, and, in fact, the county is the much more appropriate one with respect to the onshore issues.

But no, I can't at this point represent that the opponents have dropped their opposition. We think that a lot of their issues have been met, but there might be more.

CONTROLLER CONNELL: Tal, did you have a question?

REPRESENTATIVE FINNEY: I was wondering about the forklift ramp.

What function did that serve, and what did it work on in the old --

MR. THAYER: You can see it better in the air photo right about here (indicating.) There's an
existing ramp that people can back their trailers into the 
water and launch their boats. At low water, which occurs 
during the droughts that we've had -- not this year, but 
in other years -- that's difficult to do. So the point of 
this pier right here is to provide a forklift access to 
appoint the water further out. We don't think a change is 
the intensity of use because the same number of boats are 
going to want to come out here and launch. The same 
facilities exist. There's no intensification to serve any 
additional boats.

REPRESENTATIVE FINNEY: So they could do 
that though from this old one?

MR. THAYER: Right now they just have the 
ramp that goes into the water instead.

I should say that as part of the discussions 
with the applicant, he agreed to eliminate the use on the 
right-hand side of this new pier here (indicating) to 
further protect the homeowners here (indicating) from 
excess noise so that the operations occur off the end and 
on the left-hand side, the side away from the property.

CONTROLLER CONNELL: That seems to be the 
major advantage because if you look at this, this is 
pretty close here (indicating), and I don't know what the 
yard distance is between here and here (indicating.) 

Do you have any sense at what the difference
is?

MR. THAYER: The overall pier is 530 feet long, so those activities that you're looking at might be as close as 150 feet.

CONTROLLER CONNELL: The noise that would be involved in those activities is now being moved all the way down to the very end. I would think that would be preferable.

MR. THAYER: Exactly.

CONTROLLER CONNELL: If I was a homeowner, I would -- isn't this the part that's public (indicating)?

MR. THAYER: Yes.

CONTROLLER CONNELL: That's a decision that doesn't get involved in this item; is that correct?

MR. THAYER: That is correct.

CONTROLLER CONNELL: I think we have someone here who wants to speak to this issue, and if there are others please feel free to identify yourself.

Is it Jay Kniep?

MR. KNIEP: Yes.

CONTROLLER CONNELL: You can come forward if you'd like to and speak.

MR. KNIEP: Well, I really don't think I need to say anything. I think you understand the issues, and I'm here in support of the project and representing...
the applicant. So go ahead with your deliberations.

If you have any questions, please feel free
to ask.

CONTROLLER CONNELL: Is there anyone else
who wants to be recognized on this item?

(No response.)

So none of our opponents are here today.
That's always unfortunate because I like to encourage them
to state their comments so that we can get them directly.

REPRESENTATIVE DEZEMBER: I did notice many
of the concerns they had, had to do with concerns other
than this project, like having to do with forest service
operations in other parts of the area.

CONTROLLER CONNELL: I think that the
proposed project seems to have actually alleviated some of
the confusion. Having been a boater in my past, I don't
understand why you wouldn't want to have the buoys the way
they're arranged under any circumstances. Boaters do have
a history of occasionally having a beer or two, and I
would think navigating the channels would make it a real
dexterity exercise with or without a drink under your belt
as you attempt to anchor your boat for the evening. I
think it would be safer just to have the channels more
clearly designated. I mean from a safety viewpoint, I
think that's an enhancement. And, personally, if I was a
homeowner, I would want to get as much of that pier activity away from the beach as I could. And it would seem to me to be safer if you had little kids on the beach that were playing on the beach that you wouldn't want to have boats coming as close to the beach as they did originally with these piers as close as they -- or those little slips as close as they were to the beach. I mean from a safety viewpoint, I think both of them are enhancements.

Do I have a motion on this item by my fellow colleagues on the Board?

REPRESENTATIVE DEZEMBER: Sure. I'll vote for approval.

REPRESENTATIVE FINNEY: I'll second the approval.

CONTROLLER CONNELL: It's a unanimous vote. I appreciate your nice presentation. This is really wonderful. In fact, when I looked at this originally it was raining out in Sacramento, so I thought I might make a personal tour to Lake Tahoe. But then I was reminded by my staff that it was probably raining in Lake Tahoe also, so I decided against it.

Then we will move along, Mr. Hight, to Item 89, and this is an adoption of a mitigated negative declaration and plan for the Carquinez Strait.
And if you would present that item, please.

