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MEETING OF THE CALIFORNIA STATE LANDS COMMISSION

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Monday, June 14, 1999

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2:15 P.M.

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1 World Way, Board of Commissioners
Meeting Room, Department of Airports,
Administration Building
Los Angeles, California

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REPORTED BY:

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Dina M. Lossone

CSR No. 11340

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Our File No. 1-56310

1 APPEARANCES:

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3 COMMISSION MEMBERS:

4 CRUZ M. BUSTAMANTE, Lieutenant Governor, Chair
KATHLEEN CONNELL, State Controller, Member
5 ANNETTE PORINI, Chief Deputy for Department of
Finance, Member
6 BARRETT McINERNEY, Deputy Controller, Items 75, 78

7 COMMISSION STAFF PRESENT:

8 PAUL THAYER, Executive Officer
JACK RUMP, Chief Counsel
9 RICK LUDLOW, Senior Staff Counsel
JIM FREY, Senior Staff Counsel
10 PAUL MOUNT, Chief, MRMD
JEFF PLANCK, Sr. Mineral Resources Engineer
11 DWIGHT SANDERS, Chief, Environmental Planning and
Management
12 MARY GRIGGS, Assistant Chief, Environmental Planning
and Management
13 KIRK WALKER, Environmental Specialist IV
SHARON SHAW, Administrative Assistant II

14

REPRESENTING THE ATTORNEY GENERAL'S OFFICE:

15

DENNIS EAGAN, Deputy Attorney General

16

PUBLIC SPEAKERS:

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18 STEVE DUNN	SUSAN HANSCH
CHRIS MILLER	FRANK BRECKENRIDGE
HANNAH ECKBERG	TIM MARQUEZ
19 JOHN BUTTNEY	FRANK MELONE
BILL DILLON	RODOLPHE STREICHENBERGER
20 CARLA FRISK	DAVID TYSON
LINDA KROP	JIM GUPTON
21 SHERMAN STACEY	CRIS MCGUFFEE
RUDY VIETMEIER	ERIC ROGGER
22 STEVE FLEISHLI	TOM RAFTICAN
RIMMOA FAY	DON MAY
23 DENNIS SULLIVAN	JOE GONZALEZ

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1 MR. BUSTAMANTE: I'd like to call the
2 meeting of the California State Lands Commission to
3 order. The representatives of the commission are
4 present. My name is Cruz Bustamante, and I'm joined
5 today by Controller Kathleen Connell and Chief Deputy
6 Director of Finance Annette Porini. The State Lands
7 Commission was established to administer the
8 sovereign tide and submerge lands of the state as
9 well as the state's mineral interests which have been
10 placed under our jurisdiction.

11 Today we will hear a variety of
12 proposals considering the management of these public
13 properties and interests. The first adoption of the
14 minutes from commission's last meeting, is there a
15 motion?

16 MS. CONNELL: I move adoption of the
17 minutes.

18 MS. PORINI: Second.

19 MR. BUSTAMANTE: Let the record show it
20 is unanimous. The next order of business will be
21 adoption of the consent calendar.

22 Paul, could you give us an explanation.

23 MR. THAYER: Certainly. We have three
24 items to remove before the commission adopts them.
25 The first is Item 17 having to do with Spalding

1 Lakes. The applicant asks for that to be removed.

2 . Item 61 where the applicant is Long
3 Beach and City of Long Beach, and they have a
4 presentation they would like to make in regard to
5 that.

6 MR. BUSTAMANTE: They're going to make
7 it today despite being pulled?

8 MR. THAYER: They would like to move
9 for that. What we would propose is hear those
10 immediately after the consent calendar is approved.

11 Item 64 has to do with the demolition
12 of Belmont, items about the platforms, and the public
13 would like to address the commission on these items.
14 We need to remove it from the consent calendar. We
15 do have a request to speak on the consent calendar
16 but perhaps the chair. I believe this is someone
17 representing the applicant.

18 MR. BUSTAMANTE: Is that Mr. Gonzalez?

19 MR. THAYER: Yes.

20 MR. BUSTAMANTE: Do you want to speak
21 on Item 40? Is he here?

22 MR. GONZALEZ: Yes. I just wanted --
23 in favor of the staff --

24 MR. THAYER: You represent the
25 applicant?

1 MR. GONZALEZ: Right.

2 MR. THAYER: You have no need to speak?

3 MR. BUSTAMANTE: Now is the time to do
4 it.

5 MR. GONZALEZ: Only that I'm in
6 agreement with the staff's recommendation.

7 MR. THAYER: We can leave that on the
8 consent. So those are the three items.

9 MR. BUSTAMANTE: Is there anybody else
10 here to speak on any of the other consent items? No?

11 MS. CONNELL: Mr. Chair, I move the
12 amended consent calendar.

13 MS. PORINI: Second the consent
14 calendar.

15 MR. BUSTAMANTE: Let the record show
16 it's a unanimous vote. It takes us to the items
17 removed from the consent calendar and those that are
18 on the regular calendar. We have a large number of
19 items today a number of speakers wish to testify on.
20 In order that we might be able to hear everyone, I
21 ask the speakers limit their remarks and hit the
22 salient points. If you have to go on, let us know in
23 advance that it's going to be longer than two
24 minutes, and then we can try to resolve it so
25 everybody can get a chance to speak. I believe

1 Item C61. That would be the first one?

2 MR. THAYER: That would be the first
3 one. Mr. Paul Mount will make the presentation on
4 this. This has to do with the Naples seawall issue.

5 MR. MOUNT: I am Paul Mount of the
6 resources division. This item is to consider for our
7 approval of subsidence costs for vertical and
8 horizontal measurements and studies for the period
9 July 1, 1999, to the year 2000, Long Beach Harbor
10 District, Los Angeles County, and a request of
11 \$350,000 for maintenance and repair of the Naples
12 seawall. You have a copy of the staff report in
13 front of you.

14 We're recommending approval for the
15 subsidence cost which is our normal annual cost. But
16 there's an issue we have concern about, and that is
17 the \$350,000 they're requesting for repair of
18 seawalls at Naples. I'd like to orientate you first
19 if you'd look at the slide presentation we have.

20 Naples is located in Long Beach,
21 California, as shown on this map here.

22 This is an aerial view of Naples
23 Island. As you can see, it's surrounded by water
24 here, and this is Naples. The whole area here is
25 Naples, but a lot of it's surrounded by water. And

1 there's some, about three bridges, four bridges that
2 go over to Naples Island. There's a seawall
3 surrounding Naples Island. This is a copy of the
4 street going along the seawall, and there's a tilt to
5 the sidewalk caused by loss of underlying soil three
6 seawall joints.

7 This is also showing some of the gap
8 between a slab of the seawall and indication of
9 seawall movement. Again, the surface angulates from
10 loss of soil underneath the seawall. These are
11 tie-rods that originally held the seawall in place.

12 As you can see as an example, this
13 wall is corroded behind the pile, and there is a cap
14 on this wall that's shown in the next slide, I
15 believe. This is the cap to the seawall, that top
16 portion there. In 1965 there was the bottom portion
17 is the original cap there, and on top it was about
18 18 inches of cap that was added in 1965 due to
19 subsidence that occurred prior to 1965. That cap
20 then has deteriorated as well as the original cap
21 here over a period of time.

22 This shows some of the deterioration,
23 corroded reinforcing steel in the pile cap exposed to
24 concrete Spalding. This shows cracks in the joints.
25 There's loss of soil through those cracks, and as a

1 result, you saw the sidewalk tilt and some of the
2 damage further away from the seawall.

3 This is a little history of the
4 seawall. The Naples canals were constructed in 1906.
5 They had a major earthquake in 1933. So in 1938 the
6 current seawall was constructed. In 1956 they had
7 some repair work done, and then in '67, a pile cap
8 extension, the one on the top, the 18 inches I was
9 talking about, was completed. There were numerous
10 tie-rod repairs and replacements at various places
11 around the seawall, and that occurred between 1972
12 and 1985.

13 Some of the possible causes of the
14 seawall deterioration are tide erosion, scouring at
15 the mud line next to the wall piping, loss of
16 backfill and soil through joint cracks, corrosion of
17 reinforcing rods through concrete Spalding and
18 tie-rods. Earthquakes cause wall movement and
19 liquefaction settlements, possible subsidence. Also
20 exposure to the marine environment, the sea air, the
21 salt water, the tidal action can all cause damage to
22 the seawall. Just the age itself, it's over 61 years
23 old, and many of the typical life spans of seawalls
24 are between 15 and 30 years.

25 And then again we have some indication

1 there was inadequate design and construction in
2 practice at the time the seawall was built in 1938.

3 Now, there was a subsidence report done
4 by the city of Long Beach in 1998 by Lenny Brock,
5 former Director of Oil Properties for the City of
6 Long Beach. It emphasized the Naples subsidence area
7 was from the West Wilmington field. However, we feel
8 that that report did not adequately investigate the
9 impact of the Seal Beach production on subsidence.
10 It also speaks that aquifers extended under the
11 Naples area to the Seal Beach field, but it ignores
12 any Arco information that indicates that the East
13 Wilmington depletion was from oil field production to
14 the north especially Signal Hill.

15 I'll give you an example of what I'm
16 talking about. The subsidence in the Naples area is
17 right here (indicating). That's where they're
18 alleging subsidence tideland's oil production. We
19 don't dispute that subsidence as much as possibly
20 18 inches. There are other oil fields in the area
21 that are not State oil fields that could have caused
22 subsidence. The Signal Hill oil field, the Seal
23 Beach oil field is down here offsetting the Naples.
24 There's also an offshore area which is the Belmont
25 field. And then here's the West Wilmington field

1 that they say contributed the most to the subsidence
2 over here at Naples.

3 We believe that the report is deficient
4 in the fact that it did not consider the possible
5 causes of subsidence caused by both the Seal Beach
6 field and the Signal Hill field up here. Therefore,
7 it's incomplete.

8 This is a brief history. I don't think
9 we really need to go into that. The issues are that
10 the Naples seawall deterioration's causes are yet to
11 be determined. The report itself did not show that
12 the deterioration was due to subsidence. Possibly
13 subsidence caused part of the deterioration, but as
14 you saw in previous slides, there are many other
15 causes of deterioration. If subsidence was one of
16 the causes, we need to determine the extent of the
17 seawall damage due to subsidence alone. There are
18 many other causes for damage to the seawall.

19 And finally if oil operations caused
20 subsidence in the Naples area, which areas
21 contributed to the subsidence, and how much did each
22 of them contribute? We don't have the answers to
23 those questions. We believe a detailed study is
24 required to, No. 1, investigate to see why the
25 seawall deteriorated; and secondly, we think a study

1 is needed to determine what caused the subsidence in
2 the Naples area.

3 That ends my presentation, and I'll be
4 glad to answer any questions. I'm also going to be
5 followed by representatives of the City of Long
6 Beach.

7 MR. BUSTAMANTE: Anything from the
8 members?

9 MS. CONNELL: Mr. Chair, I'll hold my
10 comments until the City of Long Beach representatives
11 comment. I happen to know the area. As a Southern
12 California resident, I've actually bicycled in the
13 area. Naples is a unique community and one, I think,
14 that is very important to the Long Beach area. I'll
15 be interested in seeing the response of the City of
16 Long Beach officials to this issue of whether there
17 are not other causes of the seawall beyond that which
18 is stated in your files. Who is representing the
19 City of Long Beach?

20 MR. MOUNT: Dennis Sullivan.

21 MR. BUSTAMANTE: Please.

22 MR. SULLIVAN: Dennis Sullivan,
23 Director of Oil Properties for the City of Long
24 Beach. Thank you. The City of Long Beach trustee
25 for the Long Beach Tidal Institute requested for

1 \$1,025,000 for subsidence-related work as provided
2 for in Section 1(e)(1) of Chapter 138. Included in
3 that request is \$350,000 of tidal zone revenue that's
4 needed for general subsidence and repair of the
5 seawalls. The State Lands staff has raised concerns
6 over the expenditure, and I'll only present on that
7 part of the request.

8 Since Mr. Mount has gone through most
9 of the history, I'll try to just run through these.
10 You have a packet that we handed out to you that
11 includes several different studies and copies of
12 pictures of the area that might enhance the
13 information available.

14 First of all, our position is that you
15 should use \$350,000 of tidal oil revenue for the
16 required repair of the damaged seawalls and seawall
17 cap. We have a new lower cost repair option that
18 will avoid damage to property and state waterways.
19 We do support a study to be conducted by State Lands
20 staff paid for by tidal oil revenue. We estimate
21 that that study would be no more than about \$150,000,
22 and I've talked with Mr. Mount about it.

23 Finally, that the city and the state
24 land staff should get together after that study's
25 conducted, compare all our studies, and come up with

1 a joint recommendation next year to the commission.

2 You see most of the seawall
3 construction. Why don't we jump to the next one? Of
4 particular interest are the tie-rods that run through
5 the seawalls. Seawalls are constructed reinforced
6 concrete piles. There is the 18-inch cap that was
7 added on in the late '60's, '67. That joint is of
8 concern to us because during periods of high tide,
9 the water enters that joint and corrodes the
10 reinforcing rod and spalls the concrete. Also the
11 tie-rods were originally installed below or above the
12 mean high tide, and now they're below the mean high
13 tide. They're more susceptible to corrosion.

14 Subsidence history. Why don't I just
15 jump to the next one here? You can see these are the
16 charts of three of the primary benchmarks that we
17 have in the area -- benchmark 22, 23, and 25.
18 Number 25 is nearest to the coast. You can see Long
19 Beach started ejecting water, would stabilize
20 subsidence. The surface elevations. Before the
21 mid '60s we had a subsidence of about
22 18 inches where we did inject water. We have a
23 little.

24 You can see that the period the Belmont
25 offshore started production in this area where we

1 actually increased the slope a little bit which gives
2 us suspect to the Belmont offshore in giving us
3 effect into the Belmont -- I'm sorry. The Naples
4 area. We've given you a packet that includes a
5 U.S.G.S. study that substantiate the data here.

6 Obviously the seawalls are leaning into
7 the navigable waterways. Soil is moving through
8 them, and we'd like to go forward with an anchor
9 system.

10 This is the gap where the walls are
11 leaning into the canal right now. It's about
12 two-and-a-half to three inches. It shows you the
13 surface cap spalling. Next.

14 This picture shows the soil loss. This
15 is actually an area that has been repaired last year.
16 You can see the new joint here. We're still losing a
17 lot or have lost a lot of soil there. The city
18 spends about a hundred thousand dollars a year of
19 city revenue or city funds to repair the sidewalks
20 and stabilize the soil.

21 We have actually, there's three
22 studies. There was a 1989 study that was conducted
23 by the city, 1989 study by Moffitt & Nichols.
24 They're an engineering firm located in Long Beach
25 that studied the seawalls. There was a 1992 study

1 conducted by Cash & Associates, and that's the one
2 we've included in your handout. It concludes that
3 the seawalls are leaning into the canals due to
4 corrosion activities of the tie-rods primarily and
5 that the corrosion is due to subsidence causing high
6 water to be high on the tie-rods.

7 Also in 1998 the city hired a
8 consultant to conduct a study to determine what the
9 problem was with the seawalls. He concluded that the
10 subsidence did occur in Naples and that the
11 subsidence was the cause of the problem with the
12 seawalls because the tie-rods are no longer above the
13 high main waterline. And they also investigated the
14 production in the area, determined that there was
15 common aquifers between all the oil fields, also that
16 the cap that was placed on in 1967 added stress to
17 the seawall and also caused some failure.

18 Here's a diagrammatic indication of
19 where the mean high water was in 1938 compared to
20 where it is today in 1999. This is the area where
21 the tie-rods have the dominant amount of corrosion
22 below the waterline.

23 Cash & Associates's report had two
24 major options. One was to replace the seawalls at a
25 cost of \$33 million. That was in 1992. Today that's

1 about \$40 to \$50 million. They'll replace the
2 tie-rods and the cap for \$15 million. Today's
3 dollars, that's probably \$20 or \$25 million. We've
4 come up with an approach where we actually stabilize
5 with anchor bolts. We drill them in and grout them,
6 and it's costing about \$350,000 a year.

7 This is the process: Actually drill a
8 hole through the pile here; drill the rod into the
9 earth behind it; and then grout that into place; put
10 a bolt on the rod there; and put a clamp across the
11 face of it. That costs about \$4,000 per unit. This
12 is the barge that puts the anchor bolt in place.
13 This is the finished product. The anchor bolts.
14 Notice that the clamp across there actually holds in
15 three of the piles.

16 The red area -- this is a diagram of
17 the Naples Island. This, the red area, shows the
18 locations where we would propose to do the work this
19 year. Last year we spent \$350,000 of oil revenue to
20 do an area right in this area that was pretty bad
21 off. And in addition to that, the city is going to
22 spend a hundred thousand dollars to repair sidewalks
23 and stabilize soil.

24 Last slide actually. We need \$350,000
25 to continue with the stabilization. We'd like to see

1 the study go forward, paid through for tidelands oil
2 revenue by the State Lands staff, and we'd like to
3 see to be able to come back next year with the state
4 land staff and city personnel to follow up on
5 repairing the seawalls.

6 One last thing I'd like to emphasize
7 that the work is urgent. Delays could result in
8 extensive damage to public and private property,
9 blockage of navigable waterways, and adversely affect
10 the ability to acquire flood insurance in the area.
11 I'd be happy to answer questions that you might have.

12 MR. BUSTAMANTE: Is there any other
13 from the city?

14 MR. SULLIVAN: No.

15 MS. CONNELL: Mr. Chair, I'd like to
16 approach this. I appreciate your comments from the
17 City of Long Beach. I have two questions here. I'd
18 like to bifurcate this question if we could because I
19 think we're in agreement on the initial portion of
20 the understanding that the \$675,000 moved by the
21 staff --

22 MR. SULLIVAN: I think that's about the
23 right amount.

24 MS. CONNELL: Vertical measurements and
25 studies and horizontal measurements study, and I

1 certainly think that you're in agreement with that.
2 I think it's the second half of the recommendation
3 that we seem to have differences of opinion. I'd
4 like to ask if I may some questions, Mr. Chair, out
5 of the executive summary in this report that was
6 presented by Leonard Brock prepared for the City of
7 Long Beach.

8 It appears that the contention here is
9 one, of whether or not the subsidence has been caused
10 by leakage from the depletion or pressure from the
11 depletion of East Wilmington Oil Field or whether
12 it's caused by other factors. Is that a summary?

13 MR. SULLIVAN: That's the contention of
14 some State Lands staff, and there's different
15 versions or different readings of Chapter 138.
16 Chapter 138, Section 181, there's a specific
17 definition of subsidence costs, and subsidence cost
18 does not have to determine where the subsidence
19 occurred or what the cause of subsidence was, just
20 that it's a subsidence-related cost. Section 2 of
21 that same part is if it's outside of the tidal area,
22 it would have to be determined that it was caused by
23 production from the west Wilmington field.

24 MS. CONNELL: Your argument for
25 subsidence at all, it has to be paid for by state

1 oil.

2 MR. SULLIVAN: If it is the tidelands,
3 first of all. The Naples Island area is in the
4 Department of Conservation's subsidence district. So
5 this whole area was declared as a subsidence area way
6 back in the '50s and '60s.

7 MS. CONNELL: What's the response of
8 the State Lands Commission?

9 MR. THAYER: I think I'd like to call
10 Mr. Mount to respond to that and perhaps Rick Ludlow.

11 MS. CONNELL: I'd like to have a
12 definition of this issue. I think this is
13 fundamental to how we render a decision today.

14 MR. LUDLOW: Rick Ludlow, assistant
15 chief counsel with the lands commission legal staff,
16 and I am familiar with what's going on here, the
17 issues that have been presented. First, I'd like to
18 correct a statement that Mr. Sullivan made about law.
19 There's some disagreement here in the Lands
20 Commission and the City of Long Beach about what
21 Chapter 138 which is the statute for development on
22 the tidelands down there in Long Beach requires of
23 the commission in determining and assessing state
24 responsibility for subsidence. But beyond that there
25 are really several issues here that are all related.

1 One, of course, is there subsidence?

2 There's quite a bit of evidence that subsidence has
3 occurred in this area.

4 The other issue, of course, is was the
5 subsidence caused in whole and part by activities on
6 state tidelands?

7 The third issue, of course, would be
8 even if the subsidence itself may have been
9 contributed to by activities on state tidelands, was
10 the damage to the seawall caused by that at all?

11 And these are things that really need
12 to be resolved. The subsidence element, the fact
13 that there has been subsidence, I believe there has
14 been subsidence. Whether it was caused by activities
15 in whole or part on state operations and whether any
16 of the subsidence actions contributed to the
17 deterioration of these seawalls, these things are
18 unknown. And Mr. Brock's study was insufficient to
19 establish these things. These are key elements in
20 the commission's consideration.

21 MS. CONNELL: What kind of studies
22 would we need to establish? There was a bill on the
23 chair brought to my attention that went through.
24 AB 16 was introduced. Kuykendall at that time
25 represented the district that includes the City of

1 Long Beach, and the bill was amended and asked that
2 half of the costs of these studies be paid by the
3 City of Long Beach. Apparently there was no interest
4 in continuing the bill forward. Is the original cost
5 still valid of what you're suggesting for that study?

6 MR. LUDLOW: The initial cost in that
7 session, we were estimating a cost on that study to
8 be in the hundred thousands, maybe a little more
9 range. The amount of the costs for today have been
10 estimated at \$150,000. So it's getting more
11 expensive obviously.

12 MS. CONNELL: Are you still prepared,
13 Paul, to pay off half of that cost?

14 MR. THAYER: I think that we can
15 recommend to the commission that half the costs could
16 be paid for out of the oil revenues, the same source
17 of money that the city is proposing to use for the
18 actual reconstruction. If there's a question about
19 whether or not state oil's involved in terms of being
20 the cause here, it seems that the commission would be
21 on good ground to help share in that expense. The
22 exact portion that the city or the state should pay
23 is, of course, up in the air, and there may be some
24 considerations.

25 MR. BUSTAMANTE: That was not your

1 proposal initially?

