APPEARANCES

BOARD MEMBERS
Mr. John Chiang, State Controller, represented by Ms. Cindy Aronberg
Mr. Abel Maldonado, Lieutenant Governor
Ms. Cynthia Bryant, Director of Finance, represented by Ms. Miriam Ingenito

STAFF
Mr. Curtis Fossum, Interim Executive Officer
Mr. Brian Bugsch, Chief, Land Management Division
Mr. Colin Connor, Assistant Chief, Land Management Division
Mr. Gary Gregory, Chief, Marine Facilities Division
Ms. Grace Kato, Public Land Management Division
Mr. Mark Meier, Assistant Chief Counsel
Ms. Joan Walter, Environmental Scientist

ALSO PRESENT
Mr. Martin Adams, Los Angeles Department of Water and Power
Ms. Jenny Armstrong, The Sportfishing Conservancy
Mr. Jose Bacallao
Ms. Jennifer Badgley, International Brotherhood of Electrical Workers Local 569
Ms. Pamela Bensoussan, Council Member, City of Chula Vista
Mr. Eric Busch, Mayor, City of El Segundo
Ms. Gail Church, Tree Musketeers
Ms. Lisa Cohen, Chula Vista Chamber of Commerce
APPEARANCES CONTINUED

ALSO PRESENT

Ms. Theresa Acerro
Ms. Cheryl Cox, Mayor, City of Chula Vista
Ms. Pamela Fees
Mr. Charles Gale, Manhattan Beach Chamber of Commerce
Ms. Saira Gandhi
Dr. Mark Gold, Heal the Bay
Ms. Cindy Gomper Graves, South County Economic Development Council
Ms. Marsha Hansen, El Segundo Chamber of Commerce
Mr. John Helmer, Port of San Diego
Ms. Valerie Hill, Roundhouse Aquarium
Mr. James Hirsch, Port of San Diego
Ms. Laura Hunter, Environmental Health Coalition, Bayfront Coalition
Mr. Ash Israni, Pacifica Companies
Mr. Michael Kennedy, San Diego Unified Port District
Mr. Evan McLaughlin, San Diego Imperial Counties Labor Council
Mr. Brian Meux, Santa Monica Baykeeper
Mr. Chuck Milam
Mr. Greg Murphy, representing County of San Diego Supervisor Greg Cox
Dr. Bryan Murray
Ms. Dana Roeber Murray, Heal the Bay
Mr. Steve Padilla, Port of San Diego
APPEARANCES CONTINUED

ALSO PRESENT

Mr. Jim Peugh, San Diego Audubon Society
Mr. Chris Powell, El Segundo School District
Ms. Allison Rolfe, Pacifica Companies
Ms. Stephanie Sekich-Quinn, Surfrider Foundation
Mr. Frank Semancik, Chevron
Ms. Sarah Sikich, Heal the Bay
Ms. Gabriel Solmer, San Diego Coastkeeper
Mr. Rod Spackman, Chevron
Mr. Chris Thomason, El Segundo Fire Association
Mr. Dukie Valderama, Commission Chair, Port of San Diego
Ms. Angelika Villagrana, San Diego Chamber of Commerce
Mr. Mitch Ward, Council Member, City of Manhattan Beach
Dr. matthew Wunder, DaVinci Schools
Ms. Meagan Wylie, San Diego Coastkeeper
Dr. Pamela Yochem, Hubbs-Sea World Research Institute
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47 CHEVRON PRODUCTS COMPANY, A DIVISION OF CHEVRON U.S.A. INC. (APPLICANT): Consider certification of a Final Environmental Impact Report and issuance of a new General Lease - Industrial Use, of sovereign land located in Santa Monica Bay, Pacific Ocean, near the City of El Segundo, Los Angeles County; for the operation and maintenance of an existing offshore marine oil terminal previously authorized by the Commission. 41

48 NORTH C.V. WATERFRONT L.P., SAN DIEGO UNIFIED PORT DISTRICT, STATE LANDS COMMISSION (PARTIES): Consideration of a Land Exchange Agreement, pursuant to Public Resources Code section 6307, involving certain parcels located within the Chula Vista Bayfront Master Plan area, in the city of Chula Vista, San Diego County. The result of the proposed Agreement is to terminate any and all Public Trust and sovereign property rights in certain parcels, consisting of approximately 35 acres, acquisition of a parcel, consisting of approximately 97 acres, by the State, and issuance of a 49-year lease of certain lands acquired by the State to the San Diego Unified Port District. 5

49 REPORT ON SEA LEVEL RISE PREPAREDNESS (INFORMATIONAL): Provide a one-year status update on implementation of the recommendations of the Report on Sea Level Rise Preparedness adopted by the Commission at its December 17, 2009 meeting. 30
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PROCEEDINGS

ACTING CHAIRPERSON ARONBERG: I call the meeting of the State Lands Commission to order. Representatives of the Commission are present. We have a quorum. I represent State Controller John Chiang. My name is Cindy Aronberg. And I'm joined today by --

ACTING COMMISSIONER INGENITO: Miriam Ingenito representing the Director, Cynthia Bryant.