MR. HIGHT: I would like Dwight Sanders, who

is the Manager of the Commission's Planning and

Environmental Section, to present this item. Dwight has

labored in the fields for a number of years to bring all

of the various local entities and governmental interests
to the table to all arrive at what we believe is a very

fine project.

So I'll let Dwight present the item now.

MR. SANDERS: Thank you very much, Bob.

Good morning, Commissioners.

Madam Chairman, I don't have an apple, but I

think a have a plum here.

CONTROLLER CONNELL: That will do.

MR. SANDERS: This is a project in which
everyone agrees has been a consensual process voluntarily

arrived at. It has involved extensive cooperation amongst

the commercial-industry representatives in the area, plus

public-interest groups and government. It's been, in

effect, a bottom-up project that has allowed interests in

the people within the Carquinez Strait to voice what they

feel is important for their community, and they regard it

as a community; the community of the Strait.

The effort was really initiated by this

commission in conjunction with a decision on the
Cogeneration Project in Crockett in 1993. As a consequence of that, we have come to you with a plan that has really four major policy areas of concern. Let me emphasize those for the record.

Number one, outdoor recreation, public access, visitor serving facilities, and tourism to promote the region as a destination. And in light of that goal, let me advise the Commission that it's my understanding that Sunset Magazine is presently working on an article on the Carquinez Strait for the spring, and it will be based on the book that was written as part of this project and plan that is before you today.

Second major area of policy and interest is protection, restoration, and enhancement of natural, scenic, historic and cultural resources. The area is replete with historical interests. At one time Benicia supported a ship-building industry that built clipper ships.

The third area of concern was the mitigation or plan-implementation strategy that benefits and enhances the natural and commercial resources of the area.

And, lastly, the integration into the planning process of a means to implement the proposed plan.

The Staff had the assistance of a couple of
groups in the formation of this plan. One, a group composed of state, federal, and local resource agencies that assisted us in dealing with some of the resources, the natural resources, within the Carquinez Strait area. The second group was an advisory group that was made up of one-third government representatives, one-third commercial and industry representatives from the region, and one-third public-interest-group representatives from the region. The plan has been unanimously approved by those two task forces, and has also been unanimously accepted by a counsel, an MOU Counsel, which is a commission that was initiated that is composed of the cities of Hercules, Martinez, Benicia, Vallejo, County of Contra Costa, County of Solano, the East Bay Regional Park District, the Greater Vallejo Recreation District, and the Commission itself.

If the Commission approves the plan today as the Staff recommends, then each one of the entities that I just mentioned will take the plan back to their decision-making bodies for its consideration by that body. The ultimate goal is to have each of the entities I listed adopt this plan also as a planning document so that all of the entities within the community that is the Carquinez Strait will be guided by the principles and guidelines that are contained within this plan.
The place mat that you have before you, Madam Chair, is a representation --

CONTROLLER CONNELL: Is a nice idea for lunch. Are you serving lunch, Bob?

MR. SANDERS: With spring coming, we thought perhaps we would have place mats and picnic baskets and so forth.

CONTROLLER CONNELL: I appreciate that. My children will love this when we go on picnics.

MR. SANDERS: The map that you have before you is, in effect, a characterization of not only the region, it's the -- while the primary emphasis of the plan is on the strait itself and the immediately adjacent lands, the plan will ultimately affect all that you see there. It will help maintain open space, it will help improve access to the Carquinez Strait and the region as a whole, and we think it's a good project for the Commission to adopt at this point.

And I'd be happy to answer any questions at this point.

CONTROLLER CONNELL: I have a couple of questions. This seems like a paradigm process that you used to get consensus. Since we just had a Staff retreat on the importance of achieving consensus and public goals, I'd like to know how long this process took.
MR. SANDERS: The process began in -- was begun in July of 1993, but it began in earnest probably seven to ten months after that. So approximately two-and-a-half to three years.

CONTROLLER CONNELL: And who was the initial catalyst for setting up this triangular relationship between government, and business, and the citizens?

MR. SANDERS: Actually, the Commission was.

CONTROLLER CONNELL: I want to thank the Staff. That's excellent.

Have you thought of writing a journal article on this, Bob, for one of those planning magazines?

MR. HIGHT: I hadn't, but that's a very good idea. We'll do it.