2 MS. CONNELL: It was. It seems to me
3 we have to determine whether or not there is the
4 subsidence. And I'm not prepared today to go forward
5 with a request for consideration of \$350,000 to
6 repair the seawalls until we know the subsidence
7 exists, the extent of it, and where the costs come
8 from. I don't know how we can offer state funds
9 until we know whether indeed the state's act has
10 resulted in this kind of damage. I would like to
11 have greater assurance, Mr. Chair, that indeed the
12 problem is as represented by the City of Long Beach
13 before we take action.

14 I guess the second question I would
15 have, the end of the executive statement. Again, I'm
16 referring to the same document that stated that the
17 seawall and the systematic repairs and that there are
18 now insufficient oil revenues being allocated to
19 properly operate the trust and make repairs and that
20 additional funding is required. I don't know if
21 that's included in this \$350,000 or if that's
22 separate. We should be allocating additional money
23 for trust purposes.

24 MR. MOUNT: It comes to either
25 \$15 million depending on whether the seawall is

1 replaced or repaired. We're asking for \$350,000
2 initially.

3 MS. CONNELL: This would be additional
4 money in addition to the \$350,000?

5 MR. MOUNT: That's my understanding.

6 MS. PORINI: I wasn't clear from the
7 statement whether that was \$350,000 per year forever.

8 MR. LUDLOW: I doubt that it's forever.
9 We spent that last year, and there are certain areas
10 on the wall that I noticed are of primary concern to
11 us right now that we feel need to be repaired this
12 year or have a possibility of further damage. The
13 statement that Mr. Brock put in his executive summary
14 there, I think he was being more general there than
15 just focusing on seawalls. The study wasn't
16 particularly designed to focus on just the seawalls.
17 He was making note that there wasn't enough oil, the
18 city's share of the oil revenue, remaining any longer
19 to pay for the tidal trust activities throughout the
20 city that was being conducted.

21 The \$350,000, I might add, even if we
22 did this over a ten-year period would be
23 substantially less than the conventional method of
24 repairing the seawalls, the \$15 million that was
25 estimated in the Cash report.

1 MS. PORINI: Just to add on to the
2 controller's first comments, I certainly have the
3 same concern that we need to do a study that no one
4 understands what the problems are.

5 MR. SULLIVAN: In fact, we were
6 supported the day of the AB16 for two years in the
7 running, but when we had already conducted three
8 different studies ourselves, two of them a hundred
9 percent city expense, and the last one was a shared
10 expense to all the participants of all the units
11 including the city general fund. I think it's
12 unreasonable to expect us to undertake another study
13 at even partially our expense. We've done as much as
14 we can do now. It's up to State Lands staff to be
15 able to conduct their study, and my staff would be
16 more than happy to get together with the state land
17 staff. I need to emphasize that this work is urgent.

18 MR. BUSTAMANTE: Just on the point,
19 Paul, you reviewed all the studies?

20 MR. THAYER: Our staff has.

21 MR. BUSTAMANTE: That's being referred
22 to?

23 MR. THAYER: Let me check with
24 Mr. Mount.

25 MR. MOUNT: That's correct.

1 MR. LUDLOW: I believe one --

2 MR. BUSTAMANTE: In the staff's
3 opinion, it's not conclusive?

4 MR. THAYER: Before we can recommend --
5 we think, in fact, if the studies did show
6 conclusively that state oil is responsible for this,
7 it is an obligation of the state, and we stand ready
8 to make that recommendation once we reach that point.
9 We don't think the studies have provided what we
10 need.

11 MS. PORINI: I just am not prepared to
12 pay a hundred percent of the costs of the study.

13 MS. CONNELL: I would like to know what
14 was the Lands Commission bill? Did you support it?

15 MR. THAYER: I don't believe we took it
16 to the commission, but we worked extensively with the
17 author. We did nothing to oppose it.

18 MS. CONNELL: Who amended the bill?

19 MR. THAYER: I think that was done in
20 committee recommendations from the committee staff.
21 It was not the city.

22 MS. CONNELL: What is our history in
23 studies like this? Do we generally fund most of
24 these studies a hundred percent?

25 MR. THAYER: You have to ask Mr. Mount

1 to respond.

2 MR. MOUNT: This is fairly unique. If
3 the study was caused or the study was necessitated by
4 a problem in the Long Beach unit, yes, we would fund
5 part of the study. But since the Long Beach unit
6 came along after 1965 after the alleged subsidence
7 occurred, this is not a Long Beach unit expenditure.
8 So it's really between the City of Long Beach and the
9 state, and this will be a precedent-setting study.

10 MS. CONNELL: Mr. Chair, I'd be willing
11 to propose the following. Maybe we have to make
12 sausage here in public. I would move the \$675,000
13 that was recommended by staff.

14 Secondly, I would recommend that the
15 State Lands Commission pay for half of a study of
16 continuing subsidence issues.

17 And third, I would like to have our
18 staff answer the sensitive issue of whether we have
19 sufficient allocation of trust funds to continue the
20 proper maintenance of our responsibilities because I
21 certainly don't want us to not be able to do that.
22 That would be my recommendation.

23 MR. BUSTAMANTE: The motion is very
24 appropriate. Don't sit down, sir. The City of Long
25 Beach has indicated that they've done three studies?

1 MR. LUDLOW: That's correct.

2 MR. BUSTAMANTE: Was there a problem
3 with the scope of the studies because you've had a
4 chance to take a look at them. Is it somewhat in the
5 scope or in the method of which issues were
6 determined that did not provide you conclusive
7 information?

8 MR. MOUNT: It's my understanding that
9 two of the studies were directed toward estimating
10 the cost of repairing the seawall and estimating what
11 could be done to repair the seawall. The last
12 studies, the Lenny Brock study, was the one that was
13 to address the cause of the deterioration of the
14 seawall. To my knowledge, they spent only \$18,000 on
15 that study. We feel it takes a lot more extensive
16 study to make that determination than an \$18,000
17 study.

18 MR. BUSTAMANTE: Is there a second?

19 MS. PORINI: I'll second the motion.

20 MR. BUSTAMANTE: Does the staff have
21 any last comment? None?

22 Sir, do you have a last comment? Let
23 the record show that there's a motion and second, and
24 it's passed. On to Item No. C64.

25 MS. CONNELL: May I ask a point of

1 information here? When might we expect the study to
2 be completed? I am concerned that there's continuing
3 deterioration here, and I agree with the City of Long
4 Beach that this is an important issue. We do not
5 want to have continued damage to the seawall here and
6 not be able to react to what is occurring. What can
7 we do here to expedite the study so we can get this
8 back to the commission quickly?

9 MR. THAYER: The six months for the
10 study.

11 MS. CONNELL: Is there a way we can
12 work cooperatively to move this forward?

13 MR. MOUNT: The city has resisted
14 paying for half the study as you're aware. As soon
15 as they commit to the study, we can move very rapidly
16 to get the study completed, but I want to assure you
17 that our engineers have looked at the seawalls. We
18 don't think it's in any imminent danger. There will
19 be some soil loss that will have to be repaired, but
20 we don't believe any homes or properties or lives are
21 in imminent danger. We have looked at that issue
22 ourselves. It would depend on how quickly the city
23 would agree.

24 MR. THAYER: Once the city does agree,
25 may I presume to their advantage we have staff

1 available that can monitor? There's not going to be
2 a holdup?

3 MR. MOUNT: There will not be a holdup.
4 We'll try our best, and we can commit to a six-month
5 study or quicker if we can get it done.

6 MS. CONNELL: I would certainly hope
7 it's before the commission in six months. I would
8 like to have another commission before the end of the
9 year.

10 MR. LUDLOW: The City of Long Beach
11 staff nor the staff has supported funding. I have
12 serious doubts as to whether the city council would.

13 MR. BUSTAMANTE: Please let the record
14 show that the controller has requested a meeting on
15 this commission on this issue before this year is up
16 and directs that to make sure that that, in fact,
17 takes place. We'd also like to be given as immediate
18 an update on the action by the council as to whether
19 or not they've taken us up on that offer.

20 MR. THAYER: I'll keep you informed.

21 MR. BUSTAMANTE: Item 64, Belmont
22 Island. Is there a staff presentation?

23 MR. THAYER: Yes, sir. I've asked our
24 staff. As I say, this was originally on the consent
25 calendar, but we have a number of people who have

1 signed up. I think we're up to six or so, and
2 perhaps it will be better to give a short
3 presentation and be able to respond to the concerns.

4 MR. PLANCK: Jeff Planck. It was
5 originally leased in 1947, and it was constructed
6 over 1953 and 1954. Of the original 72 well slots
7 around the island, 42 wells were eventually drilled.
8 By 1995 the facility had produced 28 million barrels
9 of oil and 24 billion cubic feet of gas. The island
10 itself sits in about 42 feet of water about a mile
11 and a half directly off of Seal Beach and the mouth
12 of the San Gabriel River, marina, and the naval
13 weapons station. It's just to the south of the Long
14 Beach Harbor. All the steel, wood, and rock
15 components are to be removed. We estimate a 30-week
16 period.

17 There are three buried pipelines, all
18 of which are an average depth of about nine feet, and
19 they've been flushed and will be flushed again during
20 the abandonment process and will be left in place
21 that is offshore, buried to a suitable depth. Prior
22 to the submission of the actual final work plan,
23 there were a group of agencies which met with the
24 staff and the applicant to discuss the feasibility of
25 leaving some of the island in place to form an

1 artificial reef.

2 The consensus of the agencies involved
3 was that this was not a good site due basically to
4 the shallow water depth and the other commercial
5 activities in the area. Basically that would
6 potentially be a serious navigational hazard.

7 That's all I really have to say about
8 the project itself. It's just a removal of the
9 island and all the components. Both the applicant
10 and our environmental consultant are present and are
11 available to answer any questions the commission
12 might have. As Paul said, there are a number of
13 public that want to comment.

14 MR. BUSTAMANTE: Are there any
15 additional comments by the commissioners? We have a
16 list of people here to speak. I have a Mr. Don May.

17 MR. MAY: Mr. Chairman, commissioners,
18 thank you very much for this opportunity. It will be
19 a little late for us. I'm sorry we weren't on board
20 on this issue earlier, but we have basically three
21 concerns. They revolve around our understanding that
22 this is one of the first islands for the coastal
23 commission and consequently is precedential, and
24 extraordinary care and consideration should be taken
25 to consider all of the implications.

1 Those implications are first that there
2 are a lot of habitat values of biota that are present
3 there that I see one of our consultants is here I
4 hope will speak to that. I'll refer to him, but
5 there is some important wildlife ethnic creatures
6 there, some of whom may be listed. And they are not
7 considered in the negative declaration. The negative
8 dec seems to address onshore species rather than the
9 community that's actually present.

10 There should be some consideration that
11 the island would be a reef which if it would be left
12 would be a recreational resource not only to skin
13 divers and scuba divers but to sport fishermen and
14 others who perform a particularly valuable resource.

15 It appears from the negative dec that
16 on the first page looking at the agency's consultant
17 and one of those that does not check, and it isn't
18 clear that they were consulted was the Regional Water
19 Quality Control Board. Inasmuch as there has been a
20 lot of review by that agency concerning these charges
21 to receiving waters that either have not been abated
22 or some continuing problems, I would think that that
23 agency should be amongst those deeply concerned.

24 You see the marks before you. These
25 impacts haven't been considered and should be. And

1 therefore, we would urge that you deny the act to
2 approve a negative dec and back for a full EIR with
3 the consideration of the issues that we have raised.
4 Thank you very much for your consideration. We do
5 hope that you will take that action. It shouldn't
6 take that long to, in fact, take a long look at
7 something that would be precedential.

8 MR. BUSTAMANTE: Any questions?

9 MS. CONNELL: Did you have a chance to
10 comment to the EIR?

11 MR. MAY: No, I did not. It was on
12 your list. We did receive a copy about a week ago of
13 this. So it's our fault that we are remiss.

14 MS. CONNELL: You aren't listed in all
15 these comments that are included in the back of the
16 EIR. Thank you.

17 MR. MAY: Is there any EIR prepared?
18 All I have is a negative dec.

19 MS. CONNELL: There were comments to
20 the negative dec. It is submitted there as an
21 opportunity for people to comment on a negative dec.
22 What is done is the lands commission is that we then
23 ask our consultant to respond on it. That's why I
24 was trying to find out whether you were included.
25 Thank you.

1 MR. BUSTAMANTE: We also have Rimmoa
2 Fay. Is there a Rimmoa Fay? And after Mr. Fay, Tom
3 Raftican. You can know that you're on deck and then
4 Eric Rogger after that.

5 Last name is F-a-y?

6 MR. FAY: Members of the commission, I
7 received a copy of the staff report suggesting that
8 the commission would consider a negative declaration,
9 and I was surprised because some species that I did
10 not expect to be found there were listed as occurring
11 there, and that didn't happen. So I went down, made
12 a couple dives on the island. I have an incomplete
13 species list. I'll review that, and then I'll have a
14 more complete species list I can submit for your
15 examination.

16 The problem is that this commission is
17 asked to make a decision based in part at least on
18 inadequate and, I think, misleading information. A
19 good deal of attention as Mr. May has pointed out to
20 the terrestrial biota, that's irrelevant to the
21 marine aspects of this particular project.

22 On this same agenda you're asked to
23 consider the permit to allow the construction of an
24 experimental reef. Now, we've had a number of
25 artificial reefs which the state has constructed in

1 the coastal waters of California that have been great
2 promises for these reefs as productive habitat and so
3 on, and they've been failures, just dismal failures.

4 In fact, I was involved in the planning
5 and construction of one of those that didn't work
6 out -- Pendleton Artificial Reef which was an
7 experimental model for San Clemente, which is an
8 experimental model for a still larger planned
9 experimental reef which is only to emphasize that
10 there's a great deal of uncertainty in the
11 predictability of the performance of artificial
12 reefs.

13 So I went to Belmont. Of all the
14 artificial reefs I've seen in Southern California,
15 this was a pretty good diverse productive biota. A
16 lot of organisms, a lot of bio mass, and a pretty
17 good diversity. I expect my species list for this to
18 go well over a hundred species which is not
19 overwhelming, but it's respectable. It's much more
20 respectable than the species list for the reefs that
21 the state has already put in these waters.

22 So here's the point. You've got a
23 productive diverse structure, and Exxon wishes to
24 eliminate it entirely. If I went in there and killed
25 all that marine life, Fish and Game would have the

1 right to cite me and hang me as a felon. I couldn't
2 argue with them. There's just too much biota there
3 to waste. One, if you waste it, you're liable to
4 have a water quality problem from just dumping a
5 whole lot of life in one place. Water quality
6 control has not commented on this potential problem.

7 Coming down the line is this rigs to
8 reef concept, and the commission is going to have to
9 consider them. I pray that you don't discard what,
10 in my opinion -- and I'll qualify my opinion if you
11 want to hear it. I'm not here to give you a
12 professional pedigree. I'm here to tell you don't
13 destroy the learning opportunity that can be gained
14 from doing a proper EIR on what comes from the
15 demolition of this reef. A negative declaration is
16 not justified, and I urge you please to disregard
17 that potential consideration. Do a full EIR and
18 learn everything from this opportunity that can be
19 learned from it.

20 I hope a part of the San Clemente Reef,
21 I hope it works. The main concern with the San
22 Clemente Reef, will it be like so many other reefs,
23 another failure? Here you have something to really
24 work from, something positive, something instructive,
25 something exciting.

1 MR. BUSTAMANTE: Staff? If you could
2 hold on for just a minute, sir. The issue has come
3 up twice about the number of creatures that are
4 existing there in the marine life not being in
5 consideration. Can you respond to that quickly.

6 MR. THAYER: This mitigated negative
7 declaration was submitted to the Department of Fish
8 and Game, and they, the gentleman checked off on it.
9 They particularly noted that the present plans are to
10 use the materials, the caisson, or the riprap that's
11 around it on another artificial reef. In their
12 comment letter or memorandum which is contained in
13 the document that you have here, they point out that
14 this should offset impact which is caused by removal
15 of the island.

16 At some point I'd like to call up our
17 environmental staff to respond to this. It's that we
18 ask Fish and Game for using such an artificial reef
19 because there was considerable support for that. My
20 understanding is the Fish and Game's guidelines
21 provide that these reefs should be in deeper water
22 than this water is here out of concern for
23 navigation. This site is very close to the Long
24 Beach breakwater, and it is a concern that the ocean
25 floor is only 42 feet. It's higher because the

1 artificial reef might be a problem.

2 . Fish and Game had concerns over the
3 nearby mouth of the San Gabriel River, and there was
4 some concern on their part that pollution could come
5 because it was going through urban areas. I guess in
6 conclusion we had submitted this project to the
7 Department of Fish and Game. There was, particularly
8 in light of the fact that portions of the island were
9 going to be reused at Bolsa Chica. The other thing I
10 wanted to respond, to talk about whether or not we
11 consulted with the Regional Water Quality Board, and
12 again, there is a letter in your packet here that is
13 an addendum to the declaration in which the regional
14 board writes back after we consult with them.

15 And they indicated they had no problems
16 as long as the necessary permits were obtained from
17 the corps of engineers. That permit was obtained. I
18 don't know, Kirk. Is there anything you want to add
19 to that? Kirk Walker works on our environmental
20 section and would have monitored it.

21 MR. BUSTAMANTE: Do you have any
22 comments first?

23 MS. CONNELL: I had a question for the
24 previous speaker if it would be appropriate. I want
25 to go. Is it Mr. Frey? How do you respond to our

1 staff's comment that they're going to be removing
2 some of the rigging and that hopefully evidently as a
3 habitat for the species you identify moving it to
4 this artificial reef, do you feel that provides
5 enough support for the species?

6 MR. FAY: Can I qualify my answer?
7 Organisms for educational research programs have
8 shipments all over the world. I know a little bit
9 about marine life. Those species mainly are not
10 amenable to that kind of relocation. My first
11 thought was could we take the seasoned rock and
12 relocate it at Bolsa Chica or maybe at L.A. Harbor on
13 the islands there, Long Beach Harbor, and improve
14 that area for a fisheries habitat. Yes, you can
15 categorically, but you're going to lose an awful lot
16 of valuable marine life in the process. And that's
17 unavoidable.

18 You go in there and start stripping
19 those rocks, stripping those pilings, stripping that
20 caisson, you're going to lose them. They're not
21 amenable. Some of them are fixed in a given location
22 throughout their life span, and to try to remove
23 them, you destroy them.

24 MS. CONNELL: So you don't think we can
25 transport some of the species at least that are

1 currently there to this new platform or this new reef
2 for creating off of, I think it's San Clemente, isn't
3 it?

4 MR. THAYER: Bolsa Chica.

5 MR. FAY: The question is?

6 MS. CONNELL: Do you think there will
7 be some loss to the species then?

8 MR. FAY: There will be an unavoidable,
9 predictable, substantial loss. That just goes with
10 the territory. You don't lose the material. If
11 there is no other choice, certainly move that riprap
12 to another location, but I don't understand the need
13 to move it. Remember you're going to listen to the
14 application for the San Clemente Reef, same depth
15 exactly the reef which will exist here when they
16 remove the caissons and the decking and the piling.
17 You're going to be at the same deck, and you're going
18 to have an established structure to use as a baseline
19 for comparisons.

20 I'm trying to argue for what I think is
21 good science and for a good scientific opportunity.
22 There was a conference at U.C.L.A. a few months ago
23 which discussed at length the need to do adequate
24 science in the marine environment on this rigs to
25 reefs question. And to lose this opportunity as an

1 opportunity to learn something factual about this
2 whole process would be a tragic mistake.

3 MS. CONNELL: Thank you.

4 MR. BUSTAMANTE: Sir, you were going to
5 make a comment? You can stop hiding behind there.

6 MR. WALKER: My name is Kirk Walker.
7 I'm with the State Lands environmental staff. This
8 is a little bit different from some of the other rigs
9 to reef programs because we are not proposing the
10 disposal of any of the topsides as part of the reef.
11 What we are doing after the island is dismantled, it
12 is surrounded by very large riprap. And this is the
13 material in question is just the rock in place. When
14 this project first came, both the applicant Exxon and
15 Fish and Game thought it would be a good idea to
16 leave it in place. Take out the caisson and
17 basically just push the rocks over and leave it as a
18 reef.

19 Upon further study we decided this was
20 not a good idea for primary reasons that have already
21 been discussed. Potential liability from a
22 navigation. This is in the opening of the breakwater
23 although it is in theory just a small boat opening.
24 There is that possibility. And Fish and Game's
25 concerns are continuing loss of water quality from

1 the San Gabriel River.

2 The solution that we have come up with
3 is to take that rock and move it to Bolsa Chica.
4 Exxon will be doing this and getting the material to
5 the Department of Fish and Game to add to the reef
6 the Fish and Game has there. A backup plan is the
7 potential to move it to San Onofre. It is proposed
8 to go to Bolsa Chica. This will be a net increase in
9 habitat although as Mr. Fay said, there will be some
10 loss in the transition. The critters aren't going to
11 stay there while we move the rock. But the rock is
12 seasoned, and we expect it to reestablish itself in
13 the new location.

14 MR. BUSTAMANTE: Thank you. Any
15 additional questions? We'll go on.

16 Mr. Raftican?

17 MR. RAFTICAN: I'm with United Anglers
18 of Southern California. I represent some affiliated
19 members throughout the state. Basically the function
20 of what we do is put fish back where they used to be,
21 fish and marine resources. The Bolsa Chica Reef was
22 mentioned before. Our organization has helped place
23 thousands of tons of concrete structure on Bolsa
24 Chica to enhance the fishery so far to the tune of
25 tens of thousands of dollars. We're here with the

1 same concern that Mr. Fay said. We've got an actual
2 living, working reef that is in the harbor right now,
3 and this is predominantly the riprap that's down
4 there.

5 This is a very viable organism right
6 now. We're talking about whether that depth is
7 acceptable. I think you've got a model up here for
8 the SONGS Reef down off of San Clemente. The
9 parameters on both sides are about exactly equal to
10 the parameters of this reef as it exists. It's just
11 kind of a shame to take out an existing reef to move
12 it.