ACTING CHAIRPERSON ARONBERG: Thank you. For the benefit of those in the audience, the State Lands Commission administers properties owned by the State as well as its mineral interests. Today, we will hear proposals concerning the leasing and management of those public properties.

Mark, I think I'm going to be asking you as if you are Curtis for various help with directions today. So I think we're going to start with the Consent Calendar.

ASSISTANT CHIEF COUNSEL MEIER: Madam Chair, Commissioners, the -- we will be -- excuse me, I'm a little disorganized here. My name is Mark Meier. I'm Assistant Chief Counsel, but I'm acting as Executive Officer until the executive staff gets here.

Yeah. My name is Mark Meier. I'm Assistant Chief Counsel. I'll be acting as the Executive Officer
until the executive staff gets here.

The first item of business will be the Consent Calendar. Oh, I'm sorry. The first item of business will be the confirmation of minutes.

ACTING CHAIRPERSON ARONBERG: Will be the minutes, great. May I have a motion to approve the minutes.

ACTING COMMISSIONER INGENITO: So moved.

ACTING CHAIRPERSON ARONBERG: Second.

All in favor?

(Ayes.)

ASSISTANT CHIEF COUNSEL MEIER: We will skip the Executive Officer report and come back to that. And the next item of business will be the Consent Calendar.

ACTING CHAIRPERSON ARONBERG: Okay. Great. And you know we have a quick brief greeting on behalf of the port from John Helmer. And we'll interrupt our regular agenda for that.

Hi.

MR. HELMER: Thank you. Chair Aronberg and Commissioners, good morning. Welcome to a foggy San Diego. My name is John Helmer. I'm the Port's Director of Land-Use Planning. And on behalf of the Board of Port Commissioners, I want to welcome you here to San Diego. We're very glad for you to use our facility here for your
meeting.

    We greatly appreciate the work that you all do and want to let you know that we have a very good working relationship with your staff, who has always been very helpful, positive, and of course we believe acting in the best nature of the State all the time.

    The Port has three items on your agenda today. Two relatively small but important items on your Consent Calendar on Coronado. We also have the land exchange in Chula Vista. This land exchange is a very significant step in furtherance of the Chula Vista Bayfront Master Plan, a joint effort between the City of Chula Vista and the Port. And this is a project that will be of immense importance to the City of Chula Vista, the region and to the State as a whole. Our staff will be here representing that project as well.

    We invite you while you're here, if you have time, to visit our Port's waterfront at the Broadway Pier. We have a brand new pavilion building that will serve both as a cruise ship terminal, as well as being available for public access and allowing a level of public access to the water that wasn't previously available. We look forward to a continued working cooperatively with you and your staff, and we anticipate bringing to you within the next year a couple projects.
One is a mooring dolphin in State waters adjacent to our main cruise ship terminal at the B Street Pier, as well as an expansion of the marina on the Coronado Yacht Club.

Again, we welcome you here and we hope you enjoy your visit.

ACTING CHAIRPERSON ARONBERG: Thank you so much, Mr. Helmer.

The next item -- okay, so the next item of business is the Consent Calendar.

ASSISTANT CHIEF COUNSEL MEIER: Yes. The Consent Calendar Item 5 is pulled. And then that -- I believe that's the only item that will be pulled.

ACTING CHAIRPERSON ARONBERG: Okay. So Item 5 is pulled. We have a request to speak on Item 24 only if it's removed from consent, which it is not.

So let's go ahead. And do I have a motion on the Consent Calendar with the exception of Item 5?

ACTING COMMISSIONER INGENITO: So moved.

ASSISTANT CHIEF COUNSEL MEIER: And 24.

ACTING CHAIRPERSON ARONBERG: Oh, and --

ASSISTANT CHIEF COUNSEL MEIER: It --

ACTING CHAIRPERSON ARONBERG: No, 24 is on. We just -- there's been a request to speak only if it's been removed, but it hasn't been removed.
ASSISTANT CHIEF COUNSEL MEIER: Okay, then --

ACTING CHAIRPERSON ARONBERG: Okay, we have a motion. I'll second. All in favor say aye?

(Ayes.)

ASSISTANT CHIEF COUNSEL MEIER: Consent Calendar is passed. Under the Consent Calendar, we have a new delegation of authority to the executive staff. And under that, the person designated to take over in the absence of the Executive Officer, at this time, will be Brian Bugsch, Chief of the Land Management Division. So I'll be turning it over to Mr. Bugsch at this time.

ACTING CHAIRPERSON ARONBERG: Thank you, Mark. Hi, Brian.

LAND MANAGEMENT DIVISION CHIEF BUGSCH: Hi.

ACTING CHAIRPERSON ARONBERG: So Brian, I think we're going to hear two items. I know we've got a lot of people here regarding the land exchange in Chula Vista, so why don't we start that out of respect to the folks who are here. Are you fine with that?

LAND MANAGEMENT DIVISION CHIEF BUGSCH: Absolutely. Sounds great.