CONTROLLER CONNELL: Each year we do a staff retreat in the Controller's Office, and we let the Staff chose topics that are the strategic purpose of the Staff retreat. Last year it was "Change." This year it's "Consensus." So we try to work on that theme for the year. This year it's "Creating Consensus." And there is very little that is out there in terms of case studies that relate to California public-policy-consensus activities as we strove to find stuff for our retreats. And I couldn't find anything that was germane, but this
would be a wonderful example of where you could achieve that kind of consensus. And for those of us who are engaged in governmental service, I think it would be illustrative of what we could achieve if we go about this process. Of course, we had the advantage of timing here. So many of our decisions in government are done on an urgent basis that we don't really have the opportunity of bringing people along and educating them, but I think this might be a worthwhile contribution to the whole public-policy management arena.

MR. HIGHT: Yes.

CONTROLLER CONNELL: The second question I have is kind of a rhetorical one. I was speaking with Robin about whether Grizzly Bay is actually named after Grizzly Bears, and if so --

MR. SANDERS: That I can't recall.

CONTROLLER CONNELL: These are the kinds of things that you have to expect us to be curious about. If I'm having a picnic this year up in this area, I want to know if I'm going to have to put an additional place mat there, if you get the point.

MR. SANDERS: Yes.

CONTROLLER CONNELL: Are there any questions by any other members of the Commission?

REPRESENTATIVE PINNEY: Yes.
Does this take into account the preservation of parks, or does it also involve expansion of parks or monuments or things like that?

MR. SANDERS: Well, both. It recognizes the existing facilities, but it has as one of its goals to increase park areas and public access to, in effect, the Carquinez Strait itself with the East Bay Regional Parks District being a major component of this effort. And the other entities have seen, or have had the opportunity to see, what each has planned and have been able to better prioritize and coordinate acquisitions or restoration of facilities. So, for example, the East Bay Regional Park District will be restoring the Equity Pier (phonetic), which is an old, dilapidated facility right at the moment, and it will be restored and will provide the public an opportunity to go out --

REPRESENTATIVE FINNEY: No surfer worries about that one?

MR. SANDERS: No.

REPRESENTATIVE FINNEY: Or windsurfing worries?

MR. SANDERS: No.

CONTROLLER CONNELL: Robin, before your appearance on this board, we spent in this room about three and-a-half hours one morning talking to all of the
surfer advocates on the entire West Coast, and it was really a very enjoyable and educational experience. It was great. I learned a great deal about surfing conditions.

REPRESENTATIVE FINNEY: We had a windsurfing one before that.

REPRESENTATIVE DEZEMBER: It's a very exciting board.

CONTROLLER CONNELL: It's a very educational experience. It's like Recreation Magazine.

REPRESENTATIVE FINNEY: The last question would be -- seeing how this Chair and the members of this Commission have all been veterans of many a wetland war, the Grizzly Bay, or the extreme wetlands there, is this something that's slated for preservation, or is there some type of management plan in place over that? What could we expect on that?

MR. SANDERS: The plan, in effect, incorporates what's known as the Tri-City Open Space Area, which includes that area. It was an area that was cooperatively planned by the City of Vallejo, the City of Fairfield, and the City of Benicia. And one of the benefits of this process that we went through was, in effect, the marriage of that planning area to this one (indicating.) And that's why I mentioned that the area...
that you see there is really the area that will be impacted by this plan.

REPRESENTATIVE FINNEY: So it's slated to be preserved?

MR. SANDERS: Open space.

REPRESENTATIVE FINNEY: Open space. Does it have any type of protection?

MR. SANDERS: Yes, it has a separate plan with provisions whose major aim is to keep the area's open space.

CONTROLLER CONNELL: I, again, want to congratulate the Staff on this presentation. Both the written materials and the visual presentation has been very helpful, and we love place mats.

MR. SANDERS: We can get you a complete set.

CONTROLLER CONNELL: Do I have a motion for action on this item?

REPRESENTATIVE FINNEY: I'll move for action.

REPRESENTATIVE DEZEMBER: I'll second it.

CONTROLLER CONNELL: It's unanimous then. Now, the next item is Item 90. It's an informative item on the status of the FEMA Grant Program, and I don't know who on the Staff is going to make this presentation.
Bob?

MR. HIGHT: Gary Gregory, Assistant Executive Officer and Manager of Marine Facilities Division, will make the initial presentation with Martin Eskijian on his staff who has done yeoman's work putting together this grant and fighting with FEMA.