13 Where we do stand if this reef is to be
14 removed if it has to be taken out of the harbor, we
15 want to make sure it goes to the Bolsa Chica Reef
16 where it is in very close proximity within several
17 miles, but at least we don't have a net loss of
18 marine environment there.

19 I think Mr. Don Trojan, who's chairman
20 of the board, would also like to say a few words.

21 MR. TROJAN: Don Trojan. Thank you for
22 allowing me to speak. I wanted to add a couple
23 comments. The gentleman spoke previously. I know it
24 well as a recreational angler. The best testimonial
25 I can offer that I was at that particular site this

1 past Saturday evening. Not only did I witness all
2 the life that exists on that reef because I had a
3 similar device where I can witness it and measure it,
4 but there was also a public sport fishing boat using
5 that exact reef as its fishing location. The
6 coastline has very shallow water to about 30 feet
7 from about Palos Verdes Peninsula down to Newport
8 Beach. I found it interesting that of all that area
9 and all that natural habitat that this skipper chose
10 that location for his anglers.

11 Again, I know that area. I've also
12 fished it myself in the past. We would alert that
13 location to catch small mackerel and bait fish. When
14 I talked to a biologist last week, he said that's
15 very important information because that particular
16 fish is a predator fish. They wouldn't exist if it
17 were not for these fish for them to feed on. The
18 fact that there are predator fish living there means
19 ecosystem. I didn't realize that this project has
20 been there for some 46 years. That's why it's been
21 so successful at the outlet of that river channel,
22 but it hasn't scared those fishes away.

23 As far as the navigation hazard goes,
24 it's only 42 feet of water, that section of the
25 harbor. If you can, according to my view, if you can

1 go approximately a hundred yards, the water depth is
2 about the same. You might have a five-foot variance.
3 I don't think there's going to be any risk of
4 collision of a boat 40- or 50-foot draft and not
5 realize they're in a dangerous area. It's in close
6 proximity to the Long Beach breakwater. In that
7 close proximity to the breakwater, there is a small
8 area of rock that might be beneath it. Again, I'm
9 not an expert on either of those subjects, but I
10 wanted to provide my testimonial from what I
11 witnessed on this Saturday evening. Thank you.

12 MR. BUSTAMANTE: Thank you, sir.
13 Next, Eric Rogger. Is Eric Rogger still here? Okay.
14 Cris McGuffee. And then after Cris is Steve
15 Fleishli.

16 MR. MCGUFFEE: My name is Cris McGuffee
17 for Exxon for the commission of Belmont Island. I
18 wanted to touch on a couple of things. The
19 decommissioning of the island is for the complete
20 removal of the facility and returning the site to its
21 natural contours. This plan is consistent with our
22 lease terms which require complete removal of the
23 structures after we're finished. As was previously
24 mentioned by the staff prior to submitting these, we
25 did go through extensive meetings and discussions

1 with all the concerned agencies and determined that
2 this was not a desirable site.

3 In an effort to offset the loss of a
4 habitat, we will relocate the riprap which is the
5 primary source of the habitat to the Bolsa Chica
6 artificial reef which is less than five miles away.
7 This will allow material to go back into reuse in an
8 area that has cleaner water and poses no new threat
9 to navigation.

10 The only other thing I wanted to touch
11 on was given the extensive removal around the
12 facility of sheet piles as we pull this up and remove
13 it from the site, there will be some disturbance to
14 the rocks given that the rocks are piled up next to
15 the sheet pile in the area. Just the process to
16 remove the pile will provide some disturbance of the
17 habitat which we plan to relocate and reuse. And I
18 am available if there are any more questions.

19 MR. BUSTAMANTE: What do you determine
20 or what do you project to be the effects of the
21 disturbance on the habitat as well as the marine
22 life?

23 MR. MCGUFFEE: The riprap is piled up
24 to 10 to 15 feet below the waterline up against the
25 facility. No one would propose to leave that rock up

1 that high to spread all of that rock out, and I'm
2 certainly not a biologist or an expert. But that
3 would be basically removing, physically moving all of
4 the rocks and spreading them out, taking a pile and
5 making it into a reef which is what we're proposing
6 to do now except we'll have to remove them from the
7 water and take them down the coast a few miles away
8 and put them back in the water. Like I said, I'm not
9 an expert. I don't know what kind of effect that
10 will have, but it will certainly be moving the rocks
11 and spreading them over.

12 The other thing, taking this pile and
13 spreading it out at Bolsa Chica will tremendously
14 increase the amount of rock that is exposed to the
15 water because it is in a pile now and will be spread
16 out over the reef site.

17 MR. BUSTAMANTE: Thank you, sir.
18 Steve? And then after Steve it looks like a Rudy
19 Vietmeier. Is he still here?

20 MR. FLEISHLI: Steve Fleishli,
21 F-l-e-i-s-h-l-i. I'm executive director of the Santa
22 Monica Bay Keeper and Heal the Bay. I'm not here
23 today to talk about the merits of the rigs to reef
24 program. I know there's considerable talk about the
25 benefits of that and whether or not oil companies

1 should be allowed to stay or simply get everything
2 out and put it into its pristine situation. I'm not
3 here to talk about whether this facility should stay
4 or not, but I want to raise some of the issues that
5 some of the other folks have raised as to why a hard
6 look needs to be taken at this project and why this
7 may get a negative declaration.

8 Dr. Fay has said it, and he's more
9 qualified on the marine life issues than I am. It
10 seems like there's been a rigs and reef, and we
11 really need to see and look at an example. I can
12 understand why we dismantle this if we decide to
13 dismantle this down the road. There are some other
14 concerns I have with regard to the project in
15 particular. Some of the issues that haven't been
16 raised so far is there's some discussion of the
17 negative declaration with regard to the least tern
18 and the brown pelican.

19 It's very interesting in the negative
20 declaration, they talk about the brown pelican and
21 the least tern are likely to forage in these areas and
22 rest on the island. Noise and human activity will
23 exclude foraging by these in the island in
24 activities. They go on to follow with two sentences
25 saying that these birds can go other places and

1 that's going to solve the problem. I think that's an
2 area where a hard look needs to be taken.

3 There are significant water quality
4 issues with the San Gabriel River and the estuary
5 there. It is recognized by the Regional
6 Water Quality Board as an impaired water buoy. There
7 are a lot of contaminated sediments around the mouths
8 of these rivers, and I don't really see any
9 discussions of contaminated sediments. Those issues
10 might be raised with the activities that are going on
11 in the area.

12 I'll limit my comments on that. Thank
13 you very much.

14 MR. BUSTAMANTE: Thank you.
15 Mr. Vietmeier. This is the last person I have for
16 the public who's speaking on this issue. At least
17 that's the last person that I have.

18 MR. VIETMEIER: Good afternoon, members
19 of the commission. My name is Rudy Vietmeier, and
20 I'd like to speak to the issue of sensitive habitat
21 wildlife. Even though this reef is a man-made reef,
22 it is a habitat to wildlife, and I'm a person who is
23 involved with the Bolsa Chica restoration issue. And
24 we recently had an appellate court decision
25 designating wildlife habitat on the Bolsa Chica mesa.

1 These are eucalyptus trees that were placed on the
2 mesa probably a hundred years ago. These are not
3 indigenous species, but during that time they have
4 become a habitat for wildlife. And the court ruled
5 that this habitat needs to be maintained.

6 Even though this reef is a man-made
7 structure, it has since become a wildlife habitat,
8 and I would think that the same law would apply
9 because this is a habitat for wildlife. And when you
10 consider all the soft bottom habitat that has been
11 lost in the harbor due to man-made intrusions and the
12 prospect of expanding the harbor which will take on a
13 lot more of the wildlife habitat, this habitat should
14 be preserved.

15 And as we speak to the issue of water
16 quality, the serious effort is under way to clean up
17 the waterways of the San Gabriel River and the Los
18 Angeles River. So I think that issue will be
19 corrected in due time. I just wanted to call that
20 point to your attention. Thank you.

21 MR. BUSTAMANTE: Any comments by any of
22 the members?

23 MS. CONNELL: Mr. Chair, I found the
24 discussion and the comments quite helpful in
25 expanding my understanding of this issue. Let me

1 just respond to what I think are the two elements
2 that are before the commission. One is whether or
3 not we have adequately addressed some of the concerns
4 in a negative dec or whether we need to expand that
5 to a full-blown EIR. I'm not an EIR expert. I'm not
6 a lawyer or a fisherman. I say fortunately because
7 if you saw my fishing ability, you would understand
8 why the fish are there. I can see them better now.

9 But I do want to address the second
10 issue that has been brought up by the speakers and I
11 think rather forcefully, and that is the issue of
12 whether or not we should be making a decision based
13 on the fact that this is a potential liability for
14 navigation. I particularly do not see the
15 reasonableness of that argument. If it's 42 feet
16 depth, I would certainly hope no large boat is going
17 there anyway, and I would really wonder about the
18 capability of a boater as he chooses to bring a big
19 boat through low level water to begin with.

20 Most boats have depth capacity on
21 board, and I would think that they would steer away
22 from this kind of a region. I don't think there's a
23 particularly grave concern.

24 Secondarily, the issue of whether the
25 San Gabriel River is polluting this ocean, I think we

1 should be taking a stand here. If the San Gabriel
2 River is polluting the ocean, I think the problem is
3 the San Gabriel River and not allow that to be the
4 stimulant for whatever decision this board makes.

5 I would like to extend a corrective
6 action letter to those in charge of the San Gabriel
7 River enforcement to make sure that this river is
8 maintained at appropriate levels so that we do not
9 have pollution from a contributory river in the
10 ocean. I find that deeply disturbing regardless of
11 what decision the board makes today. I don't like to
12 think we are now alerted by the public that we have
13 this ongoing problem going on, and we are not taking
14 a position against it.

15 I happen to have worked one time for
16 the City of Los Angeles at the time we were polluting
17 the bay, and we were given a strict penalty by the
18 court appropriately to stop those activities. I
19 would think that we ought to encourage those who are
20 responsible to make sure that we don't have
21 continuation of this pollution regardless of what
22 action the board wishes to take today.

23 I am not yet comfortable with either
24 decision. I would like to look at -- I certainly do
25 not think we have convincing arguments for removing

1 this island today.

2 If those are the only two reasons that
3 we need to remove it, I'm not convinced that that's
4 strong enough evidence, Paul. I think there would be
5 some issues that you might put forward because, if
6 those are the only two reasons we're going to remove
7 this island, I don't think they're strong enough to
8 justify the potential loss we might have here. If
9 there are some other reasons that are before the
10 board, I think we should hear those as well.

11 As to moving to Bolsa Chica, we spent a
12 lot of time in the last four-and-a-half years dealing
13 with Bolsa Chica, and I think it's nice that we are
14 able to relocate it to Bolsa Chica. I certainly
15 would approve that. I'm concerned about the loss
16 that might occur on the transportation of these
17 components to Bolsa Chica.

18 MS. PORINI: I just needed some
19 clarification from staff. I think Mr. McGuffee
20 stated that, when the outside of the island is
21 removed, the rock piling is actually just 15 feet
22 below the water. So that would have to be level.
23 Does that have the same destructive effect on the
24 marine life that's there as picking it up and moving
25 it? Would the marine life die or migrate elsewhere

1 because of that action? Forty-two feet is the floor
2 of the ocean at that point; correct?

3 MR. THAYER: Forty-two feet is the
4 ocean floor. I was talking to Jeff about this.
5 Unless some action is taken, this is another disposal
6 option that hasn't been examined. His understanding
7 is that the riprap that would remain would be
8 17 feet below the sea level. It's much more shallow.
9 I'm not as qualified to speak on this as the person
10 who made the negative declaration that is here today,
11 and we also have the gentleman from the Department of
12 Fish and Game who is in charge of their artificial
13 reef program. Both can respond to both
14 commissioners' concerns better than I can.

15 MR. BUSTAMANTE: Why don't we do that?

16 MR. POULTER: We assisted the staff in
17 preparing the negative declaration for this project.
18 The navigational issues that are associated with the
19 project were looked at both for the breakwater Long
20 Beach Harbor, Alamedas Bay, and the Seal Beach Naval
21 Weapons Station. One item that wasn't brought up is
22 that the dock where they load munitions on naval
23 ships is immediately to the south of this area, and
24 that was another issue that we had to address as far
25 as a navigational issue. The water quality issue was

1 a secondary issue.

2 The predominant issue associated with
3 site clearance there was the fact that we are
4 basically looking at spreading out the riprap on the
5 bottom, and at least based on the criteria that are
6 established by the California Department of Fish and
7 Game if we were to propose an artificial reef site
8 here, the criteria generally looks at
9 60 feet. And as at least one of the commissioners is
10 familiar with, the same issue came up as far as the
11 potential of moving rock riprap or concrete in that
12 case on the bottom. And this same issue was raised,
13 and what was ultimately removed were the caissons in
14 that case down to the seafloor.

15 So at least from our assessment of the
16 proposed project, a negative declaration generally
17 does not look at alternatives such as the reef
18 option. However, prior to the application being
19 finalized by the applicant, a considerable amount of
20 work was done with the Department of Fish and Game
21 and State Lands Commission to look at design options
22 on a rig or a reefing option.

23 And as Mr. McGuffee pointed out in his
24 presentation, the proposal would be to relocate all
25 of the rock riprap on the island into a crescent.

1 Reentry of the wells was an issue that had to be
2 addressed. All wells have been plugged and abandoned
3 and would be cut at five feet below mud line. Should
4 a well leak, you have to have the ability to move to
5 the site, thus acquiring a need to have a
6 crescent-shaped reef allowing that rig to relocate
7 over the potential leaking well. We address that
8 issue.

9 Removal of the riprap would result
10 in significant mortality to those species that are
11 encrusted on the rocks. Obviously the fish and
12 other species living in and around the island would
13 most likely relocate to the closest similar Long
14 Beach breakwater which is about a mile to the north.
15 We did look at a variety of issues both prior to the
16 application being submitted plus during the actual
17 review under the criteria to make a determination of
18 the significance of the change.

19 Based on the comments we received from
20 Cal Fish and Game which actually promote the
21 relocation of the rock riprap to the Bolsa Chica
22 site, I think we basically indicated that that would
23 move the habitat to a new location realizing that
24 there would be no mortality whether it was left on
25 site or moved. Did I capture everybody's comments

1 there?

2 MR. BUSTAMANTE: Did you want to say
3 something?

4 MR. BEDFORD: Dennis Bedford,
5 California Department of Fish and Game, coordinator
6 of the Fish and Game program. I'd like to just give
7 a little bit of the history of this. We've been
8 discussing this for approximately three years now. I
9 don't remember the date we first began this. We were
10 initially willing to consider leaving some of this
11 material in place. However, at no time did we ever
12 consider building this back up into the kind of mound
13 that it is now because it would create a tremendous
14 liability program. If we remove that island, all
15 that structure, and left this pile if it be put back
16 that way subsurface, even a small vessel might very
17 well drown in this thing.

18 The only discussion we even had
19 initially was that we would leave this in place but
20 we would roll this rock over to a donut-shaped kind
21 of a reef, a very low profile. There was discussion
22 about whether or not this might be a kelp reef, at
23 some point gather kelp, and in that case it could be
24 another model. There is a model for the addition on
25 proposed reef. In doing that in knocking the stuff

1 over, the organisms that are living on there now are
2 going to be disturbed tremendously. There is no way
3 to avoid that unless we're considering leaving the
4 entire island in place which, in fact, would now be a
5 complete rigs to reef program.

6 Since this is an oil structure, then
7 it's going to be disturbed anyway. It was, in fact,
8 the Exxon attorneys who decided that maybe the
9 liabilities were too great and they needed another
10 alternative in which case we started talking about
11 Bolsa Chica as quarry rock only. This is not a rigs
12 to reef program at all. We're only talking about the
13 quarry rock.

14 MR. BUSTAMANTE: Is that all you wanted
15 to say?

16 MR. BEDFORD: Yes.

17 MR. BUSTAMANTE: Commissioners?

18 MS. CONNELL: I think what is probably
19 a historic situation, I'm actually going to propose
20 that this item be put over, Mr. Chair. I'd like to
21 get things officially dealt with.

22 I have some very strong concerns that
23 this is a broader and precedent-setting decision that
24 we're about to make here, Paul. I don't feel,
25 myself, knowledgeable enough to look at the

1 alternatives. I always like to read extensively
2 before these kinds of precedent-setting decisions to
3 be fair to all parties. I am concerned that included
4 in my materials was not enough information on this
5 rigs to reef program. And we do have how many oil
6 wells now that might fall into this in future years?

7 MR. THAYER: We have a number of
8 platforms.

9 MS. CONNELL: Well over a dozen. We
10 are going to be facing this, Mr. Chair, again and
11 again and again. I do think that we need to have a
12 little broader understanding of what some of the
13 options are. I don't think it's just a question of
14 the depth here that we're dealing with. I think
15 there's a question there's circumstances and what the
16 criteria might be in those circumstances for
17 maintaining the rig in its mortality. I think that's
18 bizarre, but I think in certain circumstances, we may
19 choose to do that if we have environmental community
20 support.

21 In any case, Mr. Chair, I'm not
22 prepared to render a decision because I think there
23 are too many elements that have not been explored by
24 this commission and find out six months down the line
25 we have two other issues that come forward where we

1 then have to, in fairness to the parties, address
2 some of the issues that we have not the correct
3 knowledge or adequate knowledge to address today. I
4 don't know how you respond, Cruz or Annette, to that.

5 MS. PORINI: I am fine with that
6 decision. I think that there are a lot of issues
7 that I certainly am not knowledgeable about.

8 MR. BUSTAMANTE: Two quick questions
9 before we move on. We can do this -- just bring it
10 up at the next meeting, I believe.

11 MR. THAYER: Put this back on the
12 agenda?

13 MR. BUSTAMANTE: First, there seems to
14 in the last presentation, it was said that regardless
15 of what you do whether you move the rock to Bolsa
16 Chica or you move it around where it exists and
17 whether you have a crescent or a donut or whatever
18 shape you have that there is going to be substantial
19 loss of marine life anyway. If at the next meeting
20 you could bring back something along that line.

21 Also the issue of the munitions
22 activity by the military as to whether or not this --
23 if the floor is at 42 and if this is done the way it
24 would have been done at Bolsa Chica, is it going to
25 be 25 -- or I don't know what the depth would be --

1 and does that pose a navigational issue? I think
2 those are the two issues that I have that we can
3 bring back at the next meeting. I don't think the
4 commission has taken a position at this point. What
5 we're asking is for the staff to go back, work up
6 some additional information, and bring it up at the
7 next meeting.

8 MR. THAYER: We'll schedule it for the
9 next meeting, work with you in between, and make sure
10 we're meeting your needs. I think the controller's
11 absolutely right. This is one of many projects that
12 pose similar problems, and I think my understanding
13 is during the comment period at the end of this
14 meeting, there will be people speaking to the shell
15 mounds issue from the reverse perspective that they
16 would see that out. It's a very complex issue.

17 MS. CONNELL: It's very complex. It's
18 very controversial. I do think this is a
19 precedent-setting issue for the coast, and I
20 appreciate the fact that my fellow commissioners are
21 also candid about the fact that we need to learn a
22 little bit more. I urge that we get as much input as
23 we can from the speakers who spoke today, those who
24 had to speak later in the agenda so we can get as
25 much information to the table. It helps if

1 commissioners receive that ahead of time so we can
2 brief ourselves on it and be prepared to ask you
3 questions. It's much more difficult to integrate
4 that at the point of testimony. I appreciate all of
5 your willingness to complete whatever information you
6 can submit to our staff so that we can be adequately
7 prepared.

8 MR. BUSTAMANTE: Let me add one more.
9 This particular floor is at 42 feet. Can you give us
10 an idea of what those other wells are at? Are they
11 below 60? There was also a comment that was made
12 that in consideration of briefing the issue was
13 whether or not it was at 60 feet or lower, and that
14 was one of the considerations that was made by Fish
15 and Game. Maybe you can tell us also if this, in
16 fact, is precedent setting or if this is not within
17 the Fish and Game's normal operating procedures for
18 establishing reef activities. Okay? All right.

19 We'll go on to the next one. Thank you
20 to all the people who spoke on that issue.

21 Item No. 70, the City of Eureka, a
22 tidelands grant.

23 Mr. Thayer, do you have a presentation?

24 MR. THAYER: Another one of our staff
25 attorneys.

1 MR. BUSTAMANTE: Right now I only have
2 three people in the public to speak -- a Stacey,
3 Gupton, and Tyson. Please go ahead.

4 MR. FREY: Jim Frey. I'm with the
5 Commission, State Lands Commission. The City of
6 Eureka is here today, commissioners, to ask you to
7 approve a lease between the city as the grantee of
8 tidelands and Bayside Developers. The lease is for
9 49 years for a 2.8 acre parcel of filled tidelands.
10 On my left here is a diagram showing Humboldt Bay in
11 the city of Eureka. The lease site is here at the
12 arrow.

13 On the chart next to that is a parcel
14 outlined in yellow. That is the lease site seen from
15 an aerial view. The city's request is made pursuant
16 to the legislative grant to the city requiring the
17 commission to also approve any leases of the
18 tidelands in excess of one year. There's also a
19 request to approve the lease pursuant to Public
20 Resources Code 6701. This section of the code
21 protects lessees and their lenders if the legislative
22 grant should be modified or retracted during the term
23 of the lease.

24 The staff has reviewed the packet of
25 information submitted by the city and finds that it

1 does not contain enough information for us to make a
2 determination of approval at this time. We've also
3 reviewed the draft lease, and we find that the lease
4 has some serious problems. And it's not in the best
5 interests of the state and the public trust. The
6 city has suggested to us in the last several days
7 that the lease be approved conditionally and that the
8 executive officer be given the authority to execute
9 the lease when he believes all of the deficiencies
10 have been corrected. The staff does not believe that
11 this is a good idea.

12 The statute is very clear that the
13 commission should approve the lease. Some of the
14 most basic elements of the lease are not consistent
15 with the public trust, and we believe that approval
16 at this time would be premature. Therefore, we
17 believe that it's in the best interests of the state
18 to allow the city to submit a new application and
19 have the commission consider it at another time.
20 Therefore, we recommend that the commission deny the
21 city's request for approval of the lease today.