ACTING CHAIRPERSON ARONBERG: Great. So let's have the staff report. And this is item number?

LAND MANAGEMENT DIVISION CHIEF BUGSCH: Item number 48.
ACTING CHAIRPERSON ARONBERG: Item 48. May we have the staff report, please.

LAND MANAGEMENT DIVISION CHIEF BUGSCH: Grace Kato will be giving the presentation.

PUBLIC LAND MANAGEMENT SPECIALIST KATO: Good morning Chair and Commissioners. My name is Grace Kato, Public Land Management Specialist with the Commission. Commission staff respectfully requests your consideration of Item number 48, the Chula Vista Land Exchange Agreement.

The San Diego Unified Port District has requested that the State Lands Commission consider and approve a land exchange agreement between the Port, the Commission and Pacifica.

The purpose of this agreement is to facilitate the development of the 556 acre Chula Vista Bayfront Master Plan. And you'll see that on your screens.

As background, beginning in 2002, the Port and the City of Chula Vista have engaged in a cooperative planning effort for the Port properties within the Chula Vista bayfront. Prior to this, Pacifica had proposed a mixed use plan for the MidBayfront Properties, which includes the final Public Trust parcel.

The MidBayfront Property is located within the Sweetwater District, which is right there. There was
significant public opposition to Pacifica's proposal, as community members felt that residential and other high density development adjacent to the Sweetwater Marsh National Wildlife Refuge was highly undesirable.

The community members requested that the MidBayfront and the Port properties be comprehensively master planned, and that the Port explore the feasibility of a land exchange between the MidBayfront and certain port properties.

In response, the City of Chula Vista and the Port approved the expansion of the master plan planning area, and Pacifica voluntarily agreed to incorporate the MidBayfront Properties, including the final Public Trust parcel.

The master plan planning effort involved extensive public outreach and resulted in a master plan that proposes to reconfigure 497 acres of land and 59 acres of water uses, connecting them in a way that promotes public access and engagement with the water, while enhancing the quality and protection of key habitat areas.

The ultimate goal of the master plan is to create a world class bayfront through strong planning and design, economic feasibility, and community outreach. The land exchange agreement specifies that the Port will quitclaim
its interests in 35 -- in approximately 35 acres to the State, and you'll see that right here. The State will then quitclaim its interest in the public -- in the Trust Termination Parcels free of any Public Trust interests to Pacifica.

Pacifica will convey its interests in the Public Trust parcels here of approximately 95 acres to the State. The Commission will lease its interests in the final Public Trust parcel to the Port. Then the Commission staff and the Port will pursue obtaining necessary State legislation to include the State's interests in the final Public Trust parcel in the Port's trust grant.

Staff is recommending Commission approval for the proposed agreement for several reasons.

The land exchange will allow the Trust Termination Parcels located within the harbor district to be exchanged for the final Public Trust parcels located within the Sweetwater district, thereby facilitating the proposed development of residential and non-Trust uses of office and retail away from sensitive resources, including the Sweetwater Marsh National Wildlife Refuge.

The land exchange will allow for the development of residential and non-Trust retail and commercial units on the Trust Termination Parcels in a more densely developed area.
The final Public Trust parcels will include low density development, including a large ecological buffer to preserve and enhance the Sweetwater Marsh National Wildlife Refuge, an 18 acre park, a bike path, pedestrian trails, open space areas, parking for the Chula Vista nature center and a hotel.

The land exchange will exchange public access -- will enhance, excuse me, Public Trust access to the water, enhance waterfront and near shore development for Public Trust purposes and preserve, enhance, and create habitat and open space, including minimizing impacts of the residential development on site and adjacent to -- on site, adjacent, and sensitive biological habitat.

Further, the Trust Termination Parcels are relatively small in area when compared to the thousands of acres filled and unfilled Public Trust lands held in trust by the Port. In contrast, the final Public Trust parcel to be acquired by the Trust will provide public access to and along San Diego Bay, as well as provide public bayfront recreational opportunities for the citizens of the State of California.

The monetary value of the Public Trust parcel is equal to or greater than the value of the Public Trust interests in the trust termination parcel.
The land exchange will also allow for the furtherance of many other significant benefits to the Public Trust that will be realized through implementation of the Chula Vista Bayfront Master Plan, including, but not limited to, providing low cost visitor serving opportunities that will promote and encourage the public’s use and enjoyment of the shoreline by creating new public access, recreational amenities, and shoreline enhancements while protecting biological resources, creating a new active commercial harbor, and increasing recreational boating activities and generating substantial additional Public Trust revenues for the Port and for the people of the State of California.

Specifically, the project will preserve open space in the project area with approximately 238 acres or 43 percent of the project site designated as open space, either in the form of natural habitat or public passive and active use parks.

The implementation of the master plan will also have numerous economic benefits to the region and the State. The project will provide an estimated 13,000 permanent jobs and an estimated 6,500 direct construction jobs. Additionally, through build-out of the project, development is expected to result in more than $11.5 million in local tax revenues.
Commission staff and the Attorney General's office have reviewed the proposed agreement and believe all necessary legal requirements have been met. Staff recommends that the Commission approve the Chula Vista land exchange agreement, including the findings listed in the staff report, and authorize its execution and the execution and recordation of all documents necessary to implement it.