CONTROLLER CONNELL: Why is it we have no photographs for this item?

MR. HIGHT: We have slides. We wanted to be multimedia.

MR. GREGORY: Madam Chairman and Commissioners, this is an informational item dealing with seismic and fire detection and suppression guidelines for marine oil terminals. In the past we have given presentations to the Commissioners about problems with deterioration, and in some cases the severe damage to marine oil terminals in the State of California, and we want to give you a presentation on damage to marine facilities in, for example, Kobe, which was as a result of an earthquake. The issues and the situation in the State of California is not very far different from what we see in Kobe, and we strongly believe, and presented to the Commissioners before, that we have a risk that we need to deal with. In dealing with that risk, we looked for sources of financing to look at the sorts of issues, to
develop the sorts of guidelines, given the small staff we have.

In October of 1995, the Commissioners authorized us to go forward and look for additional funding through FEMA and the Office of Emergency Services, and we have done that. And I'm happy to report that in spite of taking a fair amount of time, over two years, and working hard with these two organizations, we have been successful, and we have, in fact, acquired funding.

I'd like you to meet Mark Eskijian. He is a Senior Engineer of Petroleum Structures. He is accredited nationwide and internationally with his understanding of port structures and dealing with seismic issues. He'll give you a brief presentation today.

MR. ESKIJIAN: Thank you, Gary.

Good morning, Madam Chairman, Commissioners, and ladies and gentlemen. It's my pleasure to be here to speak for a few minutes about this program. Feel free to ask any kind of informational question, or if there's something you don't understand or a term I use that you don't quite follow, speak up and say whatever it is, and I will try to take care of it. And there are pictures here if you want to see them.

The funding was initiated on February 5th of this year; $500,000 from FEMA. A note about this money:
This money is funded as part of mitigation monies that comes as a result of the January 17th, 1994, Northridge Earthquake, and it comes with a couple of strings attached: String number one is that the agency that accepts the money must match it with a third 25 percent time of our's as money. So for every $100,000, we submit a bill to FEMA, and they return a check for $75,000. The $25,000 is our time --

COMMISSIONER CONNELL: But it's staff?

MR. ESKIJIAN: Yes, it's staff.

The other string attached to the grant is that technically the effort has to be within the tri-county area that was hit by the Northridge Earthquake, including Los Angeles, Ventura, and Orange County. And the idea of the funding was so that next time we experience a moderate or severe earthquake in Southern California, we have taken steps so the damage level, the loss of life, and the financial burden is not as great as what happened in Northridge. And FEMA's intent is to spend the money now, so you don't have as big a problem down the road.

CONTROLLER CONNELL: Do you know how frustrating it is for those of us who live in Los Angeles to hear with such certainty the words "next time"?

MR. ESKIJIAN: You're not as bad off as
Northern California.

CONTROLLER CONNELL: This is really encouraging. I was in Modesto last night, and I saw some beautiful property there. Maybe this is a good time to leave Los Angeles.

MR. ESKIJIAN: I'll give you those numbers. It's kind of shocking, and this is kind of relevant to what we're saying. There's a 50-percent probability of having greater than a 7.5 earthquake on the Hayward Fault in the next 30 years. And not being a probability expert, but if you take that 30 years and divide it by .5, that's one chance that's it's going to happen in 60 years.

CONTROLLER CONNELL: And when does that probability start? Where are we on this 60-year continuum? Are we getting near the end?

MR. ESKIJIAN: What's important is that the Hayward Fault --

CONTROLLER CONNELL: A time series might be appropriate here.

MR. ESKIJIAN: -- is right adjacent to the ports in the Carquinez Strait area where we have a lot of marine oil terminals, so that's why I mentioned that.

And in Southern California, we have the Newport-Inglewood, the Long Beach Fault, and the Palos Verdes Fault. And the Newport-Inglewood they say the...
recurrence interval is about 340 years; that we would have
similar to what we had with the Long Beach Earthquake in
1933. So your clock started in 1933, and we've got about
a 300-year clock.