22 We want you to know that the staff has
23 worked with the city over the years in approving
24 eight or nine other leases for tidelands, and we are
25 more than willing to work with the city and staff to

1 find a way to craft a new lease which will be
2 consistent with the law and the purposes of the
3 legislative grant.

4 MR. BUSTAMANTE: Is there any other
5 presentation?

6 MR. THAYER: No, sir.

7 MR. BUSTAMANTE: Any questions at this
8 time by the commissioners? Why don't we go on, then,
9 to the first speaker?

10 MR. THAYER: Sherman Stacey.

11 MR. STACEY: Mr. Chairman, members of
12 the State Land Commission, I'm here on behalf of the
13 Friends of Humboldt County who are opposed to this
14 lease. On your map here you identified the site.
15 This is a site that is designated for fork expansion
16 by the Humboldt Bay Recreation and Conservation
17 District. It is not a site where you take a produce
18 warehouse from an existing location in downtown
19 Eureka and move it to a coastal location simply
20 because you add to it. There is 384 square feet of
21 cold storage for fishing out of 4,600 feet of
22 storage, and you claim that you'll put in a ship
23 chandelely which I doubt will have success and won't
24 be there for very long and claim that that meets the
25 public trust requirements.

1 You should be aware and your staff
2 should be aware that the Humboldt Bay Harbor
3 Recreation, the agency charged with developing
4 facilities in Humboldt Bay, has the site surrounding
5 where this lease would be as the location for cargo
6 multiuse facility for future development of port
7 facilities in Humboldt Bay. This is a public
8 terminal implementation plan of the district.

9 In addition, we believe the lease would
10 be inconsistent with the coastal plan for the area
11 and the coastal act although the city has adopted
12 actions which are contrary to that position.

13 Finally I think that the lease that is
14 described, that is not in the public interest. I
15 have not had the opportunity to review it, but it is
16 described to me as having a first-year payment and
17 then \$200 a month for a 2.85 acre site. That is the
18 amount that will come to the public trust from the
19 lease of the site, and that is not an amount that is
20 consistent with your protection of the public trust.
21 You certainly ought not follow to project the public
22 trust to your executive director to put him in the
23 position of having to decide when he thinks that the
24 city has met whatever the burdens are that are
25 necessary and leave him the difficult task. That is

1 a task that you under the Constitution are charged
2 with and that you should discharge in an action that
3 you take on some future application should the city
4 choose to make such a future application.

5 Today the burden of proof has not been
6 met by the city. This is a site that is required to
7 be devoted to public fisheries, commerce, and
8 navigation and a produce warehouse. Nobody's
9 shipping produce by ship. A produce warehouse with a
10 few little add-ons to make sure that you meet the
11 public interests is not appropriate, and you could
12 not possibly make the necessary findings to approve
13 the lease. You should follow the recommendation of
14 your staff.

15 I would note as well this application
16 was made May 26. We are here on June 14. The last
17 case that I handled and settled with the State Lands
18 Commission commenced in 1952 and was resolved last
19 year. Even when we settled it, it took a
20 considerable period of time. Your staff in my
21 observation is not small in dealing with the staff,
22 and the State Lands Commission has bent over
23 backwards to try to accommodate the city of Eureka,
24 has put every effort to bring this before you. It
25 simply does not work in the matter it has brought to

1 you, and you should reject it.

2 MR. BUSTAMANTE: And now for equal
3 time, we have the City of Eureka, Jim Gupton; is that
4 correct? Gupton?

5 MR. GUPTON: Mr. Chairman and
6 commissioners, I appreciate this time. My name is
7 Jim Gupton, G-u-p-t-o-n. I am a councilman in the
8 city of Eureka. We are a city of 29,000 people. We
9 are in true northwestern California. That is north
10 of San Francisco and north of Sacramento. In fact,
11 we're about 86 miles south of the border. I read in
12 the paper every day about the economic boom that is
13 happening in the state of California. I'm here to
14 tell you that boom is not taking place in Humboldt
15 County or Eureka.

16 You probably know us best as the
17 gateway to the Headwaters forest. That is certainly
18 a topic that everybody in this country knows about.
19 The land that you're looking at is --

20 MR. BUSTAMANTE: Actually I know Dan
21 Hauser used to talk about it.

22 MR. GUPTON: This is true. The land
23 that you're looking at is, in fact, a former mill
24 site on the bay in Eureka, and you have heard
25 testimony about that land boom for the purpose of the

1 harbor development. I'm here to tell you there will
2 not be any cranes, that there will not be any
3 containers being unloaded.

4 Over here in the town of Samoa, another
5 town that is and was a lumber mill, that will
6 probably be the place, more than likely be the place
7 that we will do the unloading of the ships. The
8 42 percent of the boats or ships going up and down
9 the Pacific Rim are all that we can service in
10 Humboldt Bay. \$19 million is being spent this year
11 in deepening our harbor and widening or channeling
12 entrance so we will be able to accommodate 90 percent
13 of the boats traveling in the Pacific Rim.

14 We are the most westerly point in the
15 continental United States. That makes us two and a
16 half paces closer to the Orient or the Asian
17 countries.

18 With that in mind, we anticipate our
19 economy down as well. Of course, our railroad has a
20 lot to do with that, and that's another issue you've
21 heard a lot about. Working together, we can turn our
22 economy around.

23 You heard from a group that says they
24 are against what we are trying to do. This group was
25 formed this year. The purpose is to block a big

1 block store, not a harbor issue and not a development
2 issue or a land issue.

3 MR. BUSTAMANTE: What is a big box
4 store?

5 MS. CONNELL: Kmart versus a
6 maintenance and allow a big box retailer to come to
7 town.

8 MR. GUPTON: If I may, I'll step over
9 here and show you something. This is the land that
10 you're talking about (indicating). A big box is
11 trying to purchase this land right here at present.
12 This particular land is zone public. It's the former
13 railroad yard. In our general plan we put that into
14 the general industrial. The big box company has put
15 a petition out and an initiative to change that to
16 general commercial. When that event happened and
17 they started the petition drive, then we had the
18 adversity to our project on the waterfront
19 15 months along into the project.

20 We have gone through the coastal
21 commission. We've gone through CEQA, all these
22 entities, and many were notified of what we were
23 doing. And everything was an open book when it went
24 through CEQA and the coastal commission. Nobody
25 filed any complaints against this project. This

1 project was headed out of town. I was the one that
2 got involved with the developers and asked them to
3 please consider staying in town.

4 And time is of the essence, believe me,
5 and I'll tell you why. We went to work. I'm a
6 former banana peddler as you might say, having been
7 my whole life in the produce business, now retired.
8 Ships channel services are limited as they are
9 because of the boats coming into our harbor is now
10 being conducted out of Oregon. Ships channel is
11 going to be a major industry on our port as more and
12 more ships come in there. It is not just a produce
13 distribution house. All of us know what happened to
14 the orange industry this year. This year alone we
15 will be able to if we are successful in getting this
16 operation going, ship 40 truckloads of oranges a year
17 with a limited crop this year because of the
18 devastation that happened last year.

19 In years ahead those will increase, and
20 they will hopefully be exported out of Humboldt Bay
21 because of the two-and-a-half day difference in cost
22 in getting it on other boats. And they're waiting in
23 line in Oakland Harbor trying to get some of these
24 exported fruits onto boats as well as Seattle. This
25 will take place on that side of the bay. It will be

1 around the other side of the bay.

2 Mr. Tyson? Where was I going? I have
3 brought a representative of the developer, and I have
4 brought four of the staff from the City of Eureka,
5 three of the staff from the City of Eureka to answer
6 any questions that you have. You are now talking
7 about jobs, 24 jobs. That might not be very many
8 jobs to a lot of you. I've heard an awful lot of big
9 talk about what's happening in Southern California.
10 We're a lot smaller scale.

11 The 24 jobs will leave Eureka and the
12 state of California and will go up to the state of
13 Oregon, the reason being these people are expanding
14 for one purpose. There's an organization in Medford,
15 Oregon, that is shutting its doors July 3 of this
16 year. We've been aware of this for nine months now
17 as part of this project. These people need to be in
18 business and in place and have some direction
19 immediately. If we lose the opportunity on this
20 lease, they will be signing a lease on a warehouse in
21 Medford, Oregon; and those 24 jobs will be leaving
22 Humboldt County, Eureka, and the state of California.
23 Thank you for your time.

24 MS. CONNELL: I have a comment. We
25 were given a series of letters that came to us in the

1 commission from various entities, Mr. Chair, as you
2 know, one of which was Don Dixon, who is the chair of
3 the County of Humboldt. I find it rather ironic that
4 he is taking the position against the city. Can you
5 comment on that?

6 MR. GUPTON: We find it ironic as well.
7 None of the writers of those letters have ever
8 approached anybody at the staff end or the mayor or
9 council in the city of Eureka on this issue. All of
10 this started after they had their opportunities with
11 the coastal commission and CEQA only when the big box
12 store announced they were going to do a petition
13 drive to change the zoning on that piece of property.
14 All three of those entities, those supervisors, and
15 the letter writers that you have have very strongly
16 declared their opposition to the big box store.

17 And I have to tell you it has nothing
18 to do with the big box store. There is plenty of
19 room for the marina, the terminal we are talking
20 about. We are dumbfounded as to why this opposition
21 surfaced other than the timing. This was an issue
22 that we had before the lands commission to do
23 mitigating the price of the land and lifting the
24 public trust and trade for double the property. On
25 March 23 we had a meeting with members of the lab and

1 commission in Eureka. They told us, "Do not go
2 there. Do a lease." The developers said they needed
3 to have the purchase of the land from their financing
4 institution.

5 The lands commission recommended that
6 that not be the case, that that could be loaned or
7 they could get financing with a lease. They went
8 back to their financing organization, and they did
9 get the financing on a lease as was recommended to
10 the city of Eureka by this lands commission staff.
11 We proceeded in that direction.

12 Again, the letter started to the lands
13 commission after it sat in the lands commission for
14 nine months. Then we were told that we had to
15 completely redo the lease. We had to send it to the
16 lands commission, and it's been a back and forth
17 battle ever since, not a battle with information and
18 letters, et cetera. Every time they asked for
19 something, we got it there. We don't want to lose
20 these 24 jobs. We need these jobs in Humboldt
21 County.

22 Give us a conditional lease on this
23 piece of property. We will deliver to you every
24 single signature, whatever you need. We've been
25 trying our best to do that, but tomorrow morning

1 those jobs are gone. We do not have a lease from
2 this board.

3 MR. BUSTAMANTE: Before you leave,
4 there is in our calendar item, it indicates that an
5 application that was submitted by the city showed
6 that it did not contain all the documentation
7 necessary for staff to render some decision at the
8 last moment. In fact, there was additional
9 information submitted but that the staff's review
10 shows that there was still information that basically
11 showed the deficiencies in the application. Is that
12 the position of staff?

13 MR. THAYER: To respond to just a
14 couple of the points of the speaker, the city had
15 originally asked for permission from the lands
16 commission. The lands commission is required to make
17 these decisions rather than staff to lift the public
18 trust on this piece of property. One of the findings
19 that is mandated by the statute before the commission
20 can do this is to find the properties no longer
21 necessary for nor susceptible for use to public
22 trust. You need to find there will not need to be.

23 Since this is a waterfront property,
24 this seemed to be an impossible finding to make.
25 That's why we suggested to the city that an easier

1 way to get approval would be to try to lease it. We
2 had worked with the city in past instances and
3 approved working with them. Of course, the
4 commission ended up approving eight different leases.
5 So based on that track record, it seemed like
6 something we could work through and work out.

7 Ultimately the problem here is not that
8 there's a lease proposed but the substance of the
9 lease, the provision in there that requires the city
10 to make every best effort to continue to lift the
11 trust from this parcel. This seems to be
12 inconsistent with the grant and the way the leases
13 are supposed to be consistent with the grant when the
14 stated purpose of the lease is the public trust.
15 That led us to the position that beyond the previous
16 eight leases, we just couldn't do it in this
17 circumstance.

18 MS. CONNELL: Mr. Chairman, let me
19 follow up on your concern. I think I have an
20 additional concern now that I've heard the response.

21 If we were to move forward, sir, and
22 tell the executive director that he has the authority
23 to execute the lease, there's no way that lease is
24 going to be executed by tomorrow. So your 24 jobs
25 are going to be lost. What I hear from our executive

1 director, he has some fundamental concerns with major
2 clauses in that lease, and it would take some form
3 that would be acceptable to our executive director.
4 I don't see how you can possibly hold out hope that
5 these 24 jobs, if they're that immediate, are going
6 to be retained by tomorrow morning because no lease
7 document will be drawn.

8 MR. GUPTON: I brought Mr. Tyson, who
9 can answer the questions. I do need to tell you that
10 it sat at the lands commission for nine months. As
11 of March 23, we were told to proceed with the lease.
12 Nothing needed to come from the City of Eureka to the
13 lands commission for that lease. Just go ahead and
14 do the lease. And that's the way we proceeded until
15 that was reversed, and we got a call from the legal
16 department of the lands commission that said, "Wrong.
17 You need to get a lease down here A.S.A.P."

18 I personally delivered that lease
19 agreement to the lands commission in Sacramento. I
20 hand delivered it. We have been in communication
21 with them for everything they asked. Many things
22 they asked for are already there. We do not know why
23 they do not know they are there. Mr. Tyson has the
24 answers to those questions.

25 It was talked about the \$200 payment on

1 the lease for 49 years. These people are putting
2 \$1.5 million in improvements on a piece of
3 property --

4 MS. CONNELL: I'm sure all that's
5 valuable information, but my question is very
6 specific. I don't know how we are going to get a
7 lease drafted by tomorrow morning to save your
8 24 jobs. I don't see how that's possible if indeed
9 that representation is correct.

10 Sir?

11 MR. TYSON: David Tyson, assistant city
12 manager with the City of Eureka. I think the
13 developer is looking for an intent from the city as
14 well as the commission. If the developer feels that
15 the project is viable and can move forward, it is
16 simply the legalese that needs to be agreed to. The
17 developer is willing to stick to it as he has for the
18 last 18 months and go through the process. If today
19 he receives a no vote, he's not prepared to invest
20 another six months or two months into the project to
21 get down the road to have another flag waved in his
22 face and another delay. That's the intent we're
23 looking for, not a signed lease by tomorrow morning
24 at 8:00 o'clock.

25 We're looking for some intent that this

1 project can move forward and not have to wait for
2 August 16 or whenever the board meets again in
3 August. That's what we're looking for.

4 MR. BUSTAMANTE: Staff, any comments to
5 either speaker?

6 MR. THAYER: Ultimately, of course,
7 that kind of decision of delegating to the staff
8 whether or not the lease meets the criteria of the
9 grant from the legislature which gave the land to the
10 city to manage is at your discretion. If you wanted
11 to do that certainly whatever course we follow
12 whether it's for the commission to delegate that
13 authority or deny this lease and request that the
14 city do that something for the August meeting either
15 get involved directly to work out whatever
16 differences there are. If this is the only problem,
17 I'm sure we can work through it.

18 Given the history of this, I'm not sure
19 if those are the only differences that the city may
20 be involved with a project here given the original
21 intent to lift the trust if they understand that
22 perhaps the project isn't consistent with the trust.
23 Nonetheless, if there's some way to work through
24 this, give the opportunity to either return to the
25 commission in August with a redrafted lease, or if

1 the commission chose to delegate its authority to the
2 staff to make the ultimate decision, we can do that.

3 MR. BUSTAMANTE: All I know is two
4 things: One, in a small community, 24 jobs is a huge
5 number of jobs.

6 Second, if the experience with the City
7 of Eureka has been a very positive one, then it would
8 seem to me that we would have cause for belief that
9 some kind of language can be worked out since we
10 worked out eight others previously. We believe at
11 this point, however, that despite that information
12 you decided to deny the proposal, is there something
13 beyond this language here that you believe may not be
14 able to come to an agreement with in terms of a
15 lease?

16 MR. THAYER: I gave two or three
17 examples of problems in the lease. There are places
18 in the lease where there are blanks, several other
19 provisions that aren't filled out, and that kind of
20 thing. I don't want to say the comments I just gave
21 represent the breadth of the concerns. Our staff
22 actually has a two-page list of deficits respective
23 of both the leasing information.

24 MR. BUSTAMANTE: Which are not
25 wordsmithing issues.

1 MR. THAYER: I think this public trust
2 issue is a fundamental one. The others are not.
3 Again, if there's the will on the city's part to get
4 involved with this, we can work this through.

5 MS. PORINI: Mr. Chair, on that point,
6 I was curious about staff's recommendation which is
7 to deny the application, and I think that's where you
8 were going. Why can't we just simply postpone the
9 decision? Is there some time frame running with the
10 application and that necessitates denying it?

11 MR. THAYER: The statute, that requires
12 our review to begin with if any lease proposals also
13 requires that the commission act on any application
14 within 60 days after it is complete. So the only
15 impediment would be is if the lease application were
16 completed tomorrow, the commission would have to meet
17 within that 60-day period which we could attempt to
18 work out in order to review it. Otherwise, it's
19 deemed approved.

20 MS. CONNELL: I'll move that staff be
21 given the authority to try to work out the lease with
22 the City of Eureka, and I would strongly urge and
23 it's my sentiment if that's not worked out, you're
24 not going to have my support as to why it's not
25 worked out. I suggest you sit down with an idea of

1 compromise at that table.

2 MS. PORINI: Second.

3 MR. BUSTAMANTE: I think that that
4 motion, if I might also, includes the idea that this
5 is merely wordsmithing. That must be worked out.
6 That is, the issues of the public trust are decisions
7 that are made by this commission, and I don't believe
8 that we give the authority to the staff to work out
9 all the issues of the public trust. I believe that,
10 if there is a lease that can be entered into that can
11 be dealt with that you feel comfortable being able to
12 deal with, I think if I'm not mistaken, Madam
13 Controller, that that's the authority that we are
14 providing the staff at this time.

15 MS. CONNELL: Absolutely. I want to
16 make clear it is not my sentiment or the chair or the
17 finance representative that we expect to see
18 wholesale review of the public trust. I think the
19 public trust is pretty clear from my experience on
20 this board, and I'm not prepared to in any way
21 compromise the definition of public trust here. I'm
22 prepared to have you negotiate a lease which meets
23 the stipulations that would enable this to move
24 forward but not endangering the definition of public
25 trust.

1 MR. BUSTAMANTE: In fact, I would
2 suggest the staff that prior to conclusion that you
3 may want to contact individually the commissioners
4 just to make sure that they're familiar with the
5 specifics of the lease and anything else that may not
6 be exactly familiar with the straight lease wording.
7 Okay? I think that that was a motion to second, and
8 let the record show that that's a unanimous vote. We
9 hope that you'll be able to work it out. I think the
10 commission is trying to give you some deference here.
11 If you can work it out, it will have to come back,
12 and we may miss some deadlines. But that's the only
13 way we have to ensure the integrity of the process.

14 MR. GUPTON: Thank you for your time
15 and confidence. The issue is not public trust. It
16 goes beyond that.

17 MR. BUSTAMANTE: Thank you, sir.

18 We're going on to Item No. 71, the
19 Sacramento River Interagency Cooperative Agreement.
20 Is there a staff presentation?

21 MR. THAYER: Yes, Mr. Chair. This
22 project is going to be presented by Dwight Sanders,
23 who's in charge of our environment unit by the
24 commission to streamline the permitting process in
25 the Sacramento area.

1 MR. BUSTAMANTE: Staff presentation.

2 MR. SANDERS: Thank you, Mr. Chairman.

3 As was indicated, my name is Dwight Sanders. I'm
4 chief of the Division of Environmental Planning. And
5 the matter before you is a proposed agreement which
6 would involve the State Lands Commission and nine
7 other federal, state, and local entities and a
8 collaborative working arrangement with the cities of
9 Sacramento and West Sacramento and the business
10 interests that are represented on the chambers of
11 both cities.

12 The agreement had its impetus really
13 from the joint riverfront committee of the cities of
14 Sacramento and West Sacramento that approached the
15 agencies and suggested the formation of a permit
16 coordination team to assist the cities and developers
17 within the cities to implement a jointly prepared
18 plan for the Sacramento waterfront within the
19 boundaries of the cities of Sacramento and West
20 Sacramento.

21 We believe this is a very fortuitous
22 effort for the commission to be involved in. It is
23 truly one of the proverbial win-win situations, and
24 it is staff's recommendation that the commission
25 approve.

1 MR. BUSTAMANTE: Is there any
2 opposition?

3 MS. CONNELL: I move approval.

4 MS. PORINI: Second.

5 MR. BUSTAMANTE: Unanimous vote.

6 Item 72 and 73, I believe, are being
7 considered together regarding mitigation projects
8 proposed by Southern California Edison. Are you here
9 to provide staff presentation?

10 MR. THAYER: Mary Griggs, who's also a
11 member of our environmental staff, will explain this
12 project including a representative who's at hand
13 who's the deputy director to Bolsa Chica.

14 MR. BUSTAMANTE: There are quite a few
15 number of staff people because I only have two
16 members of the public currently.

17 MR. THAYER: There are only two
18 members.

19 MS. GRIGGS: My name is Mary Griggs.
20 I'm staff at the State Lands Commission. The project
21 before you as applicant is Southern California
22 Edison, applicant for the owners of SONGS of San
23 Onofre Nuclear Generating Station. The project is
24 construction and management of an artificial reef on
25 offshore San Clemente. Number 72 is for

1 certification of a final program environmental impact
2 report which was prepared for the project. EIR was
3 done because the project will be done in two stages,
4 and the first stage is an experiment, an experimental
5 reef.

6 You have a colored photo in front of
7 you, and there's a blowup that shows the
8 configuration of the experiment. The pink modules --
9 there are 56 of them -- will cover 22.4 acres. There
10 will be .4 acres each, and they are approximately
11 half a mile offshore and extend two-and-a-half miles
12 from north of the San Clemente Pier to San Mateo
13 Point which is about two-and-a-half miles down the
14 coast. The experimental reef, once it's put in, will
15 be monitored for five years by the coastal
16 commission, and the information gained during that
17 monitoring period will be used to design the full
18 mitigation reef.