This concludes my presentation, and I am available for any questions.

Thank you.

ASSISTANT CHIEF COUNSEL MEIER: We have several speakers. Oh, sorry. Go ahead. It's for you.

ACTING CHAIRPERSON ARONBERG: Is my mic on now?

Okay thank you. We have many, many public speakers, so we're going to have each speaker please limit his or her time to three minutes or fewer, so that we can get through these.

Let's start with just in the order that I was handed these. Pamela from Chula Vista City Council person.

MS. BENSOUSSAN: Hello. Welcome to San Diego. I represent the City of Chula Vista City Council. Our mayor is also here today. I believe she is intending to speak, so I'll be brief.
I just wanted to say that until the concept of this land exchange came about, the City of Chula Vista had attempted for decades to try to put together a good planning document for developing the bayfront. And it wasn't until this concept came about that we were able to get everyone on board and everyone is applauding this concept of exchanging the land. It's truly what enables the plan to be a good one and we're hoping that we can go forward.

This is coming on the heels of the news that we are now going to be able to dismantle the bayfront power plant, the polluting power plant, which was an obstacle to developing our bayfront. So this is -- hopefully this will be a celebratory moment to add to that good news, and we can continue looking forward for the benefit of the citizens of Chula Vista and the surrounding communities.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.

Is Mayor Cheryl Cox in the room?

CHULA VISTA MAYOR COX: Good morning. On May 18th, 2010, the Port district and the Chula Vista City Council unanimously approved the certified EIR and the Bayfront Master Plan for submission to the California Coastal Commission. One of the major steps along this way is the land exchange that we hope, from the City of Chula
Vista, from our residents, that you will give your approval.

You know, this started out as a piece of property about 100 acres, just outside the Chula Vista Nature Center and along the edges of the Sweetwater National Wildlife Refuge. At one point, that was supposed to be three 23-story hotels. Those hotels shrunk over time, and the private property owner thought he would be able to build condominiums there.

Anyone who knows people who live in condominiums like their pets, and small cats tend to escape their owners. Their intrusion into the National Wildlife Refuge could cause great peril to some of our endangered species, and certainly the birds and their eggs.

Follow that with a couple of loose dogs and some small children and you could have some real issues on that property.

So the idea came up to swap that property with the property owner's consent for 35 acres of previously disturbed property next to what was Rohr Industries and is now Goodrich Aerostructures.

I think, number one, it's a good land deal. Any time you can take close to a hundred acres and swap it for 35, that's got to be good. Any time you can take preservable property and swap it for property that's been
previously disturbed, that's a good deal. And any time we
can convince you to give your approval to this land swap,
it means our next step is the California Coastal
Commission. And after that, the development of the Chula
Vista bayfront for residents and for visitors alike.

Thank you very much.

ACTING CHAIRPERSON ARONBERG: Thank you.

Steve Padilla, Port Commissioner, followed by
supervisor Greg Cox, who will be followed by Michael
Kennedy.

SAN DIEGO PORT COMMISSIONER PADILLA: Madam
Chair, welcome and thank you. My name is Steve Padilla.
I'm the vice chairman-elect of the Port of San Diego. It
was my privilege between 2002 and 2006 to serve as the
Mayor of the City of Chula Vista, at a time when the city
began a master planning process for Chula Vista's bayfront
in collaboration with the Port and a number of other
interested parties, including the environmental community,
the business community, of course, Pacifica.

I'm pleased to stand here and endorse your
staff's recommendation. To remind you that I think your
record is pretty strong with respect to the Title 14
findings that need to be made. I think it's very clear
along every consideration, whether adding value to the
assets held in trust by the State, whether enhancing your
obligations with respect to the Public Trust, in terms of additional opportunities for public access and enjoyment to the bay, enhanced protection of the natural resources and sensitive lands. Clearly, a much better land use plan is enabled by virtue of the adoption of the findings and the land swap.

So in addition to all of the primary considerations contained in the record, I would just endorse those and I would echo the Mayor's comment, that this also represents a win-win. Hopefully an unprecedented example in this region certainly for a project planning on this scale of the kind of collaboration that is possible to achieve the right kind of developmental effort that balances all of the interests of the region and the people of the State of California.

So I endorse your staff's recommendation and urge your adoption.

Thank you very much.

ACTING CHAIRPERSON ARONBERG: Thank you.

Supervisor Greg Cox.

MR. MURPHY: Hi. Good morning. My name is Greg Murphy. I represent Supervisor Cox who couldn't be here today. I just would echo the comments before us, and lend the supervisor's support for this project as well. And just add that Supervisor Cox asked me to say that in his
30 years as an elected official, he's never seen a project
of this magnitude with this much enthusiasm and this much
support, so definitely urge your support today.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.

Michael Kennedy.