CONTROLLER CONNELL: And we have 300 years?
MR. ESKIJIAN: Yes, but it could happen
tomorrow.
CONTROLLER CONNELL: And where's the 60-year
calendar starting?
MR. ESKIJIAN: That's already started.
CONTROLLER CONNELL: And that's where?
MR. ESKIJIAN: The Bay Area.
CONTROLLER CONNELL: And it started when?
Nineteen what?
MR. ESKIJIAN: I'm guessing in '95 or '96.
Within your lifetime, there's a very high chance that you
will have the 7.5 earthquake, but experts disagree on
this.
CONTROLLER CONNELL: It sounds like the
statistics are with you in Southern California more than
they are in Northern California.
MR. ESKIJIAN: But that's only one fault.
There's a lot of other faults.
The need for this work is that it satisfies
our statutory requirements of the Lempert-Keene-Seastrand
Oil Spill Prevention and Response Act of 1990. And I'm sure you've heard these quotes before but, "We are here to adopt rules, regulations, and guidelines for the location, type, character, and performance standards for new and existing marine oil terminals in California, and also to have the best achievable protection for the public health, safety, and the environment. And that's what we're satisfying with this task.

It may come as a surprise to you, but there are no standards out there in the United States currently to address this problem specifically. I'm on two national ASCE committees, which stands for the American Society of Civil Engineers. Both of those committees are tasked with these jobs. As of right now, and in the next five years, the standards are not going to exist. One of the other issues that's critical to this need is that there really is no accurate determination of the seismic risk offshore. You're probably aware of the very intense studies going on now for farmland in California, but when you start to talk about the Bay and you start to talk about offshore faults, people tend to start being a little bit vague about what's going on. And this study will be much more focused on the port areas and the tri-county area and come up with very specific seismic risk assessments for the areas of Southern California.
CONTROLLER CONNELL: Can I interrupt you at this point and ask a question?

MR. ESKIJIAN: Yes.

CONTROLLER CONNELL: Are you saying we have never had a study done of what the potential damage might be with various earthquake intervals on our ports and our marinas?

MR. ESKIJIAN: Let's put it this way: The group that is tasked to do that is the Lawrence Livermore National Laboratory of Livermore, California. They have completed the work for the offshore Santa Barbara Channel Area for the oil platforms. That kind of intense offshore work has never systematically been done for a large area section offshore Southern California to my knowledge.

MR. GREGORY: But the answer is, there have not been offshore studies done. They have done land-side studies that have made projections outward but nothing actually focusing on the seashore and offshore facilities.

CONTROLLER CONNELL: Wouldn't this become imperative to any water district that empties it's sewage into the ocean because they are running huge pipelines into the ocean, whether it's at a two-mile, three-mile, or five-mile extension? I mean, the Los Angeles Water District does that.
MR. GREGORY: Yes, ma'am.

In Martin's presentation you'll see that the development of that seismic risk by Lawrence Livermore Laboratories is part of the whole package. That can also stand alone for anybody who chooses to use that information to look at the true seismic risks for offshore, whether it be pipelines going offshore, platforms out there, or other activities that could be occurring offshore.

CONTROLLER CONNELL: It might be worthwhile once we get this work done, Martin, to consider bringing together some of these local agencies that have costal activities and give them a seminar for a day on what you've learned because I think this information would be extraordinarily valuable for them to help refine their liability exposure in case of an earthquake. It's very much a part of -- in my investment banking life, we did some utility bonds, and it's certainly a major issue for the issuance of bonds to the question of this whole interruption of service. And I would think these various utility districts would be interested in having this information, or at least their underwriters would.

MR. ESKIJIAN: Let me make another comment about the seismic thing. If you're a platform owner offshore Southern California you have done what's called a
"Site Specific Seismic Analysis" for your platform "x", and you will hire a geotechnical firm that will come out and do it specifically for that platform. But as a regulator, I have no way to check what that geotechnical person has done. We also don't have a global view of that whole offshore area of Southern California, and this task would fill in that gap. So it has been done for specific sites, for specific purposes, for specific projects, but nothing overall where the regulator can say, "Your number is too low." And that's one of the good things to come out of this study.

The tsunami risk is even more exciting. And that is that today we're not aware of anybody doing a detailed tsunami-threat assessment for the ports of the Los Angeles area, and I'll talk a little bit more about the way that study is formed, but it's dependent on the seismic-fault information obtained from the seismic study.

In summarizing, again, there's no standards that we know of for seismic criteria, which is this return period. And that is, how large is it, and what's the projected return period? And coupled with that is, what do you design or reassess a structure to?