19 The coastal commission required SONGS
20 to carry out this to mitigate for losses at San
21 Onofre which was associated with SONGS units 1 and 2.
22 As Paul Thayer said, Susan Hansch from the coastal
23 commission is here. Susan is going to give a brief
24 background of this project, and Don Dixon will tell
25 you a little bit about the design of the experiment.

1 MS. CONNELL: Mr. Chair, as they
2 present this information, explain to us how we deal
3 with this in the context of my earlier recommendation
4 of looking at the broader issue of rigs to reefs.
5 And I'd like to know how artificial reefs fit into
6 that discussion. If you could comment on that.

7 MS. HANSCH: Susan Hansch, chief deputy
8 director of the California Coastal Commission. It
9 started in 1973 when the coastal commission was faced
10 with an application by the owners of the Southern
11 California Edison, San Diego Gas and Electric, and
12 several cities to propose Units 2 and 3 of the San
13 Onofre Nuclear Generating Station. The initial
14 application was denied by the coastal commission in
15 1973 and came back in 1974.

16 One of the key elements of the denial
17 was there was very little reliable scientific
18 information that really answered what the impacts on
19 the marine environment on Units 2 and 3 were going to
20 be. It included a key condition that required an
21 independent scientific committee, the marine review
22 committee to carry out a comprehensive to the SONGS,
23 the power plant on the marine environment. The
24 commitment that the owners of the facility, Southern
25 California Edison, would make future changes in the

1 plant up to the adding cooling towers to the facility
2 to-mitigate impact. Well, this was a three-member
3 independent scientific committee, and they use very
4 advanced techniques for measuring impacts.

5 There was peer review. It was a very
6 key component of the studies. The studies went on
7 for 15 years. In 1989 the final report of the marine
8 review committee was submitted to the coastal
9 commission. The coastal commission had numerous
10 workshops, worked with the Department of Fish and
11 Game, all the interested parties; and we took to the
12 coastal commission in July of 1991 a proposal to
13 mitigate these impacts.

14 The key elements include the
15 restoration of 150 acres of wetland, 300 acres of
16 artificial kelp reef, independent monitoring and
17 barriers at the power plant to reduce fish losses.
18 Some progress was made by Edison during 1991, but
19 it's the long story about what happened during that
20 whole process which I won't go into unless you have
21 questions.

22 In 1995 there was an amendment to the
23 coastal commission to modify the requirements, and
24 that was rejected by the coastal commission on a
25 technicality on how it was submitted. And in 1996

1 another amended application was submitted, and in
2 1997 the coastal commission adopted a new condition
3 package which is the Edison project which is before
4 you today to be implemented. This is the package
5 that we are implementing now which includes 150 acres
6 of the wetland restoration, 150 acres of medium to
7 high density kelp which could mean there could be up
8 to 3 acres of actual reef to get 150 acres.

9 The key goal here is to re-create the
10 loss of kelp bed community. We worked with Fish and
11 Game to achieve that goal. Never before has there
12 been an artificial reef of this size to re-create a
13 kelp bed. Therefore, all the scientists that have
14 been working on this project believe this
15 experimental reef which is before you today is a
16 critical key element to answering the question how to
17 do it.

18 Dr. Don Dixon will in a moment explain
19 to you some of the scientific aspects of the design
20 of the scientific studies, and we can answer
21 additional questions as you go through. You asked
22 several questions about the issue of rigs to reef,
23 and the rigs to reef, we believe that's a very
24 important issue. And our commission is looking at it
25 in the concept of a whole decommissioning of the

1 facilities that are both on state lands and on the
2 OCS. We've been very involved with state lands in
3 addressing these issues. We think there's some very
4 key scientific studies that have to be done to look
5 at how you dispose of reefs -- excuse me. Dispose of
6 rigs to which are quite different from what we have
7 before you today in this project which is
8 specifically designed to grow kelp, not to dispose of
9 a reef.

10 We'll be happy to answer other
11 questions on that subject, but we look at it as a
12 very different issue that is before you in this
13 project. Now, I'd like to have Dr. Don Dixon answer
14 some of the specific points.

15 MR. DIXON: My name is Don Dixon. I'm
16 an ecologist in the technical services unit of the
17 California Coastal Commission. I think the main
18 characteristic of this mitigation project is that it
19 is not focused on one or a few species, but the
20 intent is to re-create a whole community of organisms
21 that are associated with giant kelp forest. No one
22 has ever tried to do this before, and no one knows
23 just exactly how to do that. That isn't to say there
24 have been many artificial reefs built in California.
25 There have. These have been built with the intention

1 of attracting fish to provide fishing opportunities,
2 and they have not been directed toward reinforcing
3 the kelp community.

4 There's certainly some information
5 about how things should be built. It shouldn't be a
6 pile of rocks. Most scientists that we've consulted
7 with believe that to the extent that you can imitate
8 the natural physical environment that you're going to
9 have a very good chance of receiving the natural
10 biotic environment.

11 With no further information, one would
12 probably use rock, and the rock that is available is
13 quarry rock. The California Department of Fish and
14 Game has also been using high density clean concrete
15 rubble in some of their reefs, and there are
16 certainly advantages to this. There are fewer
17 environmental impacts associated with recycling
18 existing materials, but we don't know how to go about
19 doing this. And we don't know the suitability of the
20 two structures or the two substrate types for all the
21 different types of organisms that are associated with
22 the kelp force.

23 So that's the reason for doing an
24 experiment. This is a very large undertaking, and
25 the notion is let's try something small, get some

1 information, and use that as a basis for coming up
2 with the design for the larger project.

3 So the experiment is designed to test
4 two clean high density concrete roll and quarry rock.
5 And the next question is how much do you put out?
6 And so we're going to be putting it out with a
7 17 percent cover, 30 percent cover, and 67 percent
8 cover of the seafloor that will then be turned into
9 hard substrate. That gives us six kinds of
10 treatments to look at.

11 In addition to that, there were a
12 number of suggestions for adding some sort of kelp
13 transplantation that might encourage the process to
14 move along a little more quickly. Two more
15 treatments were added which has kelp transplanting on
16 both substrates at 34 percent cover. So that gives a
17 total of eight streams, and then this is going to be
18 replicated.

19 And if you look at the chart there,
20 there are seven clusters of dots, each dot
21 representing a treatment. They're spread more or
22 less evenly over the lease area. This will be
23 monitored for five years. And I might say that
24 there's been a tremendous amount of scientific input
25 into this design of marine scientists with Edison,

1 Dennis Bedford with the California Department of Fish
2 and Game, and numerous academic scientists to come
3 together with this design. It will be monitored for
4 five years, and at the end of the time, the
5 information will be used to design the best reef to
6 provide for mitigation.

7 MR. BUSTAMANTE: Thank you, sir. We
8 have a gentleman -- I'm just not having a good day
9 with names today. Rodolphe?

10 MR. STREICHENBERGER: Thank you. I
11 have a very difficult task today to oppose the
12 project of the experimental reef. It's difficult
13 because I oppose the California commission, and it's
14 not an easy job. I do it. Ten years ago with Willow
15 Norse from Cal Tech, I was arriving here in
16 California to stop a project research on how to build
17 marine habitats.

18 So we started ten years ago, and our
19 first visit was to go to Edison because it's a big
20 project to do. It was always without doing nothing
21 since ten years because it started in '77. It's the
22 first damage ten years after, and we came. We don't
23 know. Well, what can you do something? We have this
24 research, the research, you know, to build marine
25 habitat with a new concept and new ideas. Edison

1 said to us, "Very good. Please do that. Please do
2 that. We wish you well" because since ten years, you
3 know, coastal commission ask us only one thing. "You
4 put an artificial reef, we squire your rock."
5 Nothing else. No choice. No alternative.

6 There's a coastal commission. What can
7 we do? They want that. They want that. "If you do
8 something better, we'll be glad to do that." We
9 stopped where we were with marine society. We found
10 volunteers. More than 1,000 volunteers worked on
11 that as 80 some people accept donations. We did
12 well, and we succeeded well with a very new
13 technique.

14 This new technique consists in planting
15 kelp and planting shellfish which is very important
16 to make a marine habitat on the sand. It is
17 completely original, and we can do it with great
18 advantages. It costs less. It's highly productive
19 because we put all strains of water in the quarry
20 which is not done with the habitat and also because
21 it is removable.

22 If we make a mitigation and something
23 wrong happens on the beach, you can immediately
24 remove that and do it again. We cannot do an
25 artificial reef. We are happy with that, and we

1 presented the things to coastal commission. "Oh,
2 sorry. There is no alternative. It's going to be
3 artificial reef." Later accepted recycles things.
4 No alternative. Nothing. How is that possible, no
5 alternative? The law requires that alternative, and
6 we can never pass this door. The door was locked,
7 you know. They made a ruling which, certainly an
8 improper ruling as to was one thing.

9 So here we are today. When we heard it
10 was going to be State Lands Commission, it was a
11 great hope because at least we are not under the
12 dictate of the commission. It is going to be the
13 state lands, and we are very happy. We are still
14 happy tomorrow. Tomorrow I don't know on the
15 decisions. We're happy today. We have very
16 important things of great consequences to be heard by
17 you in our position. There is five points.

18 Now, everyone knows that everything in
19 this plan, the artificial with rocks has been
20 designed by the staff of the commission by the
21 executive Mr. Peter Douglas. He has designed it. He
22 has the people to do that. He collects the money.
23 He distributes the money, and he choose everything.
24 He's a big king on that. So we said it's not a
25 project of coastal Edison. And everyone agrees. It

1 is a project of coastal commission.

2 So my first objection is this project,
3 you know, this experiment reef proposal is a product
4 of the improper activity of the staff of the
5 California Coastal Commission. And for that I have
6 the law. Reading the law is a description of the
7 duty, you know, and proverbs of the police. It is
8 clearly said, you know, Section 30351 that the
9 function of employees is limited to matters of
10 procedural and is not extendable to the manner in
11 which a proposed development might be made on that,
12 on the making of this.

13 Second, this experimental reef proposal
14 is a proposal of the California commission only.
15 Alternative mitigations do not exist. You have not
16 one alternative, alternative to an artificial reef
17 built with rock or concrete. We have not one
18 alternative. It is against the law. CEQA asked for
19 the consideration of reasonable alternatives,
20 physically attend, visit objectives of the project,
21 and reach a comparative merit of the alternative.
22 You have no comparison.

23 Sir, only five, sir. Third, this reef
24 is with quarry rock you have which is urging
25 material. You have to go to open the mind and take

1 out of the land this version material which is much
2 better to stay here without any ecosystem. The idea
3 to use rock is a foolish idea. It's an insult to all
4 the movement, you know, and when you have a policy of
5 recycling which is asked to every city to every
6 individual when cities are judged by the treatment
7 the recycling of their waste by 30 percent,
8 40 percent, 50 percent, it should go up to
9 70 percent. And you can use recycled concrete, you
10 know.

11 Everyone is not going into that and
12 where to go and put out of the land a material. In
13 fact, this version material, well, you can do it, but
14 there is a law that can stop that too. This quiet
15 rocks are more polluting in the air. They send tons,
16 hundred of tons in this project will be ton, putting
17 things more than recycled concrete. So the law said,
18 "Stop. You don't use it." It's absolutely clear.
19 There is overriding because I'm sorry there is no
20 overriding consideration.

21 They talk about interest of five years
22 experiment scientific. They are going to learn
23 something. They are going to learn nothing. If
24 there is really a scientific substance and what they
25 say is to compare the volume of rock, they would have

1 written it. They would have made a scientific
2 writing about it. This is not one written on that.
3 Scientists, of course, are going to write about it.
4 I tried to heard something from them. I heard
5 nothing. They said maybe it will be better. I could
6 explain that to you. It would take some time. It's
7 absolutely it's going to be insignificant difference
8 between the results, you know.

9 Only one more, sir. Yes. Four in the
10 last five years, you are 20 years late, you know, on
11 your land to replace lost materials. And five years
12 most when there is no reason. Don't accept that.
13 Don't lose time. Just now it is on you. Stop now.

14 And last opposition I term is that in
15 these projects, there is no responsibility. We are
16 going to project with nobody responsible. Is it
17 going to be the commission, or is it going to be
18 Edison? Edison, no, I am not going to be responsible
19 because everything has been designed by executive.
20 These are my points. Please read through that. As I
21 want to be positive and fast, you cannot throw all
22 this in the water. You can just tell them, "Okay,
23 guys. Enough experiment. Enough study. Enough
24 years lost. You just start that with recycled
25 concrete. We are recycling. Do that stuff. Make a

1 prototype."

2 I have a second suggestion is to ask
3 for an alternative, and for that I would like you if
4 respectful suggestions, you write to Edison and you
5 say, "Edison, you present to us only one thing. We
6 want something else, and we want something else now."
7 And they will have it because the something else is
8 ready. Within one month if you send a letter to
9 Edison, present the alternative because it is the
10 law. It is in the law, and once we have this
11 alternative from Edison because we are behind.

12 Sir, all this is written. This is the
13 opposition reasons, and this is my request for you to
14 ask an alternative to Edison. Please use that, sir.

15 MR. BUSTAMANTE: Thank you. We now
16 have someone from Edison, Melone, Frank L. Melone,
17 M-e-l-o-n-e? Melone, yes?

18 MR. MELONE: Yes. My name is Frank
19 Melone. I'm the project manager for the San Onofre
20 mitigation program. I want to say this process has
21 been very long and exhaustive. We think your staff
22 has done an excellent job in going through the
23 environmental process, going through the
24 alternatives, some of which were suggested to you by
25 Mr. Streichenberger today. We support the

1 certification of the EIR and your approval of the
2 lease so we can go ahead and move our mitigation
3 program.

4 We believe that with your approval of
5 the lease today that we can begin construction by
6 this August, and it's our hope that we can finish the
7 construction before lobster fishing season begins in
8 October. So that's all I have to say, and if you
9 have any other questions about the project, I'll be
10 glad to try to address it.

11 MS. CONNELL: I'd like the speaker to
12 address the concern that was raised as one of the
13 five points of whether or not Edison is walking away
14 from this project and assumes full responsibility of
15 the coastal commission.

16 MR. MELONE: Not at all. We feel
17 committed to undertaking the project as required by
18 the coastal commission. We've been working very
19 closely with your staff and the coastal commission
20 staff to review the environmental process.

21 MS. CONNELL: You're willing to have
22 that made as part of your motion today?

23 MR. MELONE: Certainly.

24 MS. CONNELL: That takes care of one of
25 your five items.

1 MR. BUSTAMANTE: Any other questions?
2 The gentleman also, I believe -- sir, don't leave
3 yet, Mr. Melone. The gentleman says that you have an
4 alternate mitigation in your back pocket. Want to
5 show us what it is?

6 MR. MELONE: I don't know what he's
7 talking about. We have considered many options.
8 Some of the options that Mr. Streichenberger has
9 discussed with some of our staff, we think have
10 merit.

11 MR. BUSTAMANTE: The issue of pouring
12 rock instead of recycled concrete, we heard this in
13 the previous discussion as well that somehow -- I'm
14 not sure why -- but recycled concrete is better than
15 the rock. Is that considered in the development of
16 this proposal?

17 MR. MELONE: We would support an all
18 concrete reef. We believe there's ample evidence
19 that an all-concrete reef will be successful. At the
20 same time we acknowledge that there isn't exhaustive
21 scientific information to support that information.
22 It's mostly anecdotal information. We're willing to
23 move ahead with the project to prove out that point
24 to prove that concrete will be a successful medium
25 for artificial.

1 MR. BUSTAMANTE: I thought he indicated
2 quarry rock was being used.

3 MR. MELONE: It's being used in the
4 experimental reef project because we're comparing
5 quarry rock to concrete to see if there's any
6 difference in those substances in terms of supporting
7 a kelp reef.

8 MS. CONNELL: What are you putting into
9 this project? We thought it was quarry rock.

10 MR. MELONE: It's both. Some will be
11 quarry rock; some will be concrete.

12 MR. THAYER: Let me interject. Before
13 you right now is just a 22-acre plot in which all of
14 this is going to be tested. The ultimate project is
15 150 acres and will come back to you again once it's
16 determined which is better, concrete or quarry rock.

17 MR. BUSTAMANTE: His concern was that
18 you're going to study. You're going to find out.
19 You're not going to learn anything other than
20 recycled concrete was the right answer is I think
21 what you're saying. The period is for five years?

22 MR. MELONE: Five years.

23 MR. BUSTAMANTE: That's what the whole
24 five years was.

25 Any comments on that, staff, about the

1 suggestions that we really don't need a five-year
2 wait or a study period, that we should move forward
3 on this thing with recycled concrete?

4 MR. THAYER: The very fact over which
5 substrate to use dictates that this experimental
6 approach makes the most sense. So I think going
7 forward with the project the way it's been proposed
8 that, if we test both kind of substrate and use that
9 evidence to decide on the components that are going
10 to the eventual full mitigation project.

11 MR. BUSTAMANTE: Is there a motion from
12 the committee? There is no motion. So is there any
13 questions? There's no questions. So are there any
14 comments?

15 MR. MELONE: I have a comment.

16 MR. BUSTAMANTE: This was for the
17 commissioners, and we'll move away from the
18 commission members, and we can take more -- go ahead,
19 sir.

20 MR. MELONE: We've been working as has
21 been pointed out for over 15 years trying to do
22 what's right with the operation of San Onofre Nuclear
23 Generating System. It's been a long process coming
24 to your agreement with the staff and the coastal
25 commission staff how we ought to approach this part

1 of the mitigation program. We think we have
2 agreement with all of the state and federal agencies
3 involved. We're this close to beginning to being
4 able to begin the actual mitigation of the impacts
5 that the coastal commission believes are caused by
6 the power plant.

7 The State Lands Commission
8 certification of the EIR and approval of the lease
9 agreement is a key step in this process. Again, I
10 urge you to certify the EIR and approve the lease
11 agreement today so we can move ahead with this.

12 MR. BUSTAMANTE: Unless there's a
13 motion or some comment or question from the
14 commissioners.

15 MS. PORINI: May I ask staff a timing
16 question? Are we under some time constraints to EIR
17 today, is it?

18 MR. THAYER: There's two actions that
19 you need to take if they are going to move forward.
20 The second is to approve the test project. I'd like
21 to hear from the coastal commission from our staff on
22 this if it's not approved, and we don't approve until
23 August that because of this forthcoming lobster
24 season, we fall out of the construction season for
25 this year. And it will have to be put off another

1 year.

2 MS. GRIGGS: We'll lose a year. This
3 has to be taken back to the coastal commission
4 hopefully in July and is a very small window of
5 opportunity to put the experimental reef before we're
6 up against the lobster fishing season.

7 MR. BUSTAMANTE: Yes, sir.

8 MR. STREICHENBERGER: Thank you, sir.
9 I will point to you, sir, that with this experimental
10 reef, you go on doing nothing. It has been 20 years.

11 MR. BUSTAMANTE: Let's expand our
12 information. Let's not go over --

13 MR. STREICHENBERGER: It's not useful.
14 I propose that this experiment is transformed in a
15 project with just the recycled concrete. You don't
16 need the experiment --

17 MR. BUSTAMANTE: You've already
18 indicated that, sir.

19 MR. STREICHENBERGER: My second point.
20 Don't forget they're not supportive at all because
21 they like to drag like this. They don't spend their
22 money. They just spend -- that's the point, sir.
23 They don't spend their money, 100 years. It's
24 growing, you know. Please ask --

25 MR. BUSTAMANTE: We're looking for

1 additional information. Anything from the coastal
2 commission staff?

3 MR. STREICHENBERGER: Let me start off
4 by highlighting again that the goal of the coastal
5 permit is to develop an artificial reef to mix the
6 natural environment and creates a living, breathing
7 kelp bed community. It's never been done at the
8 scale of 150 acres. All the scientists got together,
9 figured out a plan to do this experimental reef which
10 includes the quarry rock and the concrete, and there
11 are very strong performance standards in the permit
12 that require Edison to meet performance standards.

13 150 acres are medium to high density
14 kelp, all the invertebrates that need to be living
15 there before they are relieved of their
16 responsibility. And in order to put this burden on
17 the company, it's very important that there's this
18 experimental phase where you can test out the designs
19 before the whole 150 acres is put out there.

20 MR. BUSTAMANTE: Excuse me.
21 Commissioner?

22 MS. PORINI: I guess I have a real
23 concern about delaying the project for a full year.
24 With the indulgence of the members of the commission,
25 I'll go ahead and make a motion. I guess actually,

1 staff, we need two separate motions, first to certify
2 the EIR. I'll move that with staff's
3 recommendations.

4 MR. BUSTAMANTE: Second.

5 MS. CONNELL: I don't think it
6 necessarily has to be in the first piece. It has to
7 be on the construction of the reef.

8 MS. PORINI: Absolutely.

9 MS. CONNELL: I don't have a problem
10 with that. I'll certify the EIR. I'm more concerned
11 about the record component.

12 MR. BUSTAMANTE: That has been passed
13 by the commission to certify the EIR. And on the
14 second piece?

15 MS. PORINI: I'll go ahead and move
16 staff's recommendation and, Controller, could you --

17 MS. CONNELL: I would want to have if
18 you would indulge me here a requirement that Edison
19 play an active role and assume responsibility for the
20 project as originally defined so that we do not have
21 the coastal commission taking the lead here solely.
22 I want to see Edison assuming their corporate
23 responsibility, and secondarily I do want to add
24 clarification that we are including both prototypes
25 within this artificial reef, both concrete and the

1 quarry.

2 . That's acceptable with the maker of the
3 motion?

4 MS. PORINI: Absolutely.

5 MS. CONNELL: I'll second that.

6 MR. BUSTAMANTE: There's been a motion
7 by the commission once you lay out the statement
8 there. What do you have?

9 MR. THAYER: My interpretation of what
10 the commission is moving is first, of course, that
11 you've already certified the EIR but that you move
12 approval of the project as opposed with the
13 stipulation that Edison is the lead entity of the
14 project for the proponent of this has ultimate
15 responsibility for both liability and successful
16 conclusion of the project as well as ensuring that
17 the -- I believe this is included in the project
18 description -- in ensuring that the recycled concrete
19 and a quarry rock will be used in this test project.