Michael Kennedy will be followed by Ash Israni,
who will be followed by Allison Rolfe, who will be
followed by Laura Hunter.

MR. KENNEDY: Good morning. My name is Mike
Kennedy. I'm with the real estate department of the Port.
I've been working this particular project for over the
last four years and it's been a process that has been
going on close to 10. I won't be redundant and repeat
some of the information you've already received.

You know Grace gave quite a very comprehensive
and thorough staff report. I did want to say we enjoyed
working with your staff. They're very professional and
cooperative. So we look forward with that continued
relationship.

I did want to report that our Board of Port
Commissioners, you know, heard this item on their agenda
this Tuesday and approved it unanimously on the consent
calendar.

And that will conclude my presentation.
ACTING CHAIRPERSON ARONBERG: Thank you.

Ash Israni.

MS. ROLFE: Hi. My name is Allison Rolfe. And Ash Israni is actually on his way. He's the owner of the company. And I'm the project manager. I speak after him, so perhaps we could just reverse the order.

ACTING CHAIRPERSON ARONBERG: Sure.

MS. ROLFE: Thank you.

Honorable Commissioners, thank you so much for the opportunity to speak to you today. My name is Allison Rolfe and I'm project manager for the Chula Vista Bayfront Project. And today is a very significant day for us. We've been working the bayfront project for almost 10 years. And it's truly my honor to work for this company that's hung in there and worked hard to build broad support.

I don't want to be redundant and repeat everything you've already heard and what you're still going to hear. So I'll simply say that the Port and the City of Chula Vista, the members of the community, the environmental leaders, the business leaders, the labor unions, we've all worked together to make this project a reality and I really feel strongly that the land exchange is an incredibly innovative concept for a property like that on the coastline.
What's so remarkable about today is how hard every single person who you're going to hear from worked on this project. And it was really a collaborative effort.

So today we truly appreciate your support for the project and we're proud that together we've been able to build this uncommon coalition and we look forward to taking our project forward to the Coastal Commission and hopefully having as much support there and Chula Vista will hopefully get the bayfront that they've been waiting for so long and deserve.

Thank you very much.

ACTING CHAIRPERSON ARONBERG: Thank you, Allison.

Laura Hunter.

MS. HUNTER: Good morning. My name is Laura Hunter and I represent the Environmental Health Coalition. And I've also been authorized to represent the Bayfront Coalition, which was an alliance of six environmental and community groups, including San Diego Coastkeeper, Coastal Environmental Rights Foundation, San Diego Audubon Society, Southwest Wetlands Interpretive Association, Surfrider Foundation and Empower San Diego.

And we're so thrilled to be here today. This has been a long time in coming. We have -- I've worked on just this concept myself for 10 years. And there were
some bumps in the road. I don't deny it. I remember many
times when it was a little rocky and I would say to Ash,
"Ash, just think about it. Someday we'll be at State
Lands Commission and we'll all be holding hands and it's
just going to be a big love fest."

And most of the time I believed it, but sometimes
I even had my doubts myself.

We really appreciate all the hard work that
everybody has done. We wish that there were more
developers like Ash Israni and Pacifica and the people he
has surrounded himself with that are willing to seriously
step back, listen to the community, really look at their
property and the context of where the property is located.

And they did that. And I think we have just a
wonderful result as a result of that. We have 100 percent
support of your action today. This is a necessary step
that's going to restore a lot of public access and a
beautiful new bayfront for the City of Chula Vista and the
south bay.

We're on our way to a new era for south bay and
the new master plan, getting rid of the power plant,
restoring and enhancing our beautiful conditions. And
although it may be foggy here today in San Diego, it's
really a great day for the south bay and a day to
celebrate. And I hope we all do that.
Thank you very much.

ACTING CHAIRPERSON ARONBERG: Thank you, Laura.

Cindy Gomper Graves, followed by Jim Peugh, followed by Jennifer Badgley.

MS. GRAVES: Good morning, Chairwoman Aronberg, Commissioners. I'm Cindy Gomper Graves representing the South County Economic Development Council. And with me is a member of our executive team, and also a board of directors member, Doug Paul.

And we're here today to voice our support for the staff recommendation in support of the land swap that is before you today. You actually hold our economic future in your hands today. And we ask respectfully that as you look at a project that is on the bayfront in Chula Vista, one of the largest water fronts on the entire west coast, that you support the staff's recommendation, because with the development of this bayfront comes opportunities for an economically challenged portion of the south county.

As a matter of fact in south county, particularly in Chula Vista, this is one of the areas where land prices and home prices are actually more expensive on the eastern part of Chula Vista. And as you approach the water, housing prices go down and land prices go down.

We have an opportunity today to reverse that with your support. So we ask for the sake of our existing
businesses that could use the extra infusion, especially
during these tough economic times, for the economic
opportunities that exist with this project and for the
coalition that has been built, to support this project
that you support what is before you today.

And I would be remiss if I did not thank you
personally on behalf of South County Economic Development
for the time that you've devoted in researching this
project and to your staff for the research that they've
done.

Thank you very much on behalf of South County
Economic Development Council.