"Loading combinations" is an engineering term which relates to how you combine the various loads,
like earthquake loads, impact loads, etcetera. There is nothing out there that applies to marine oil terminals specifically.

"Safety factors." What kind of safety factors are there for a structure that's been out there for 30 years or 50 years versus safety factors for a new structure?

We have no standards for fire detection and suppression systems. We have no requirement for different tankers of different sizes to have different fire-flow rates or different amounts of foam that have to be on hand, and we think that sort of thing needs to be in place. Now, we sort of captured that into this earthquake study as part of this package that's part of the FEMA Grant.

"Liquefaction" is a major problem that was one of the major issues with the Kobe Earthquake in many of their ports and harbor areas, and we're going to address that and come up with a criteria for displacement and for analyzing liquefaction in the ways that we can do that more readily.

CONTROLLER CONNELL: Could you take a moment to define it for those are us who are nonscientific.

MR. ESKIJIAN: Liquefaction would be the failure of a soil as it's vibrated in an earthquake and
because of the nature of the soil and the groundwater

when it gets -- when the ground motions and the

bedrock hits it, it becomes unstable and it can settle for

many feet. When I was in Kobe we had three to four feet,

over a meter of settling, and it caused tremendous damage
to structures there and associated collateral uses of

facilities.

CONTROLLER CONNELL: Is that what basically

happened in the Marina District in San Francisco in the

earthquake?

MR. ESKIJIAN: Yes, it is. It's very

interesting. If you overlay the Earthquake of 1904 with

this earthquake, you will find the exact overlay locations

between those two earthquakes. It's the ground that's

creating the problems, not the structures. Even if the

structure is well-designed, if the ground fails under you

you're lost.

MR. GREGORY: And we would call an

"unmitigated liquefaction" the areas on film

(indicating.) There's no special precautions taken to

strengthen the soils, and they failed in an earthquake.

In the presentation we gave you earlier about the Kobe

Earthquake, parts of the port area were unmitigated soil,

and they failed. There was billions of dollars of damage,

and the whole port was rendered useless. But there was an
amusement park where the soils had been mitigated for liquefaction, and the amusement park was basically undamaged and usable in a few days.

CONTROLLER CONNELL: Are the ports in Long Beach and Los Angeles and Oakland mitigated for liquefaction?

MR. ESKIJIAN: That's a good question, and the answer is in the critical areas I believe they are. One shocking thing is that in the Port of Los Angeles there was an area near one of the port facilities that settled three to six inches as a result of the Northridge Earthquake.

Do you know how close Northridge is to the Port of Los Angeles?

CONTROLLER CONNELL: Yes, I live in Los Angeles.

MR. GREGORY: Well, there was severe damage to one facility in Los Angeles.

CONTROLLER CONNELL: Are you telling me that the local courts are unaware of this liquefaction?

MR. ESKIJIAN: They're aware of it.

MR. GREGORY: They are, in fact, aware of it. Each port administration or area or whatever the geopolitical subdivision happens to be has made it's own decisions as to what the level of safety is they will use,
and what the level of mitigation is they will use. There are no standard practices anywhere in the world, and no standard practices in California, for the development of these port facilities. So they are choosing their own. Whether that's good public policy or not, I don't think so. But it has happened that way over time, and it remains that way today.

CONTROLLER CONNELL: Does there need to be a state policy on this, Bob, or are you thinking that when you finish this that you might come back to this board with a suggestion?

MR. HIGHT: Yes.

Our goal is that this will provide us with adequate information that there can either be a state policy, or we can make sure that the ports either come up to that standard, or if they are already up to that standard, then they are okay.

MR. GREGORY: Specifically under our jurisdiction and specifically for this grant on marine oil terminals, but all of this information applies just as well to other types of terminals, such as container terminals. And really what we hope to develop is a standard that people can look at and say, "Yes, this meets our needs, it's a good standard, and probably could be adopted statewide, nationwide, and worldwide for that
matter in terms of how it all fits together."

This is literally the first time this has ever been looked at. It's amazing how little work has been done on maritime issues on a nationwide or statewide study basis.

REPRESENTATIVE FINNEY: How do you mitigate liquefaction? What do you do? Do you put concrete in the soil or something?

MR. ESKIJIAN: One approach is what we call a "Swill Column" (phonetic) where you drill down so many feet or in so many square feet or meters, and you bore a hole and fill it with a sand or gravel substance so that when the water begins to liquefy, and as things begin to happen, the water will shoot up the sand column, and the swill will remain.