20 MS. CONNELL: Then we'll have some
21 evidence whether or not what habitat seems to be
22 friendlier to the species that we're trying to
23 preserve here.

24 MR. BUSTAMANTE: There's a motion to
25 second. Let the record show that the amendment

1 passes unanimously. Thank you very much for all the
2 presenters.

3 Item No. 75, consideration of a
4 potential acquisition of the Fieldstone property at
5 Bolsa Chica. Staff presentation?

6 MR. THAYER: Our attorney, Rick Ludlow,
7 will present this.

8 MR. LUDLOW: Good afternoon,
9 Commissioner. Rick Ludlow, attorney with the State
10 Lands Commission legal staff. On the item before you
11 is asking your permission to accept the million and a
12 half dollars of the Kapiloff Land Bank Fund. Bolsa
13 Chica is a wetland in the northern portion of Orange
14 County. On the third side you find the city of
15 Huntington Beach. On the fourth side you find
16 Pacific Coast Highway, the beach, and then the sea.

17 This authorized expenditure of \$25
18 million in February of 1997 is for the purchase of
19 880 acres of Bolsa Chica to be combined ultimately
20 with the 300 plus acres that we own there.
21 Unfortunately at that time we were unable to acquire
22 a key piece of property called the Fieldstone
23 property because our sellers did not own it. They
24 have since acquired this property and are offering to
25 sell to us at the same price per acre as the other

1 property was offered to us. We don't have the money
2 to purchase it and the other problems, but the
3 coastal conservancy has created grant money. They
4 would like to give it to us for the purpose of this
5 purchase.

6 If you accept the money, we are not
7 approving the purchase at all. That has to come back
8 later for your consideration after some other issues
9 are cleaned up. This is just an authorization to
10 accept a million and half dollars into the Kapiloff
11 Land Bank Fund.

12 MR. BUSTAMANTE: Is there a motion?

13 MS. PORINI: I'll move that we encumber
14 the money for the land bank.

15 MR. BUSTAMANTE: The motion to second?
16 Let the motion -- the motion passes unanimously.

17 MTBE contamination. Staff
18 presentation?

19 MR. THAYER: You'll recall at your last
20 meeting, the commission directed staff to take steps
21 to ensure that MTBE was not leaking from our leased
22 facilities into the water and contributing to the
23 problem that we've read so much about. Our final
24 staff report will be the next commission, but we want
25 to give you an update on the progress. We have three

1 parts to this study. The first is a staff inspection
2 for lease. The second is a review of other programs
3 that relate to MTBE and finally in review with marine
4 compliance.

5 On the first phase, half the marinas
6 that sell gasoline. We have some pictures on the
7 wall behind you there. It is a little bit dark. On
8 the left-hand side is the principal components. On
9 the top is the tank. In the middle is the pipeline
10 coming out the pier. The bottom picture shows the
11 fuel pump. The middle two pictures are taken at Lake
12 Tahoe and show some of the pumps, and finally the
13 right-hand side, you see a typical refueling
14 operation which is pumping gas in the back of the
15 boat, the operators on the boat, and the marine
16 operators assisting on the dock.

17 To date we've discovered no leaks from
18 any of the 15 marinas we've inspected. We usually
19 inspect for actual refueling of the boat, but when
20 the boat's not being refueled, they carry with them a
21 fuel can which they pump the gas in. As to the other
22 two aspects of the program, a lot of other agencies
23 are involved in the water quality issues which are
24 part of the MTBE issue. Most significantly I know
25 there have been some questions about the increased

1 MTBE in water in marinas. The state controller has,
2 in fact, shown that to be the case, and they're
3 working on determining the exact cause.

4 Of course, there's two readily
5 identifiable causes. There is some kind of leakage
6 that is creating a problem. The one we're
7 understanding is making it more likely because boats
8 are concentrated in the marinas out of the exhaust,
9 particularly the two cycle engines that that's
10 falling on the water and creating concentrations.
11 We'll know when the studies are completed.

12 There are educational programs that
13 help refuel safely. Once MTBE is gone, there is gas
14 and contamination water which we want to avoid.
15 There are flyers and posters going out. We are
16 assisting this where we've helped distribute flyers
17 to our marinas. We're part of a comprehensive
18 program. In terms of compliance, we found that most
19 marinas meet existing state law and regulations.

20 There is one in the staff report
21 regarding preparation for the event of a spill, and
22 we're finding that our marinas are not up to date on
23 that plan. Interestingly enough when our staff
24 quizzed the marina operators or personnel how they
25 would respond to the spill, most of them know the

1 right answer. They know what to do. Nonetheless,
2 our leases require that all marinas be in compliance
3 with all existing laws and regulations and responses.
4 To identify the problem, we'll send out a letter
5 asking that they be up to date on this plan.

6 That completes the report. That's the
7 interim report. We will complete our final
8 inspections at the next August meeting, and we will
9 bring back any other further recommendations we have
10 for you. If there's any additional, we'll be glad to
11 take that up.

12 MS. PORINI: Is there anything from the
13 commissioner?

14 MR. McINERNEY: Is there any study done
15 at all in terms of the surge of overflow that occurs
16 when you're filling up a boat tank or one side of the
17 boat? Multiple tanks times the pistol grips on the
18 gas whatever that is, we sent like a car so that you
19 either are at full blast but there's no incremental
20 point in trying to fill the tank in order to cool
21 down the fuel so you don't get a surge in the
22 backfill.

23 MR. THAYER: I haven't seen particular
24 reviews of that problem although we'll look into it.
25 This card that I was showing you does recommend

1 leaving 5 percent for expansion in the hot weather.
2 So the recommendation to boaters when they're
3 refueling is not to top off so you wouldn't have that
4 problem if you were leaving 5 percent of your tank
5 empty. You wouldn't have the automatic cutoff.

6 There are a couple of other
7 recommendations here. For example, they suggest that
8 you keep your hand near the air vent. You can
9 increase your back airflow. There are different
10 indications you can have. So there's some in these
11 guidelines, there's some recommendations that appear
12 to deal with some.

13 MR. McINERNEY: On my boat I've got
14 three 40-gallon tanks, and the ones that are located
15 closer to the side when they get heated up, you get a
16 vapor lock. As you begin putting the fuel in, it
17 comes right out at you, and part of the problem is
18 that the trigger grip on the gas nozzle can't be
19 adjusted in such a way as to allow a small amount.
20 You're either at the level where you hook it on with
21 the first little latch to have a continuous flow, or
22 you're getting nothing out at all.

23 MR. THAYER: So the suggestion here is
24 the type of nozzles that are used in gas stations
25 where you have that quick cutoff and other kind of

1 nozzle.

2 MR. McINERNEY: There should be some
3 incremental part on the trickle so it's coming out in
4 the beginning. Cool off the pipe so you're not
5 getting a backflow. If you look at the boats
6 refueling Colorado River when it is real warm
7 outside, it takes three or four times the back surges
8 before they finally cool down that pipe so you're
9 able to have the gas flow on a consistent basis. It
10 doesn't happen early in the morning or in the
11 evening, but it does happen during the midday sun.

12 MR. THAYER: I think I understand the
13 problem now.

14 MR. McINERNEY: I smell like gas in the
15 summer.

16 MR. THAYER: The State Water Resources
17 Control Board is looking into specifically adopting
18 regulations regarding marina refueling facilities,
19 and we'll talk with them about that.

20 MR. BUSTAMANTE: Any other questions?
21 No public comment on this issue?

22 (Recess taken.)

23 MR. BUSTAMANTE: In order to
24 accommodate the controller's schedule, we'd like to
25 take Item No. 78 prior to Item No. 77, and we'll come

1 back to 77 directly afterwards. Item 78 is regarding
2 the Platform Holly. Do we have a staff presentation?

3 MR. THAYER: That staff presentation
4 would be Al Willard, one of our engineers from the
5 Southern California office.

6 MR. WILLARD: I'll certainly do that.
7 This is on Platform Holly. The first is a general
8 location map where I think most of you are aware of
9 where Holly is in relation to Santa Barbara and the
10 onshore. This is a picture of Platform Holly with
11 the flare jutting out in the rear there. Here's a
12 close-up of the flare that was recently installed.
13 Another aerial view of the onshore Ellwood site with
14 processing facilities about four-and-a-half acres
15 involved.

16 The matter while we're here today, of
17 course, there was a series of gas releases that
18 occurred from Platform Holly and indeed the onshore
19 facilities. And while the Air Pollution Control
20 District determined that these releases were not
21 indeed threats to public safety or health, they
22 certainly did result in a lot of complaints of strong
23 odors to the APCD, and these releases continued on
24 through April. And on April 14 the agency issued an
25 abatement order to Venoco which provided a provision

1 if there was a release of one minute or more, the
2 facilities had to be shut down and get further
3 approval for restarting from the Santa Barbara County
4 review committee.

5 It also provided for the fact that a
6 flare was to be installed and operating on Holly
7 before any operations would be allowed.

8 On April 29 shortly after this
9 abatement order was issued, there was another
10 30-minute release and one barrel oil spill which
11 caused the abatement order to be invoked, and the
12 facilities were shut down at that time. The lands
13 commission staff directed Venoco not to resume any.
14 They felt that appropriate measures were taken, and
15 an extensive safety audit of Platform Holly was
16 undertaken. Even while the platform was shut down
17 while they were investigating the release that
18 occurred on the 29th, they inadvertently opened a
19 valve --

20 MR. THAYER: If I can interrupt for
21 just a moment here. The commission staff is not
22 proposing any actions because, as most of the
23 commissioners know, the platform has been allowed to
24 reopen because they've met all the conditions that
25 were necessary to make it safe. I think we should

1 afford the controller, give any opportunity she might
2 have to ask since she's time limited.

3 MS. CONNELL: This subject came up
4 earlier as you recall in our last meeting, and I
5 raised my concerns. They're not just extended to
6 Platform Holly. My concerns are much broader. We
7 have probably before this commission the historic
8 responsibility which I know I carry, and I'm sure
9 Cruz and Annette do is very serious, making decisions
10 as to whether to renew leases of oil wells off the
11 coast of California. And at our last meeting on
12 April 13, I raised a number of concerns about the
13 operation of offshore oil development on state
14 leases, and I'd like to know if the commission staff
15 has had the opportunity to develop any information on
16 these issues.

17 I appreciate the letter that I received
18 from Venoco which, I guess, tried to respond to my
19 questions in relationship to their operation. I have
20 visited Platform Holly, I must say, before all of
21 these recent admissions have occurred and am
22 concerned that not only on that platform but across
23 the board about the ability of independent operators
24 to properly administer these leases. And I asked the
25 staff to ensure that independent companies which have

1 been taking over the operations from companies have
2 the resources.

3 I asked about key man assurances in
4 that regard and whether the owners of independent
5 companies are also the operators or whether we're
6 cutting the line there.

7 I know, Paul, you've given that some
8 thought. State and federal regulations in response
9 to community leaders have come to me and said,
10 "Federal regulations are much more stringent than
11 state. Why are you not moving along federal lines?"
12 I wanted a response from you on that as well.

13 A third concern which I raised is
14 whether offshore oil facilities have extended the
15 design lives or when they were designed. Is it
16 assumed they would no longer be viable? I guess you
17 can extend the word "viability." You wonder whether
18 or not you have it or you've ended up with some
19 artificial replacement. I have a concern in that
20 regard.

21 And finally what improvements are going
22 to be made by the joint regulations with the
23 Department of Conservation relationship to this
24 issue? I guess now given the recent spate of concern
25 about the federal, I think we need to tie into our

1 understanding how we're going to provide a supportive
2 element there so the state can move both agendas
3 forward, not only state oil leases but those in the
4 federal government.

5 Thank you, Mr. Chair, for letting me
6 raise those issues.

7 MR. THAYER: We have investigated these
8 issues since you raised them in our last meeting, and
9 we have a fairly extensive presentation. I wonder if
10 the better way to go is to provide you the
11 information at our next meeting, and we will continue
12 to investigate some of the issues that you've raised.
13 Some of them can probably benefit from a little more
14 work as well. I want to do justice to the question.

15 MS. CONNELL: I'm comfortable with
16 that. If there's any materials you can share with my
17 colleagues on the board between now and the next
18 meeting, that would be helpful. I urge any of the
19 community individuals who are going to be speaking to
20 the commission. I welcome any of your comments. I
21 will have my deputy sitting in for me for the rest of
22 the meeting, but I do welcome any of those comments
23 at this meeting or at our office.

24 MR. THAYER: I'm sorry to interrupt.

25 MR. BUSTAMANTE: Do you want to

1 continue to our next presentation?

2 MR. WILLARD: We can move on.

3 MR. THAYER: I think there are a number
4 of -- Mr. Chairman, it's a pleasure, of course, but I
5 think there's several people who want to speak about
6 the Holly issue.

7 MR. BUSTAMANTE: I'm looking for the
8 final staff presentation. Is that done now?

9 MR. THAYER: I don't think Mr. Willard
10 had a chance.

11 MR. WILLARD: The current status of
12 Holly. The safety audit has been completed. The
13 Ellwood facility remains in operation. Holly has
14 been authorized. It's authorized on June 11 with
15 Venoco agreeing to a number of State Lands Commission
16 start-up conditions. The Holly and Ellwood
17 facilities are currently being tested in the phase
18 process. They will be up to full production by the
19 end of the week. If you would like our consultant
20 that is in the audience today, he could describe kind
21 of the scope of the audit that was conducted, or we
22 can move on.

23 MR. BUSTAMANTE: I'd like to hear it.

24 MR. THAYER: While he's coming up, I
25 understand you have a list of the different equipment

1 changes that have been made at Platform Holly. Have
2 those been distributed to the commission? I believe
3 Sharon was going to make those available.

4 MR. THAYER: When she comes back, we'll
5 make sure you get a copy.

6 MR. GEORGE: My name is Alan George.
7 I'm with Pacific Process Systems. I'm here
8 representing both Phil Reeves, director of Pacific
9 Sea Tech, and Jim Fleck, the senior instrument
10 technician for Pacific Process Systems. They are the
11 two gentlemen who conducted the audit.

12 Phil Reeves has 20 years' experience in
13 offshore production systems. I've known and worked
14 with him for 19 years. Phil has personally trained a
15 vast majority of the offshore and most of the
16 federal, state, county, and municipal inspectors in
17 production safety systems. Pacific Sea Tech has
18 conducted audits of platforms for Unocal; Pooi
19 Operating, P-o-o-i, Operating Company, conducted
20 these audits in both federal and state.

21 Jim Fleck as I said is our senior
22 instrument technician. I've worked with him for 15
23 years, and he has 18 years' experience in instrument
24 control systems culminating with six years of
25 database experience as the contract specialist in

1 production safety systems on platform and federal
2 waters.

3 The audit standards, we used CSLC
4 Article 3.3 oil and gas production regulations. Then
5 I used API Recommended Practice 14-C, API Recommended
6 Practice 14-F, and API Recommended Practice 550.
7 Article 3.3, we used that as a basic guideline for
8 regulatory compliance, and on 14-C, we used the most
9 recent RP 14-C in the decision March 1998. This
10 recommended practice is a worldwide standard for
11 offshore platform safety systems.

12 I have personally used this for the
13 design of safety systems on facility construction in
14 the Amazon rain forest of Ecuador; the tundra of
15 western Siberia; Alaska; the lands of Colombia, South
16 America; as well as offshore California. RP 14-C
17 provides a safety analysis method that can be used to
18 ensure the safety of the platform process. The
19 analysis is a method to document and verify system
20 integrity procedures for testing safety devices and
21 acceptable test tolerances.

22 It assures that is complete,
23 independent of, and in addition to various process
24 controls. Proper application of RP 14-C along with
25 good design maintenance and operation of the entire

1 facility is to design to provide an operation to save
2 platforms.

3 RP 14-F, that's the design and
4 installation of the electrical systems for offshore
5 platforms. We referenced Section 9. It recommends
6 fail-safe modes of those safety control systems.

7 MR. BUSTAMANTE: Are all these new to
8 what we're asking platforms to do? Are there some
9 new standards that some of the others are doing?

10 MR. THAYER: I think in this particular
11 instance if I may that he's merely trying to describe
12 the standards that he did when he went and did the
13 safety audit. These should be met by platforms and
14 should be whether Holly was substandard or not.

15 MR. BUSTAMANTE: Can you tell us what
16 they did or instead of going through every single
17 process that he used, can you refer to those that
18 perhaps they were proficient in or they had to be
19 corrected in. Be a little bit more productive and a
20 little less boilerplate.

21 MR. GEORGE: Pacific Sea Tech and
22 Pacific Process Systems have found some of these
23 deficiencies, and the specific deficiencies are
24 outlined in the course in the CSLC staff. As far
25 as -- I'm not sure.

1 MR. THAYER: Could you describe those
2 deficiencies in a little detail and what was done to
3 remedy those deficiencies.

4 MR. GEORGE: I really can't. There
5 were several pages of deficiencies and --

6 MR. THAYER: Perhaps in order to
7 expedite the process, Mr. Chairman --

8 MR. BUSTAMANTE: Is that what this is?

9 MR. THAYER: Those include changes that
10 were made. I think Mr. Mount can respond directly to
11 some of the questions.

12 MR. MOUNT: There were a number of
13 deficiencies, about 65 total, identified in the
14 report. Some of those deficiencies were a result of
15 previous changes to the platforms. Some were as a
16 result of new API standards that came out in 1998.
17 It's a various number of things that caused these
18 deficiencies. We anticipate that all these
19 deficiencies will be corrected. We will require that
20 Venoco correct these deficiencies. Sometimes it
21 takes integrated analysis of the system to be able to
22 do so because these platforms are very complex, and
23 you don't want to make one change that may impact
24 something else and cause us more problems down the
25 road. We've gone through that analysis right now

1 with the consultants.

2 MR. BUSTAMANTE: Completing training
3 within three years, is that something that is
4 required now because of the changes in 1998, or is it
5 because they've never done this and they were
6 required to do that sometime ago?

7 MR. MOUNT: The MMS now requires that
8 type of training. They only did that last year. We
9 decided to adopt that as well. It requires that
10 training once every three years.

11 MR. BUSTAMANTE: Can we get to those
12 things, the problems that we found either leading up
13 to the shutting down or went to shut it down and gave
14 them the responsibility for opening up without all
15 the boilerplate stuff?

16 MR. MOUNT: You should have a copy of
17 the letter setting out the requirements in front of
18 you.

19 MR. BUSTAMANTE: I do.

20 MR. MOUNT: Start-up conditions are
21 listed. If you look at the slides up front there,
22 these are the start-up conditions, of course. The
23 temporary tray has been installed. All critical
24 safety devices that we found that were three of them
25 missing were corrected and installed. All

1 noncritical safety devices are to be installed within
2 six months. We want a plan for improvement and
3 organizational company procedures.

4 This is the first state platform and,
5 to our knowledge, the first even federal platform
6 where an audit of this type was done for humans.

7 MR. BUSTAMANTE: What is a noncritical
8 safety device?

9 MR. MOUNT: It could be a safety relief
10 valve that has redundant systems. There are backups,
11 two to three backups. It may be a backup, the first
12 device being the critical device, and the second
13 device may not be installed or may not work properly.
14 A noncritical device would be something as a backup.

15 MR. BUSTAMANTE: Is there an inspection
16 that's done in six months to find out whether that's
17 been done or not?

18 MR. MOUNT: We would expect everything
19 we require them to do. It will be ongoing, and we
20 will follow up with a follow-up inspection a year
21 from now to include all aspects of the inspection
22 that we did.

23 MR. THAYER: I think the direction from
24 staff on this was we could have gone in there and
25 identified the one or two pieces of equipment that

1 have failed in each of the instances, but we think
2 this would be putting a Band-Aid on the problem out
3 there. The audit that the commission authorized in
4 the April meeting, the purpose of that as well as the
5 other conditions, a lot of the conditions that were
6 in the letter was try not to take the Band-Aid
7 approach. Take the patient approach. Those are the
8 ones that have a lack of proper training, lack of
9 proper recruitment of replacement staff, this kind of
10 thing which in and of themselves won't immediately
11 cause an accident but contribute to the environment
12 that may cause an accident down the road.

13 We think this is the kind of
14 responsible approach the commission was looking for
15 rather than looking for one or two pieces of
16 equipment. These are some of the issues he's talking
17 about.

18 MR. BUSTAMANTE: Are the operational
19 structures on that platform safe?

20 MR. MOUNT: We've analyzed the current
21 condition of the platform. We believe it's safe. We
22 believe there are things that could be done to apply
23 the best available technology and best available
24 standards. In other words, we get it up to standards
25 that exceed all of our other platforms and federal

1 platforms as well.

2 MR. BUSTAMANTE: I believe in zero
3 tolerance. So the fact that somebody said, "Well,
4 another platform had 22 different problems. We only
5 had 8." To me that doesn't mean anything.

6 MR. MOUNT: And the objective here is
7 to eliminate any oil spill potential, to try to
8 eliminate any gas releases, and try to eliminate any
9 errors. We have done everything through this audit
10 that we can to eliminate any deficiencies or any
11 cause of any environmental pollution.

12 MR. BUSTAMANTE: And the actions of the
13 staff ought better be safer than sorry. The last
14 thing I'd like to see is that something happened here
15 and we knew that there were problems. We didn't get
16 around to doing them, or we didn't press as hard as
17 we should have. And as a result, something major
18 takes place under this watch. I don't want that to
19 happen in my watch. I want to be very clear.

20 MR. MOUNT: We will do everything we
21 can to prevent anything from happening. In this
22 audit we've taken measures far beyond what is normal
23 in the industry.

24 MR. BUSTAMANTE: I don't feel good
25 about pulling people out of work, and I don't feel

1 good about making sure we are putting people who are
2 trying to do a good job continue to do a good job.
3 They're there. I don't like them to be there, but
4 they're there. And as long as they're doing their
5 job the way they're supposed to be doing, I don't
6 have a problem with that. But if problems occur,
7 we're going to take quick and immediate actions, and
8 I want them to be thorough.