MR. PAUL: Thank you also. But I also want to
say that this is an extraordinary example of the
cooperation of an incredible number of people for a lot of
years. So I appreciate your help, and I certainly endorse
the effort of your staff to bring this forward with a
recommendation of approval.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.

LAND MANAGEMENT DIVISION CHIEF BUGSCH: Madam
Chair, Mr. Israni, the owner of Pacifica company is here,
so if you want to --

ACTING CHAIRPERSON ARONBERG: Okay. Mr. Israni,
do you want to -- we had called your name before you got
here before, would you like to speak?

MR. ISRANI: My name is Ash Israni. I'm the
developer. I didn't really need to be here. It seems
like there is enough support, but I'm here to thank
everybody. And that's tremendous support from everybody.
You know, I think Laura Hunter, of course, was a pioneer
of this concept. But everybody has pitched in and helped
us, and I thank you also, you know. And that's all I had
to say.

ACTING CHAIRPERSON ARONBERG: Thank you very

MR. PEUGH: I am Jim Peugh and I'm the
Conservation Chair of the San Diego Audubon Society. And
we've been involved in this -- I pulled out a folder and
the oldest day I could find really quickly was since 1997.
So it's been a long, long process.

The Sweetwater Marsh, which has been mentioned
earlier, is really a neat area. Most of the -- almost all
the wetlands in San Diego Bay have been taken over by
development before wetlands were protected. The
Sweetwater Marsh is a really neat place. There are egrets
and herons, shore birds, raptors, ducks, you know, all in
the kind of environment that they would have been using a
thousand years ago, and that still works.

There's even a release area for Clapper Rails
where Clapper Rails that are bred in captivity are reintroduced to nature, so they sort of know what they're going to be like when they get on their own. So it's an area that's extremely worth protecting.

We were faced with a parade of developments on the private land. It was totally inappropriate for being adjacent to a wildlife refuge. And then we had the other problem that is really a highly developable part of the bayfront wasn't able to be developed because of the constraints of being on tidelands. So this land swap basically resolved both of those problems phenomenally. That's why you see people from business and people from the environment supporting it so strongly.

So we strongly urge that you support the staff recommendation.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.

Jennifer followed by Dukie Valderama.

MS. BADGLEY: Hi. Jennifer Badgley with International Brotherhood of Electrical Workers. We represent about 2,500 electrical workers in San Diego county. And we've been in front of this body, as Laura said, many times -- or in this room not in front of this body, but in this room many times over the past decade testifying and debating the future of the Chula Vista
And the topics have varied, but our message has always been the same. Chula Vista's bayfront is unique and a special place. And we have a chance to build a world class bayfront right in Chula Vista.

And through the years, we have worked with a broad base of stakeholders, some of whom you've heard from, to develop a vision for a bayfront that creates real sustainable careers and career pathways at a time when we need them more than ever, that protects a bayfront's wildlife and that can be a cornerstone to reducing our region's carbon footprint.

So this land exchange is an essential component for making this vision possible. And on behalf of our members and their families, we urge you to approve it today.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.

Dukie Valderama followed by Lisa Cohen, who will be followed by Evan McLaughlin.

MR. VALDERAMA: Good morning. I'm the Chairman of the Board of Port Commission here in San Diego. And as you're well aware, our Board has already approved this. This is a collaborative effort with the City of Chula Vista, Pacifica, and the Port, and we're obviously asking...
for your support of.

But more importantly, I really wanted to thank you, Commissioner Aronberg, for coming out here and personally looking at our site. That was huge for you to spend the time to come out and look at really what we were -- what we were trying to get accomplished. So I really wanted to thank you. And we look forward to your support. So thank you very much.

ACTING CHAIRPERSON ARONBERG: Thank you. That's very nice.

Lisa Cohen.

MR. COHEN: Good morning, Chair and Commissioners. My name is Lisa Cohen. I'm the CEO of the Chula Vista Chamber of Commerce, the Chula Vista Convention and Visitor's Bureau, and the Chula Vista Tourism Marketing District. And we are very proud. Our 22 board of directors asked me to be here today to show our complete support for all of our membership of our thousand members. And as you've heard with all the testimony, this has been a long time in the waiting and it's 550 acres of the largest waterfront in the nation currently going on. And we're ready for this to be approved.

So we support the full exchange for the staff recommendation and we ask for your approval today.
Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you, Lisa.

Evan McLaughlin, who will be followed by Gabriel Solmer. And that's the last card I have. So if there's anyone else who wants to speak to this item, please fill out a speaker card.

MR. McLAUGHLIN: Good morning, Commissioners.

Evan McLaughlin with the San Diego and Imperial County Labor Council, on behalf of the 130 local unions representing 192,000 families represented by the labor council. We respectfully ask you approve the proposed land exchange today. The proposal before you has been vetted by the community, we have heard that, after several years.

Yet, today's approval shouldn't be viewed as the end of a process, but rather one of the first steps towards realizing a dream that we've all been working for -- working toward on Chula Vista's bayfront. And we're happy to support the proposal, because it leads to a dream that helps working families in Chula Vista in the south bay and across the region.