MR. GREGORY: It's a very interesting process. The Marine Facilities Division is right next to an area where they are building a new building for the Chancellor of the Cal State University System, and they are using exactly that process. So for about four months, we just shook all day long as they were putting these columns in and removing the soil. It's a very interesting process and apparently quite successful. That was the same sort of technique that was used for the amusement park that I discussed earlier.
REPRESENTATIVE PINNEY: So it creates escape routes for the water?

MR. GREGORY: Yes. Exactly.

CONTROLLER CONNELL: Is this liquefaction problem present in any location other than the marine oil areas that would deal with state exposure? I'm trying to think about the U.C. campuses that might be on or near an ocean where there is landfill. In other words, does the State have exposure more than just on the marine facilities?

MR. GREGORY: That exposure, I think, has been addressed somewhat by the Seismic Safety Commission, and there's been a number of programs and maps that are being developed for onshore areas. It really depends upon the type of soil and the specific location. It's tremendously variable.

REPRESENTATIVE DEZEMBER: It does exist as a problem, I know, in some of the central valleys and some of the southern valleys of the state. That's where we did the Prison Construction Program, and we had liquefaction problems in the soil. So I know it does occur in the desert areas.

MR. ESKIJIAN: Moving right along, I want to say two words about "underwater inspection criteria." I know that sounds like a real simple thing, but there is no
standard on things such as: What types of inspection, how frequent, and what do you want to find? There is no standard out there. We just talked to one of our operators a couple weeks ago, and in 30 years the concrete had never been inspected under the water, and they saw no problem with that. In 30 years of use? Other people would say three to five to seven years maximum.

I mentioned the two collateral projects. The first one is the Seismic Hazard Assessment under the direction of Dr. Robert Murray at the Lawrence Livermore National Laboratory in Livermore, California. That comes out to the tune of around $500,000. The Tsunami Hazard Assessment is under the direction of Dr. Costas Synolakis at the University of Southern California also funded to the tune of $500,000.

Both of those projects are dependent on our project and our guidelines and future regulations being implemented. FEMA people do not want to see those projects that cannot stand on their own. They are dependent on our project.

Is the project portable? We believe it is very portable. There's very little difference between California, Alaska, ports of Seattle, and Hawaii problems. We think it applies to the East Coast of the United States. There are seismic issues there that people
have kind of ignored for the past couple-hundred years. We also believe it has international applications to the Pacific Rim, South America, and other high-seismic regions. We're also talking with PIANC, which is the international body of engineers for ports and harbors involved in seismic issues, and they are aware of our activities, and we do talk to them also.

Just in summary, we have started the clock. We're running into the year 2001, and it's not a Space Odyssey. We're real, and we plan to develop these criteria and standards and move ahead and meet our deadline we hope. And that concludes the presentation.

Are there any questions?

CONTROLLER CONNELL: Thank you, Mr. Eskijian.

Mr. Gregory, I have a question. Where do we go next if we need to have follow-up funding? Do we go back to FEMA?

MR. GREGORY: I think not. We are, in fact, examining that now. This FEMA money came to deal with mitigation measures resulting from a particular earthquake. As that money goes away, we will have to look for other funding sources either from FEMA or outside of FEMA. We have also put in budget-change proposals looking for additional-funding information to develop these
criteria.

REPRESENTATIVE DEZEMBER: We haven't reviewed those. If there are recent ones, we haven't reviewed those. I don't know about the past budget cycle. I wasn't really involved with that at that time.

MR. HIGHT: This is for the new budget cycle.

CONTROLLER CONNELL: Well, I'm concerned that we end up with a study that does become stale because we don't have the dollars to move forward and set the stage for implementation. It does us no good if we have a scientifically and well-respected base study, and we're sitting here, and we do nothing with it. And we end up having an earthquake, and then the State can be held responsible, at least in part, because we had failed to address the problem that existed out there. So I would like us to think ahead.

MR. GREGORY: Yes, ma'am. Part of this money that comes from the FEMA Grant came to us because we have the authority and the ability to implement mitigation changes. And without that authority, we would not have received these grants, and that's why Lawrence Livermore and the USC grant are tied to ours because we can implement the information that comes from them. So this absolutely requires us to implement this. If we don't
implement something, FEMA will come back and try and take the money back after it’s spent.