9 MR. MOUNT: Holly has the second best
10 oil spill record of any of our platforms and has only
11 had four spills since it was set in place compared to
12 state spills since 1978. It's been 61 barrels in
13 state waters. On federal spills it's been
14 800 barrels. Our platforms overall have a great
15 safety record.

16 MR. THAYER: And I think the more
17 important --

18 MR. BUSTAMANTE: Far too many for me.

19 MR. THAYER: When you draw a graph of
20 how many spills occurred ten years ago, there was
21 increased production there. We're on a downhill
22 slide in terms of the spill. We're not perfect, but
23 we're heading in that direction.

24 MS. PORINI: Concerns are about not
25 having spills and having as perfect a record as

1 possible to prevent that. Now that we've kind of set
2 new standards for Platform Holly, do we have a
3 program in place so as we inspect other platforms and
4 we're going to start applying the same standards?

5 MR. MOUNT: Our intent is between now
6 and December of 2000 to complete all the platforms'
7 audits and any deficiencies corrected.

8 MR. THAYER: We discussed in our last
9 meeting, we have draft joint regulations. This will
10 improve our enforcement abilities, and frankly I
11 think we're going to learn from Holly, that we're
12 likely to come back and ask for additional regulation
13 approval from the commission.

14 MR. BUSTAMANTE: Do you have anything
15 else?

16 MR. THAYER: Unless there's some other
17 questions, I do know that Venoco and the president of
18 the company are here.

19 MR. BUSTAMANTE: We have a few people
20 here who'd like to speak. Carla Frisk. We also have
21 Linda Krop and Tim Marquez, Frank Breckenridge, John
22 Buttney. That's the order, and be ready to come up
23 and speak.

24 MS. FRISK: I'm here for Jack
25 O'Connell, who represents the Santa Barbara area of

1 the coastline and the California State Senate. I'm
2 going to be very brief on this. I want to express
3 the senator's appreciation to you and commission
4 staff for moving in and taking the bull by the horns
5 on this issue. There's been a long history. The
6 County of Santa Barbara has been actively trying in
7 the best of all worlds that the State Lands
8 Commission and its staff is joining in that effort so
9 that we are approaching this problem in a unified way
10 and also just to extend my appreciation to staff for
11 keeping the senator's office informed almost daily
12 every few days as to what's going on. That was very
13 much appreciated.

14 MR. BUSTAMANTE: Thank you.

15 MS. KROP: Linda Krop. I'm the chief
16 counsel with the Environmental Defense Center in
17 Santa Barbara, a coalition of environmental oil and
18 gas issues in the Tri-Counties area. And some of our
19 constituents and supporters live right around the
20 facility and have been quite concerned with all the
21 problems lately. While it may be true that we
22 haven't had many oil spills from Platform Holly, what
23 has been the greatest concerns have been the gas
24 releases.

25 The gas that comes onshore from

1 Platform Holly is in sulfide concentrations. This
2 gas can be deadly at high concentrations, and the
3 releases have caused some injury and discomfort to
4 residents onshore. In fact, the April 29 release was
5 detected as far away as the Santa Barbara mesa which
6 is about from the Ellwood facility. That shows you
7 the impact from those gas releases. We have received
8 anonymous calls regarding complaints of violations
9 and other safety issues at both the Platform Holly
10 and onshore facilities for some time.

11 We have passed those complaints on to
12 all agency staff including the State Lands Commission
13 staff. With all due respect, we did not get any
14 response until just a couple months ago even though
15 we've been passing on these complaints for over a
16 year now. We'd like to extend our great appreciation
17 to the chair and Lieutenant Governor Bustamante for
18 shutdown of the facility. We appreciate the efforts
19 of State Lands Commission staff working with Venoco
20 on the safety, and we've been monitoring with respect
21 to the abatement order and the safety audit.

22 What concerns us is there are many
23 items yet to be resolved and completed with respect
24 to the safety audits and the abatement order. And
25 yet start-up is being allowed. I'm most intimately

1 involved with the county safety audit process because
2 there have been several workshops and hearings, and I
3 know many of the items identified will not be
4 completed until the end of the year. Some of them
5 are quite basic like API and doing the hazardous
6 assessments. A lot of that information still isn't
7 even available.

8 I don't know. As much as I tried to
9 get a staff report for this hearing, I never got one.
10 I don't know if there is a written staff report.
11 There wasn't one mailed to us. There wasn't one when
12 we signed in. I have no information. I'm letting
13 you know what's going on in Santa Barbara and
14 expressing our sincere appreciation for your judgment
15 in this issue and ask you to continue to protect our
16 health and safety.

17 One thing I would like to allude to is
18 the issue of the flare as a response to the problems
19 and as reason to allow start-up. The flare will
20 consist of a 110-foot flame, and it will although we
21 would prefer to have the flare and the no flare, it's
22 pretty impactful in and of itself. We would request
23 that the State Lands Commission require a flare
24 minimization program or condition that would utilize
25 the existing foreign utility line, use that as a

1 temporary reservoir for short releases so the flare
2 wouldn't have to be used. It would be used in the
3 short case longer releases.

4 To do that, Venoco would have to repair
5 the two-inch utility line that was crushed a couple
6 years ago to supply sales gas to the platform instead
7 of using the four-inch line. This is something that
8 we can maybe continue to work with staff on.

9 In our office Mark Chytilo is our air
10 quality expert, and he would be happy to work with
11 your staff on that issue. In terms of the general
12 sense I want to give is that we are concerned about
13 the gas releases. We don't have a whole lot of faith
14 in Venoco given their record over the last year, and
15 we appreciate all you can do to require full
16 compliance with the safety audit before allowing
17 start-up. Thank you very much.

18 MR. BUSTAMANTE: Do staff have any
19 comment on any of the issues that were raised?

20 MR. THAYER: I'm going to certainly
21 check into whatever problems there might be with
22 handling of any tips Venoco has received. I do know
23 that there was one Venoco staffer that was alleging,
24 and we would interview that person if there's
25 something else that's happening that I'm missing.

1 MR. BUSTAMANTE: And the flare
2 minimization?

3 MR. THAYER: We'll look at that. This
4 is only a temporary flare.

5 MR. BUSTAMANTE: Perhaps Tim can talk
6 about that. I'm sure you have some comment on it. I
7 think you're up next.

8 MR. MARQUEZ: I know you made the
9 comment here. I think you're not too concerned about
10 how we stack up to other operators offshore, but I
11 think there are some things that are important.

12 Just a little background of the
13 platform. It is the lowest emission platform off
14 Santa Barbara, and these come from the APCD. The
15 seep tents -- I'm not sure if you're familiar with
16 these, the seep tents, but it's a project that was
17 implemented by Arco where they actually had set
18 tents, steel tents over the natural seeps that occur
19 offshore. These seep tents capture over 5,000 times
20 as much replaced from Platform Holly. Incidentally
21 it's the only zero water discharge platform off the
22 coast, and this is the cleanest platform off Santa
23 Barbara.

24 A total of 34 different county, state,
25 and federal agencies audit our facilities. This is

1 the most scrutinized platform in the world. We have
2 every offshore basin around the world, and this is
3 the most scrutinized in the world. I think Paul
4 mentioned also, Mr. Mount, that this is the things
5 we're going through. Now, this platform is the most
6 audited platform of any platform in the world. We
7 have the latest specs that even current regulations
8 don't call for, but we voluntarily agreed to go with
9 them.

10 We have the highest standards for our
11 platforms. We understand in Santa Barbara, you're
12 going to be facing very close scrutiny, and we don't
13 have a problem with that. When we talk of Platform
14 Holly from Mobil, it was the cleanest offshore. This
15 is the least that occurred on the platform, and you
16 can see that the trend has been downward since we
17 took over. We're not down to zero. To be honest,
18 there's not a platform in the world that could ever
19 get down to zero leaks, but that is our goal to get
20 down there.

21 These are some of the things that we
22 implemented. Most of these were implemented prior to
23 any of the fuss that was caused starting about six
24 months ago. Staffing's been increased 32 percent.
25 The day we took over, we added a full time, what we

1 call fugitive emissions inspector, basically a leak
2 inspector. This guy looks at every component
3 offshore and onshore and looks for leaks and corrects
4 leaks. That's why we've ended up with the lowest
5 leak rate.

6 MR. BUSTAMANTE: Does that also include
7 gas leaks?

8 MR. MARQUEZ: I'm talking about gas
9 leaks here. Oil leaks are relatively easy to
10 control. Gas has got a low viscosity. It escapes
11 readily. We have a safety device tester. That
12 hadn't been employed before. We've done some things
13 even before all this fuss that we caused.

14 On the facility side of things, we've
15 spent over \$12 million to date in capital
16 improvements of which about \$2 million is for safety
17 improvements. These are safety improvements that we
18 implemented prior to anybody saying anything about
19 Venoco. We went about our business. I'm not going
20 to read through these in detail now. We have
21 installed the flare. There are not going to be any
22 more odors coming from Platform Holly. We have the
23 first internal pipeline inspection of those offshore
24 pipelines that's ever taken place off there. That's
25 using current technology. Previous operators, they

1 weren't able to do the technology. We've done them
2 and a number of other projects.

3 MR. BUSTAMANTE: What about the issue
4 that was raised about the two-inch pipe?

5 MR. MARQUEZ: The best way to deal with
6 any releases is through the flare. Any oil person
7 will tell you that. I wouldn't be in favor with
8 potential back pressure, and that's where it's going
9 into is the onshore facility. The best place to take
10 it is a nonpressure facility. In addition to those
11 we've implemented already -- we have \$1 and a half
12 million of safety projects and safety audits that
13 we've committed to. There's a lot of acronyms I
14 could throw around here. It makes my eyes glaze
15 over.

16 There's going to be a lot of additional
17 studies done. They're probably going to have some
18 additional cost associated with it. We're willing to
19 step right up and pay for anything that makes that
20 platform better.

21 I do want to just get into a little bit
22 of terminology here. There's been a lot of
23 characterization of some of the releases that we've
24 had out there as leaks. These are not leaks. These
25 are designed platform releases. The platform is

1 designed. In a process upset condition, there will
2 be a venting or flaring of that gas that's released.
3 There's no other way to design a platform. The
4 reason for that is if you don't release that
5 pressure, you can potentially rupture a pipeline or
6 vessel, and we don't want that to happen. Leaks are
7 when components on the platform onshore facility
8 leak.

9 Holly, we have 17 components that we
10 employed this leak inspector to go around and make
11 sure that everything's correct. And so they are two
12 complete and distinct things. But the bulk of the
13 things you've heard about over the last six months
14 are not leaks. These are actually part of the
15 platform design and any platform design.

16 MR. BUSTAMANTE: So releasing this gas
17 and having the stench over a part of the community is
18 something you're planning to do more often?

19 MR. MARQUEZ: We've installed the flare
20 that will eliminate any odors. Platform Holly was
21 the only one without one. There are a lot of
22 questions why there wasn't one. They tell us that 20
23 years ago, there was a similar issue came up, and at
24 that time there was some concern over the visual
25 impact of a flare. So it wasn't installed. That's

1 hearsay. It's a bit of a mystery why there is no
2 flare. We've never had a problem with flare. There
3 will be no stench coming from the platform. I want
4 to put some of these things in perspective, and I'm
5 going to do this. I do apologize. I know you don't
6 like comparisons, but I would like to put these in
7 perspective.

8 The May 26 was a 20 cubic foot gas
9 release. On an annual basis Platform Holly releases
10 about 40,000 cubic feet of gas. The 40,000 cubic
11 feet of gas, that's an annual basis. That's what we
12 released over the last year.

13 Now, compare ourselves to the second
14 best platform in offshore Santa Barbara. That's six
15 million cubic feet of gases. That's 150 times as
16 much as Holly releases.

17 MR. BUSTAMANTE: You're saying these
18 are in state --

19 MR. MARQUEZ: We have the only state
20 water platform offshore Santa Barbara. Of the
21 remaining platforms offshore, Santa Barbara on the
22 average releases 50 million cubic feet of gas a year.
23 Every platform now in Santa Barbara is flared. If
24 you look at how much recover in seep, we recover
25 gas from our seep tents.

1 Finally APCD estimates in addition to
2 the amount of gas we recover from our seep tents,
3 there's 2.5 million feet of gas that is released
4 naturally offshore from the natural seas. You're
5 probably also aware that the biggest area of oil
6 seeps also in the world is immediately around our
7 platform in the general vicinity there.

8 The last inspection for the APCD which
9 we have results compared ourselves to the other
10 platforms. Another measure of the efficiency of a
11 platform, how good an operation it is, Platform Holly
12 had four leaks. This is the inspection the APCD
13 witnesses. We had four leaks. The rest of the
14 platforms off Santa Barbara, they range from 4 to 32.
15 We're happy with that. We'll stay there. Our goal
16 is to get down to zero. We're not there yet, though.

17 MR. BUSTAMANTE: Any questions? Thank
18 you, Tim.

19 There's a John Buttney.
20 Mr. Breckenridge?

21 MR. BRECKENRIDGE: Good afternoon. My
22 name is Frank Breckenridge of the Santa Barbara
23 County Planning Department, the energy division. My
24 staff provides technical safety reviews for the
25 energy division. A couple points before I get into a

1 formal delivery. The county's still involved in the
2 platform safety audit just for your information.
3 That involves air pollution, fire and energy
4 division, and we're still the platform energy. That
5 will include a complete walk-through of the platform
6 itself.

7 The second thing I'd just like to take
8 out of sequence here is that we believe the flare
9 treats the symptom, not the cause. The flare
10 certainly hopefully will take care of 90 to
11 95 percent of all the issues involved, but I put my
12 faith in the fact that it would cover a hundred
13 percent of everything that's going to happen out
14 there. At least that's been our experience.

15 MR. BUSTAMANTE: What is your
16 experience? Is it likely there is something more
17 major on the surface as was mentioned earlier, a
18 naturally occurring activity that will occur all the
19 time no matter what?

20 MR. BRECKENRIDGE: You will have a
21 certain amount of flaring, and I'm not a chemical
22 engineer on staff. That's part of releasing the
23 pressure within the whole operational system of
24 offshore oil.

25 But secondly, you also have the flare

1 catching a number of releases from the platform where
2 you have malfunctions, or at least I believe that's
3 accurate. Anyway Santa Barbara County appreciates
4 the staff in carefully reviewing Platform Holly prior
5 to authorizing the start-up last Thursday. Your
6 staff is cooperating in both authorizing the restart
7 of the facility and more importantly probably
8 reviewing the Ellwood facilities which is ongoing
9 now. Right now, we have safety audits in the county
10 under way with the marine terminal and the Ellwood
11 onshore facility.

12 Basically I've given you a list of what
13 we have going on the onshore facility. We have 17
14 requirements. Some of those requirements as the
15 information comes in may drive further conditions,
16 but those requirements are a fairly thorough review
17 of that onshore facility, we believe, or at least
18 questioning the key areas. And the county will make
19 sure that those conditions are reviewed and approved
20 before we completely step back out of the picture.
21 If there's any questions you have of me or my
22 engineer, I'll be glad to answer.

23 MS. PORINI: Just one quick. Are all
24 fugitive gas releases reported to Air Pollution
25 Control District or the county or just at a certain

1 level?

2 MR. BRECKENRIDGE: To my knowledge, all
3 releases at least that are monitored or you can catch
4 on a monitor are reported to the county either
5 through the fire department or their emergency
6 reporting scheme. I don't believe the air pollution
7 district has a schematic of when you respond to the
8 release if it's less than one minute or a very short
9 release. You noted and Venoco was required to tell
10 the county what they did to fix it, but it doesn't
11 cause an operational response for the county.
12 They'll correct me on that. I didn't plan to read
13 through the 17 items on our list, but you can
14 certainly review it.

15 MR. BUSTAMANTE: Thank you, sir.

16 MR. DUNN: I'm Steve Dunn, health
17 department and safety manager. In terms of reporting
18 fugitive leaks, you don't report each of those. We
19 have the tester that goes around daily and determines
20 if there's a leak in a different component. If a
21 leak's identified and there's a schedule, we have to
22 fix that component, but it's not a portable issue.
23 You end up with a quarterly report to the APCD.
24 That is something we need to report, and we report
25 that every time it occurs. With the flare it won't

1 need to happen because releasing a gas, that could
2 cause an odor.

3 In terms of fugitive releases, those
4 aren't reported. What we used to have which were
5 leaks or releases -- and Tim's explanation is a good
6 one -- that there were more process releases. We did
7 report those.

8 MR. BUSTAMANTE: Mr. Buttney?

9 MR. BUTTNEY: Good afternoon. My name
10 is John Buttney. I'm staff to supervisor Gail
11 Marshall regarding Venoco and all the onshore
12 facilities in our district in Santa Barbara County.
13 We'd like to thank you in shutting down Venoco until
14 you were able to complete your full inspection of the
15 operation. We greatly appreciate your intervention
16 and efforts to make this whole thing safer.

17 Supervisor Marshall's primary concern
18 since the beginning of this round of events with
19 Venoco over the last months has been the health and
20 safety of all the people who live in that area, and
21 I'm sure you can share that concern. There are many
22 who live in that area, many who work in that area.
23 There's a day care center and a grammar school as
24 well as the University of California at Santa
25 Barbara.

1 Supervisor Marshall would ask that, as
2 you continue to review the various testing activities
3 that you're going through now prior to the full start
4 of this operation, that you require full compliance,
5 just give it the best effort, the most scrutiny you
6 can possibly give before they are allowed to move
7 into full operation. We think this kind of thing is
8 necessary for the protection of the public. We're
9 still very concerned. There's this very strange
10 phenomena that happens.

11 We have the history of what's gone on
12 in the last few months and all the problems
13 surrounding it, and we have Venoco painting this rosy
14 picture of what they think is really happening. I
15 don't know how that disconnect occurs, and I don't
16 know how it can continue the way it has been.

17 We don't think at this point -- we
18 don't know why that happens. We don't know what the
19 core of the problem is, and I don't think you do
20 either. Is it training? Is it an old facility that
21 just can't operate effectively anymore no matter how
22 much money you spend on it? It really does need to
23 be fixed and fixed completely, and the only thing
24 Santa Barbara County should become a training ground
25 for future oil field workers. I don't know who the

1 people are who work on the platform. We're willing
2 to give them the benefit of the doubt that they're
3 doing the best they can, but it's not enough at this
4 point.

5 I think the issue of training in the
6 company to operate an oil facility relates to the
7 question that Commissioner Connell was raising
8 earlier about looking at this second wave of
9 operators who are coming at least into our area, and
10 I'm sure that's happening in other places.

11 The second round comes in independence.
12 Are they not only able to carry the liability in
13 terms of insurance and have the fiscal wherewithal to
14 operate, but do they have the fully trained staff
15 that they need to operate safely? We think that
16 becomes the most critical question based on our
17 experience.

18 Thanks again. We hope you will
19 continue in your efforts, and we will continue to
20 work with you. Thank you.

21 MR. BUSTAMANTE: Thank you.
22 Mr. Dillon is here on Item 77. I don't see any
23 others on Item 78. Is there anybody I missed on
24 Item 78? Any comment?

25 MR. THAYER: Obviously the commission

1 staff is going to have to be continuing to work on
2 the Holly, and we hope to take the lesson we worked
3 from that on to the other platforms. The items --
4 there's no particular action we're asking from the
5 commission at this point unless there's some
6 additional direction. We'll keep the offices
7 informed as to the situation at Holly.

8 MR. BUSTAMANTE: Is there any comments,
9 individual comments?

10 MR. McINERNEY: I guess the primary
11 concern with our office as Venoco points out, they've
12 done everything they were supposed to do above and
13 beyond the call of duty. The State Lands Commission
14 did everything they were supposed to do above and
15 beyond the call of duty. Santa Barbara was beyond
16 the call of duty. That was April 28. As of
17 April 29, you've got design platform releases. The
18 coastline is smelling of rotten eggs. There's a
19 missing flare, three critical safety devices, 27
20 safety devices, and two pages with 17 items in
21 Ellwood that were a problem.

22 And I guess it goes back to what the
23 last speaker said. If everybody was doing everything
24 that they were supposed to do and assuming that all
25 of these standards were not created sometime between

1 midnight April 28 and 6:00 o'clock on the 29th, so
2 far we haven't heard anyone take any responsibility
3 for anything other than to say, "We didn't do
4 anything wrong." Did anybody do anything wrong
5 was -- did anybody miss something, or was this just
6 sort of an act of God from Rod Serling's imagination?

7 MR. THAYER: I think the approach -- I
8 can't answer for the others. The approach for our
9 staff purposes are to find out what we did do wrong.
10 What we could improve is the better way to put it.
11 When we talk about looking for ways to change our
12 regulations, things that we've learned from Holly
13 that we can apply to other platforms, the thing to
14 say is not some little low percentage event happened
15 and we should ignore it because it won't happen
16 again. We're looking at it as the way to improve our
17 operation. I hope that responds to your point.

18 MR. McINERNEY: No. Was there an
19 omission by any of the parties who have
20 responsibility to make sure that designed platform
21 releases don't occur?

22 MR. THAYER: I think what's been well
23 documented is that there's supposed to be a flare on
24 Holly, and we're not sure why it isn't there. So to
25 that extent that's our mistake.

1 MR. BUSTAMANTE: Let me ask it a
2 different way. The next time something happens and
3 we're here and we have a review and an audit that
4 says there were a half a dozen or more items that was
5 supposed to have been done, who do we point the
6 finger at so that we know going in who's responsible?
7 Who's responsible for making sure that all this is
8 carried out? I'm not talking about Venoco. I'm
9 talking about what staff? Is it our staff? Is it
10 coastal commission staff, county staff? Your staff
11 is responsible for doing this because somebody's got
12 to be responsible to make sure that we're doing what
13 we say we're going to do. And then if we do what
14 we're supposed to do, there's only one other person
15 at fault, and we deal with them accordingly.

16 We just need to be and if I -- I don't
17 want to speak for the controller or deputy, but I
18 believe that this is all referencing the idea of
19 having a zero tolerance attitude about all of these
20 issues and what are we doing to make sure that we are
21 being as effective in doing our job as we're
22 expecting them to be effective in doing theirs?