The proposal before you leads to better jobs. Obviously, we heard about the thousands of jobs -- permanent jobs to operate new development. Many of those will be living wage jobs protected with union
agreements.

In addition to that, the project represents, you know, the potential for new jobs in construction, jobs that will put local residents to work, create new job training opportunities in emerging fields like renewable energy. And it's a win-win for the community. We're really looking forward to seeing what the next decisions are down the road, but we can't start making those decisions without approval today.

So we urge you to support the proposal.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you. I've got three more cards here now. Carmen Sandoval, who will be followed by Pamela Yochem, who will be followed by Angelika Villagrana.

Pardon me if I messed up anyone's name. So Gabe Solmer.

MS. SOLMER: Thank you so much. Gabriel Solmer. I'm the interim executive director for San Diego Coastkeeper. And again welcome to San Diego.

And I think that you see such a parade of speakers here today trying to stay within our three minutes, because we didn't think that this was possible when we started. And I'm a newcomer to the process. I brought one of our original members of the bayfront
coalition.

We didn't know that we could do this. And I think it's very true. It's only impossible until it's a reality. So this is really a win-win-win-win-win. You could keep going on, because seeing such a diversity of groups come before you to explain what a historic decision today will be and why we are so pleased to be working together and to come hand in hand, because again a few years ago we didn't think that that was possible.

So thank you very much.

ACTING CHAIRPERSON ARONBERG: Thank you.

MS. ACERRO: I'm Theresa Acerro. And actually I filled out a card. And I had said it was not necessary to speak, but perhaps it is, that I've really been involved in this for like 10 years or more. It's just like it's really great that finally a solution has come up that everybody can agree on.

ACTING CHAIRPERSON ARONBERG: Thank you.

Dr. Pamela Yochem -- Pamela, are you in the room?

DR. YOCHEM: I'm not sure that I'm in the right section here. I'm here for Agenda Item number 47?

That's a bit later in the presentation.

ACTING CHAIRPERSON ARONBERG: Sorry. We have a speaker card mixed up.

Okay that's it.
LAND MANAGEMENT DIVISION CHIEF BUGSCH: I think that's it, in terms of the speeches for that. I just want to add that this is a land exchange that, you know, we wish all of them could go this well and this smoothly, but --

(Laughter.)

LAND MANAGEMENT DIVISION CHIEF BUGSCH: -- this is kind of a rare occasion. And I just want to say that that's representative of all the people that were involved in this from the developer to the environmental groups, to the city -- to the city planners and developers and politicians.

I think it's a great testament to cooperation.

ACTING CHAIRPERSON ARONBERG: Yes. What a rare treat to see every side that one can imagine be so in support of this great exchange. What a pleasure to see that group of speakers. It was my -- also my pleasure to tour the area. Controller Chiang also toured the area and was very pleased to see the wide, wide support for this project.

So I'll entertain motions.

ACTING COMMISSIONER INGENITO: Madam Chair, I just wanted to quickly add the Department of Finance's comments as well, just that it has been an impressive project. It has been a collaborative effort. And in the
end, it's wonderful to see that everybody here can leave
as a winner. And with that, I'd like to thank all the
parties, thank the staff and move the item.

   ACTING CHAIRPERSON ARONBERG: And I'll second.

   And all in favor aye?

   (Ayes.)

   ACTING CHAIRPERSON ARONBERG: The motion is

   approved.

   (Applause.)

   ACTING CHAIRPERSON ARONBERG: Great. Thank you.

   We're going to move to our next agenda item,

   which is an informational report from staff on sea level

   rise.

   Let's proceed with the agenda item. And can

   folks who are interested in talking, please clear the

   room.

   LAND MANAGEMENT DIVISION CHIEF BUGSCH: Good

   morning, Madam Chair and members of the Commission, I'm

   Brian Bugsch, Chief of the Commission's Land Management

   Division. And I'm here to give a presentation on Calendar

   Item number 49, which is an informational update on the sea

   level rise report.

   Again, this is an informational item, so no

   action from the Commission is necessary on this item.

   Over long periods of time, sea level rise along
the California coast has closely mirrored the estimated
global sea level rise rate. Today, there is great
uncertainty surrounding the rate of thermal expansion and
melting of ice caps resulting from global climate change.
However, the consensus of global scientific opinion is
that sea level rise could increase dramatically over the
next century.

Although ranges vary, key California governmental
tentities have been using a 16-inch rise by 2050 and a
55-inch rise by 2100 as the upper benchmarks for planning
purposes. Such exchanges — or such changes in sea level
rise could cause significant economic, ecological,
physical and social harm throughout California that could
threaten water supplies and damage coastal development and
infrastructure.

For the State Lands Commission, it could threaten
infrastructure and improvements on the land that is under
its jurisdiction and impact the Commission's actual
jurisdiction as well.

At the Commission's December 2009 meeting, the
Commission approved a report on sea level rise
preparedness. The report contained 16 recommendations
approved by the Commission. One of those recommendations
was to provide the Commission with a one-year status
report on implementation of the recommendations, hence my
appearance before you here today.