But there are other steps that need to be taken. We're looking at marine oil terminals here, and there are other issues with other types of facilities that need to be looked at. And the information that will be developed here, or much of it, will be forwarded to those facilities.

MR. HIGHT: We will be very mindful as we proceed down this road about implementation. And as we start to develop some information, we will report back to you. And if we need money, we will yell very loudly.

CONTROLLER CONNELL: I would hate to have this information available and not have this board act on it.

REPRESENTATIVE DEZEMBER: Are there state statutory directives in this area such as there are for hospitals for example?

MR. GREGORY: Not dealing with marine structures.

CONTROLLER CONNELL: I would like to ask a question that’s appropriate now on the agenda, Mr. Hight. Could give us a brief update on how we’re doing on our favorite surfer beach issue, the removal of the Mobil Oil Pier in Ventura County?
MR. HIGHT: Yes.

CONTROLLER CONNELL: And maybe from Robin's viewpoint, you could just give him a brief context of the history of this.

MR. HIGHT: Let me give you a brief overview, and if I miss any pieces of this Al Willard is here. There is a pier that was used --

REPRESENTATIVE DEZEMBER: I could shorten it somewhat because when we met in my early staff briefing in November, I believe, you went over this as an example of an interesting and detailed project. So I have some vague remembrance of this.

MR. HIGHT: Kind of jumping to the bottom line is after the Lands Commission authorized the removal, the Costal Commission heard the item, and they likewise authorized the removal. The contractor immediately started the removal, and they got about two or three weeks into it before the bad weather hit. And as we predicted, the bad weather didn't help the pier any, and, in fact, it further damaged it which resulted in having to put in more braces so they could take it out, which doesn't make sense. They were taking it out by having equipment at the end and then backing up. So some of the pier was slightly damaged, so they had to brace it so it would hold up the equipment, but they are moving along very fast.
And, Al, how far along are they?

MR. WILLARD: It's just about that status right now. They are attempting to put in more piles to support the existing pier so that they could move heavier equipment out there to do the actual demolition work. But El Nino has not helped us any, and it slowed the project down a bit, but they are proceeding.

REPRESENTATIVE FINNEY: How much of the pier have you lost so far?

MR. WILLARD: Mainly some piles were broken off and lost. And these piles, of course, were supporting the pier structure itself, and they have to be replaced or at least additional support provided for it.

CONTROLLER CONNELL: Are you suggesting that those piles are out there somewhere in the shallow waters? Are they going to become a hazard for surfers?

MR. WILLARD: I'm not suggesting where those piles are. They were wooden piles, and quite likely they could be driftwood along the beach somewhere.

MR. HIGHT: This was precisely one of the concerns that we had.

CONTROLLER CONNELL: That's what we raised.

MR. HIGHT: Right.

CONTROLLER CONNELL: Did they go to a more expedited process? Remember, we encouraged them to go to
almost a seven-day-a-week calendar to get this done.

MR. WILLARD: Yes, they have been working religiously out there, and it was just the weather that came along and just stopped everything because they couldn't work out there with the surf being what it was.

MR. HIGHT: The surf actually came over the pier on occasion.

CONTROLLER CONNELL: Thank you, Mr. Hight.

Are there any other updates that we need to do today? Do we need to go into session for any reason on a litigation update, Dennis? Do you have anything to offer us on any of our outstanding litigation?

MR. EAGAN: No, unless there's any questions.

CONTROLLER CONNELL: Do we want an update on our favorite lawsuit? Is there any need to do that today?

MR. HIGHT: No.

CONTROLLER CONNELL: All right. Then if there are no other comments by the Members of the Commission, we have recessed.

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BARNEY, UNGERMANN & ASSOCIATES 818 326-5900
STATE OF CALIFORNIA )
COUNTY OF LOS ANGELES ) ss.

I, Scott Sawyer CSR 11488 a Certified Shorthand Reporter in and for the State of California, do hereby certify:

That the foregoing proceeding was taken down by me in shorthand at the time and place named therein and was thereafter reduced to typewriting under my supervision; that this transcript is a true record of the testimony given by the witnesses and contains a full, true and correct record of the proceedings which took place at the time and place set forth in the caption hereto as shown by my original stenographic notes.

I further certify that I have no interest in the event of the action.

EXECUTED this 13th day of March, 1998.

Scott Sawyer CSR No. 11488