23 MR. THAYER: I think that that's --

24 MR. BUSTAMANTE: Do we come back and
25 talk to you, Paul?

1 MR. THAYER: I think I'm on the hook.

2 MR. BUSTAMANTE: Let's go back to Item
3 No. 77, offshore oil and gas leasing. It's a joint
4 report prepared by our staff and the coastal
5 commission, and I believe this is an informational
6 item again. There's no vote necessary, but you have
7 a presentation?

8 MR. THAYER: Yes, he does. This
9 document which I think you all have copies of is the
10 California Offshore Oil and Gas Leasing Status Report
11 as requested by Secretary Mary Nichols, secretary of
12 research for the state. She was particularly
13 interested -- her letter which is included as one of
14 the appendices expresses particular interest or
15 focuses most on the offshore oil leases, but it
16 contains questions about the state leases. So we
17 became involved in the preparation of the report and
18 wanted to make sure that you had copies of it to let
19 you know what they found.

20 As I say, the interest is primarily on
21 the federal leases, and let's talk about those a
22 little bit. These are shown on this slide that is up
23 on the screen now, most of them off of northern Santa
24 Barbara County and San Luis Obispo County although
25 there are some further south. There are leases.

1 They contain a potential. This is a very loose
2 estimation of about a million barrels of oil.
3 Development proposals for here suggest that perhaps
4 four, perhaps seven new platforms are necessary to
5 fully develop these federal leases.

6 There are several reasons why these
7 leases have gotten a lot of attention recently. Part
8 of it's because the Minerals Management Service in
9 conjunction with a number of different land
10 commissions as well as Cougar stands for the
11 California offshore oil and gas energy resources.
12 During the study of the MMS, the Minerals Management
13 Service directed a suspension of all leasing
14 activities on these federal leases, and that
15 suspension is ending at the end of this month.

16 As part of the process of ending the
17 suspension, the oil companies on those leases have
18 been asked to update their development proposals.
19 They had to submit those proposals by May 15. As a
20 result, we're getting a lot of new information
21 proposed for development.

22 During this, of course, our leases have
23 come under increased scrutiny as well. We've
24 prepared several slides to illustrate those. These
25 are the five undeveloped state leases that are

1 analogous to the state leases. They are leases that
2 have never been developed. They occur off of Santa
3 Barbara County. They're all in state waters. The
4 development potential here is relatively low.
5 They've been in existence from about 1960 to 1966.
6 We received and approved one development proposal a
7 long time ago. I can't remember how many years.
8 Decades.

9 On the far left-hand one, it's kind of
10 a narrow thread there. The industry went in there
11 and started drilling and didn't find enough wells to
12 continue. So we have these five leases that are like
13 the 40 leases. Back to the next slide.

14 In addition, we also have leases that
15 are shown here which there are 20 of them which are
16 previously developed. They received approval for
17 development from the State Lands Commission. They
18 went and drilled and pumped out the oil and decided
19 it was no longer economic. And so all of these
20 wells, all of these leases are now nonproducing.
21 They have been developed. A number of them have
22 stopped producing in the '90s. A number of these
23 particularly on the right-hand side are a project
24 where the oil companies got together and removed the
25 old oil wells. That was just completed last year.

1 Once the oil debris is removed, they are quitclaimed
2 back to the state.

3 Then the final slide here shows
4 quitclaim leases. These are state leases that either
5 were produced at one time, or the oil companies
6 eventually decided they couldn't be produced and they
7 returned to the state. They're no longer available
8 for any production.

9 MR. BUSTAMANTE: It takes an
10 affirmative act by this committee?

11 MR. THAYER: Absolutely. One of the
12 prime reasons for that is the oil field operations
13 can leave a lot of equipment on the ocean floor. We
14 want to make sure all of that's removed. We were
15 looking at the Belmont situation. There's a lot of
16 correct ways. We will not accept a quitclaim until
17 we've established that those conditions have been
18 met. Generally I would say lower leases talking
19 informally with our staff whereas the federal leases
20 have a billion barrels of production possible at most
21 in our existing leases, the 20 that have previously
22 been developed and are no longer producing and the
23 five that were never 150 million barrels. It's a
24 fair amount of oil but in federal leases which is
25 much less.

1 Quitclaims that we've gotten already
2 and these nonproducing, we have 17 that are in active
3 production. It's the Sunset Industry in California,
4 the 20 that were pumped dry. The production was
5 recently stopped, and we're looking to obtain
6 quitclaims from a lot of those. Of the five
7 undeveloped leases, one had development approved.
8 The company quit production because it wasn't
9 economic.

10 The four remaining are under
11 moratorium, the Santa Barbara oil spill of 1979. It
12 cannot even obtain approval from this commission for
13 production until that moratorium has been lifted.

14 In terms of what's happened with this
15 report recently, the coastal commission had a hearing
16 such as this last week in Santa Barbara. They took a
17 lot of public testimony. The commission directed its
18 staff to ensure that the coastal commission had
19 reviewed whatever possible federal leases to ensure
20 the state had a role and decide whether or not they
21 would produce and directed the staff to take the
22 strictest possible approach to that.

23 This approach is actually similar to
24 what the lands commission did the last time we were
25 faced in, I think, 1987. There the State Lands

1 Commission denied a development proposal after being
2 sued in court and successfully winning at the lower
3 court level. We eventually worked out an arrangement
4 where those were quitclaimed back to the state.

5 In terms of the future, I think the
6 staff would like to review these 25 leases where
7 there isn't any production occurring right now, and
8 in most cases the oils are to be taken out of it to
9 see where we go next. I'm expecting that the one
10 lease of the five undeveloped ones where they
11 attempted to produce it may be back in your calendar
12 in August as a quitclaim. The oil companies were
13 supposed to get rid of them.

14 I'm optimistic over the last year, 25
15 leases will be able to come back as quitclaims in the
16 state, and we'll only eliminate these leases. Some
17 of them are the ones where the major amounts of oil
18 that remain are going to be a little bit tougher in
19 terms of getting them surrendered. We were certainly
20 thinking about that as a direction. The commission
21 may face development. And then, of course, we would
22 follow, I think -- I would presume that we're looking
23 for direction from the commission for the strictest
24 environmental standards of any proposals that might
25 come in.

1 That concludes the staff presentations.
2 I imagine there's some questions, and this is
3 information with no action possible, but is there any
4 direction from the commission on these issues?

5 MS. PORINI: Well, I know that at the
6 presentation that was done before the coastal
7 commission, the governor expressed his commitment for
8 the protection of the coast and the management of the
9 coastal resources that we have. So I just want to
10 reiterate that in this forum. I believe that that is
11 why you're here. So to that extent I really want to
12 ask the staff, and perhaps you can come back to us
13 with some sort of policy relative to obtaining those
14 quitclaims how you plan on pursuing it, how quickly
15 we can deal with those.

16 I know it's a fine line in terms of our
17 legal responsibilities, but I'd love to get a policy
18 so that folks who have those leases and have had them
19 for many years who may not plan on development would
20 be encouraged to give us those quitclaims. And then
21 as any proposals for development come forward, I want
22 to make sure that we do a really thorough analysis of
23 both the onshore and offshore cumulative impact
24 analysis. I just think that we need to be very
25 careful and very thorough when we do that.

1 MR. THAYER: And I should say in
2 response to that, there are some potential proposals
3 for additional development in the Santa Barbara area.
4 I think it would be problematic for the commission,
5 but we have to give them a strict analysis and weigh
6 them appropriately. But there are several companies
7 there with some proposals for the expanding leases
8 and things like that. We'll let you know when we
9 receive those applications.

10 MR. BUSTAMANTE: Did you also give us a
11 copy of the coastal commission policies so we can
12 take a look at that? We might be able to look at
13 that as we head toward the next.

14 MR. THAYER: I believe Susan Hansch is
15 still here. I'm hearing that they're developing that
16 policy at this point.

17 MS. HANSCH: The commission directed us
18 to take several different steps working with the
19 attorney general's office to look at options that we
20 could take legally having to do with federal
21 consistency review. We are doing that right now. We
22 had one letter we prepared today which I hope will be
23 sent out tomorrow. We will make sure we cc all of
24 them. The commission is not going to be developing
25 specific policies but implementing the coastal act to

1 the maximum extent that we can.

2 MR. BUSTAMANTE: I don't know -- I
3 guess in terms of just some reference of staff is my
4 position just generally -- I'm opposed to offshore
5 oil drilling, period. I will not vote for the
6 opening of any additional platforms, period. If we
7 have a method by which to take certain leases not
8 only out of production but to put additional
9 restrictions on those for whatever reason or however
10 we might be able to do that, I'm interested in seeing
11 that you would pursue that and follow through with
12 that.

13 I'd like to see all these leases
14 resolved before the end of the year if possible. If
15 there is any clearer direction that I can give you,
16 I'd be more than happy to answer any questions that
17 the staff might have on how we might proceed on this
18 issue.

19 MR. THAYER: I think you're very clear.

20 MR. BUSTAMANTE: We have some folks out
21 in the audience. Bill Dillon, deputy county counsel,
22 Santa Barbara County. After that again did --
23 Mr. Buttney, did you want to again say something?

24 MR. BUTTNEY: Very briefly.

25 MR. BUSTAMANTE: Linda Krop, is she

1 still here? Did you want to say something?

2 MS. KROP: Please.

3 MR. BUSTAMANTE: You're in the hole.

4 Is Carla Frisk still here? You're after that.

5 MR. DILLON: I'm Bill Dillon. I'm a
6 deputy county counsel of Santa Barbara County. I'm
7 representing the county today. I would like to thank
8 the commission and their staff for the important
9 information that was set forth in the report to the
10 secretary of resources. We will note that most of
11 the active and inactive and also in the federal
12 waters are offshore of Santa Barbara County. We're
13 directly involved and impacted by any of the actions,
14 decisions you make.

15 Many of the leases especially in the
16 state tidelands have existed for several decades,
17 some dating back to the 1940's. The staff report
18 secretary indicates no release has been issued since
19 1968. While the report addresses many issues, it is
20 unclear in identifying a specific status of all the
21 leases. Some general information is provided, but
22 the county and others are interested in some more
23 detailed information, for example, the due diligence
24 requirements.

25 Holding active leases is not

1 specifically laid out in the report, nor is the
2 termination date. Some of the terms of the leases
3 are identified as 20 plus year leases, but how long
4 is 20 plus years? So the county's very much
5 interested in things like that.

6 Additionally in Appendix 2 of the
7 report, it shows that only five state leases are
8 expected to be quitclaimed back to the commission in
9 the foreseeable future. However, last week at the
10 coastal commission meeting, the State Lands
11 Commission indicated that of the 25 undeveloped
12 leases, 20 are not likely to be developed. I think
13 we stated again today.

14 That being the case, the county also
15 would like some information on what exactly is the
16 status of those leases and their eventual
17 disposition. The county also has a very practical
18 planning concern. We are participating and
19 cooperating with the Cougar study. It looks at the
20 impact of offshore oil and gas development in the
21 Tri-County area. That would be San Luis, Ventura,
22 and Santa Barbara counties. It is critical that we
23 have up-to-date, accurate information as to the
24 intentions of the state as to its leasing program.

25 I would like to state that your staff

1 has been cooperating with us in getting that
2 information. We thank Mr. Mount and Mr. Ludlow on
3 those issues. Anything they need will be
4 forthcoming, and we look forward to working
5 cooperatively with their staff. I do have a planning
6 director, John Patten, which basically with a little
7 more detail states for the record, Mr. Chair, if I
8 can, I'd like to submit that.

9 MR. BUSTAMANTE: Very well.

10 Mr. Buttney? If we could limit the comments as
11 quickly as possible and to those things that have not
12 already been brought up.

13 MR. BUTTNEY: Your comments and the
14 comments previous to mine have covered ground I was
15 going to cover for Supervisor Marshall. She
16 absolutely supports the phasing out of oil as soon as
17 possible. And I wanted to add one other fact that
18 came up in the context of the coastal commission
19 hearing on this issue, and that is that the oil
20 produced in the Santa Barbara Channel comprises less
21 than 1 percent of the total oil used in the United
22 States on a daily basis. And most of it's used for
23 asphalt.

24 MR. BUSTAMANTE: Thank you.

25 Ms. Krop?

1 MS. KROP: For the record my name is
2 Linda Krop, chief environmental counsel for the
3 Environmental Defense Center. I'd like to list six
4 items of information that we would like. I don't
5 want to repeat what previous speakers have said about
6 their offshore and gas development. I think our
7 position on that is clear.

8 The six items of information that we
9 would request is No. 1, any of the termination dates
10 of the leases in the staff report, they indicate the
11 initial lease and they say that they have terms of
12 either 10 plus years or 20 plus years. But it
13 doesn't tell us when the current lease term
14 terminates.

15 Number 2, explain the effect of the
16 moratorium on the leases to which it applies.

17 Number 3, identify the opportunity for
18 exploration or grounds for termination of the
19 existing undeveloped leases.

20 Number 4, define the process and
21 standard of review for future exploration and
22 development plans.

23 Number 5, provide the grounds for
24 denial of an application for exploration or
25 development.

1 And No. 6, define how changed
2 circumstances may come into play with respect to
3 these leases and particularly how the public trust
4 doctrine would apply given the chain of circumstances
5 in terms of we have new air and water quality
6 standards and now onshore in coastal industrial
7 development.

8 I'd like to thank the governor and
9 lieutenant governor.

10 MR. BUSTAMANTE: Do we have most of
11 that?

12 MR. THAYER: We think we have this
13 information pretty readily available, and we have
14 copies of the letters from the county which parallel
15 Ms. Krop's concerns.

16 MS. FRISK: Carla Frisk, representing
17 Jack O'Connell. I will try to be brief and not
18 repeat. As you know, Senator O'Connell joins
19 Lieutenant Governor Bustamante in opposing offshore
20 development both in state waters and in the OCS.
21 Senator O'Connell worked closely with these quitclaim
22 leases 208 and 209 in 1991 and California Coastal
23 Sanctuary Act which codified the existing moratorium
24 on new oil and gas leasing in state waters.

25 The senator's main concern, those have

1 been related 20 leases versus the 5 leases, and
2 Mr. Thayer's presentation cleared that up. We would
3 like it enumerated on each lease so we can look at
4 each lease on the map and have a description of the
5 status of that lease.

6 The senator's letter raises some
7 specific questions. At the bottom of the second
8 paragraph, the ability to require quitclaims. If so,
9 when can that requirement be made? Any possibility
10 that the leases can come back? If so, what level of
11 review? The disposition of those specific five
12 leases have never been in due diligence again which
13 was mentioned earlier, possible termination of the
14 leases.

15 With regard to Ms. Bree's notice of the
16 government letter, the senator joins the governor in
17 his position on it and joins this issue and is
18 concerned if California is opposing expressing
19 concern about further development in the OCS, it's
20 imperative we take the same position with regards to
21 oil development in state waters. The only way to
22 realize these are to retire all of these state leases
23 one way or the other. We look forward to getting the
24 information that Senator O'Connell and the senators
25 have requested today. Thank you very much.

1 MR. BUSTAMANTE: Thank you very much.
2 Anything else on that issue? Commissioner? Staff?
3 No action is required on this item. So then we'll
4 go. I believe this concludes the regular agenda and
5 open up a period of time. There's about a half a
6 dozen who've indicated they'd like to speak during
7 the public comment period. I did indicate earlier we
8 were going to have that. This would be the time to
9 do this. For those who want to do it and those who
10 put their notes in, Mr. Dillon. Mr. Buttney, you're
11 on deck. Linda Krop. You're in the hole. Carla
12 Frisk.

13 MS. KROP: Thank you for your
14 indulgence. My name is Linda Krop, chief counsel of
15 the Environmental Defense Center. We're speaking
16 about an issue that was going to be before the
17 commission today, and that has been postponed. That
18 deals with platform abandonment of the platform
19 offshore Santa Barbara County and debris mounds that
20 have been left behind since 1996 and our request that
21 the commission enforce its permit and require removal
22 of the mounds. The coastal commission -- the State
23 Lands Commission approved an abandonment permit for
24 these platforms back in 1994.

25 One of the permit conditions required

1 verification of site clearance by use of a test roll
2 in recovery of all debris around the platforms. A
3 negative declaration was prepared for that permit
4 that required restoration to preconstruction
5 condition. In 1996 between June and August, Chevron
6 removed the four platforms. Shell mounds remained
7 behind full of debris. These mounds range from about
8 20 feet high and over 200 feet in diameter. They're
9 huge.

10 Since the platforms were removed some
11 trollers have snagged their gear on those shell
12 mounds. A few claims were made to Chevron and the
13 state, and others have simply tried to avoid the
14 area. For the last two-and-a-half years, we've
15 worked with State Lands Commission staff to get
16 enforcement of this condition. Chevron has tried to
17 work with the fishers to provide them with equipment
18 to avoid the area rather than be able to fish safely
19 in that area.

20 The previous executive officer had
21 assured us if Chevron wanted to change their permit
22 condition that a permit would be required. We
23 learned just recently that Chevron submitted a
24 proposal in April this year, and this matter was
25 going to come to the commission for a sign-off and

1 approval of the quitclaim which was referenced
2 earlier that all had been complied with even though
3 this was not complied with.

4 I sent a letter to the commission on
5 June 3 which I hope you have received alerting the
6 commission to this fact requesting enforcement of
7 this permit condition and removal of the mounds. If
8 Chevron is serious about trying to avoid that permit
9 condition, please direct your staff to require a
10 permit amendment that will go through an
11 environmental process. An EIR should be required if
12 Chevron is allowed to keep the mounds in place so
13 EIR can look and provide information to this
14 commission about the impact of leaving the mounds in
15 place as opposed to removing them.

16 I don't want to get into the specific
17 merits of Chevron's proposal. I think that should
18 come down the road when the commission has a permit
19 amendment. I did mention some concerns we had in our
20 letter of June 3, but I think it's --

21 MR. BUSTAMANTE: Full rebuttal isn't
22 necessary either.

23 MS. KROP: The last thought I want to
24 leave you with is that this is precedent setting.
25 These are the first platforms that were removed from

1 our waters. All the platforms probably have similar
2 debris mounds. There is an environmentally preferred
3 way to handle the issue.

4 Finally we request when this matter
5 does come before your commission for hearing that you
6 schedule the hearing in Santa Barbara to maximize
7 public participation. Thank you very much.

8 MS. FRISK: Carla Frisk with Jack
9 O'Connell's office. The same item with regards to
10 the condition on the 4-H platforms. We have again
11 some serious concerns about the merits of Chevron's
12 proposal to provide in lieu of meeting the condition
13 to provide state-of-the-art navigation and position
14 equipment to existing trollers. That is a matter for
15 another time. We would like to praise the
16 commissioner. This letter is signed Hannabeth
17 Jackson. So I'm also representing her today. I
18 wanted to make four points.

19 First of all, Chevron has never
20 formally applied to an amendment for the permit. All
21 the copies of the correspondence we have Chevron's
22 desire to bring closure to its permit by providing
23 this equipment. It seems if Chevron wants a proposal
24 for the existing condition, then a permit must be
25 amended. Chevron has not provided any study

1 regarding feasibility of removing the shell mounds,
2 nor have any reports been done so the composition
3 could be verified. The only information on the
4 composition, a study daily drilling logs from the
5 platforms and concluded that the drill mounds that
6 were dumped beneath the platform should not pose a
7 risk to the environment.

8 The question of a conflict of interest
9 was raised by the commission made directly by
10 Chevron, and that was expressed by the county in
11 February of 1998. In any case the commission along
12 with Commissioner Connell's remarks earlier deserves
13 to have this information before the application is
14 filed and before the commission must look at this
15 issue. Once it is filed as Ms. Krop indicated, we
16 can be reviewed, and again, the senator would
17 respectfully request that a hearing be held in Santa
18 Barbara so many people who have concerns about this
19 situation can be before you. Thank you very much.

20 MR. DILLON: Bill Dillon again. I
21 simply state it's the county's understanding that the
22 negative declaration on the permits were issued
23 assumed full removal of the shell mounds. The county
24 has not been properly studied to a sufficient detail.
25 To identify all the county's position is that Chevron

1 must comply with its permits and remove the shell
2 mounds alternatively and modification to its permit
3 to delete the requirement to remove the shell mounds
4 to a full CEQA review given the chance for
5 commission.

6 MR. BUSTAMANTE: Mr. Buttney?

7 MR. BUTTNEY: I've got two letters.
8 I'm just going to refer to very briefly from two
9 fishermen. One is in Santa Barbara. Chris Miller
10 who's Commissioner of Fishermen of Santa Barbara.
11 The organization represents 40 members who operate
12 out of the port of Santa Barbara. Basically they
13 support all the other stuff. That said Steve Dunn,
14 who was a trap fisherman, was concerned.

15 With that in mind, he also supports the
16 comments that were all made in the background
17 session. Thank you.

18 MR. BUSTAMANTE: Thank you, sir.

19 MS. KROP: I have some handwritten
20 notes she asked me to submit. This is on behalf of
21 Get Oil Out.

22 MR. BUSTAMANTE: Chris Miller. Is
23 there a Chris Miller? No?

24 MS. KROP: Mr. Buttney turned in his
25 letter as well as Mr. Dunn.

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MR. BUSTAMANTE: Is that it?

MR. THAYER: That's it.

MR. BUSTAMANTE: Go into closed session. That concludes our regular meeting. We'll go into a closed session. Thank you all for showing up and having patience and being marathoners.

* * *

1 STATE OF CALIFORNIA

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4 I, Dina M. Lossone, CSR No. 11340, a
5 Certified Shorthand Reporter in and for the State of
6 California, do hereby certify:

7 That the foregoing proceedings were
8 taken down by me in shorthand at the time and place
9 named therein and were thereafter transcribed under
10 my supervision; that this transcript contains a full,
11 true, and correct record of the proceedings which
12 took place at the time and place set forth in the
13 caption hereto.

14

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

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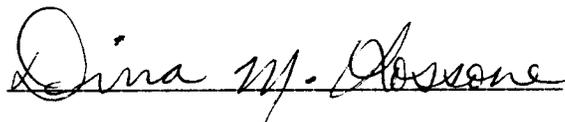
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19 EXECUTED this 23rd day of July, 1999.

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