All 16 recommendations are included in the calendar item along with the implementation status. Since you all have this information, I will not go through an exhaustive reading of them, but I would like to cover some of the highlights.

The thrust of these recommendations was for the Commission, its trustees, and its lessees to think deeply about potential impacts of projected sea level rise on their jurisdiction, infrastructure, and activities. And, wherever possible, proactively address and minimize those impacts.

Of the 16 recommendations, 12 have been completed or will be completed by the end of the year and the other four have not been completed. The four recommendations that have not been completed are recommendations 2, 10, 11, and 16. I won't read through them, but recommendations 2, 10, and 11, as outlined in the initial report, would need additional staff, would be required to fully comply with those recommendations.

Regardless, we have partially addressed Recommendations 2 and 11 by developing a preliminary list of leases that could be impacted by sea level rise. We are in the process of refining this list and assigning priority categories to facilitate review.
Recommendation 16 directed staff to review and report on the National Academy of Science's sea level rise assessment report. That report was to be completed by December 1st of this year. That report has not been finished and is now scheduled to be completed in mid-2012. When it is completed, we will be reporting on that.

Several of the recommendations directed staff to make changes to the lease application package to address sea level rise. This has been done. We have developed sea level rise language to be included in the application package. And it is in Exhibit B of your calendar item.

This language has been finalized along with lots of other substantive improvements to our application form. We plan to start using the updated language -- or updated application form later this month. And, as directed, in Recommendation 13, we will send it out to all of our grantees for their use when it is completed.

To comply with other recommendations, we have developed sea level rise language for inclusion in boundary line agreements, in title settlements, environmental documents and also language for our leases.

The boundary line and title settlement language has already been included in recent agreements and it was in the Chula Vista land exchange agreement that you just approved. All of this language is included in Exhibit B.
of your calendar item.

Also, a new MOTEMS regulation to address engineering standards and sea level rise was developed, and it will be taking effect in January of 2011.

In complying with Recommendation 8, the State Lands Commission staff has been and will continue to coordinate, collaborate, seek expert advice, and monitor the activities of other federal, State and local agencies on the issue of sea level rise. For example, is that staff participates in the Ocean Protection Council's Coastal and Ocean Working Group for the California Climate Action Team.

Staff is also a member of the State's Sea Level Rise Task Force and participated in the creation of the interim sea level rise guidance document, which provides input from 16 key State agencies on how to incorporate sea level rise projections into decision making.

Staff is also monitoring sea level rise amendments to the BCDC's bay plan. And as mentioned earlier, we will report back on the National Academy of Science's report when that's completed.

Commission staff has also conducted two sea level rise surveys of more than 100 of our major lessees and grantees. These surveys ask the lessees to grant -- and lessees and grantees to assess the extent to which they
have considered the potential impacts of sea level rise on
their facilities and what actions or adaptive strategies
they are taking to -- or that they are taking or plan to
take to mitigate the anticipated impacts of sea level
rise.

There are 40 respondents to the initial survey.
And the complete responses to all those were in the
initial report as an appendix. And the second survey,
which was conducted this summer, there were 27
respondents. A list of the respondents to both surveys is
in Exhibit A of your calendar item.

Finally, at the April 10th Commission
meeting -- or I mean, the April 2010 Commission meeting,
the Commission supported AB 2598 from Assembly Member
Brownley. This bill would have required a trustee of
granted public lands -- Trust lands to prepare a sea level
rise action plan to protect important infrastructure and
habitat from the projected impacts of sea level rise.

The bill did pass through the Assembly, but was
eventually held on suspense in the Senate Appropriations
Committee.

This concludes my presentation on the
implementation of the sea level rise report
recommendations. If you have any questions, I'm available
to answer them.
Thanks.

ACTING CHAIRPERSON ARONBERG: Thank you, Brian, very much. Appreciate staff's recommendation on this. This is something the Controller had asked about over a year ago. We're very happy with the work so far. Do you have any questions?

Okay, great.

LAND MANAGEMENT DIVISION CHIEF BUGSCH: I think I did have one speaker, that I don't know if they mismarked it or not for Item 49.

ACTING CHAIRPERSON ARONBERG: Oh, yeah we do. James -- thank you. James Hirsch, public speaker.

LAND MANAGEMENT DIVISION CHIEF BUGSCH: They may have put the wrong one down. It looks like they may have been one for the previous one.

MR. HIRSCH: Madam Chairman and Commissioners, I understand it's an informational item, but I am with the San Diego Port District, James Hirsch, senior redevelopment planner. And we thought that since you were here, we would update you on the activities that the Port has undertaken with respect to sea level rise.

We did respond to the 2009 sea level survey and the Port's response was that while we did not see any great impacts to a sea level rise of 16 inches, a 55-inch rise would certainly result in some substantial impacts.
and potential inundations of certain facilities, both urban facilities and wildlife areas.

So we -- the environmental services and land use planning departments have initiated the development of a Climate Mitigation and Adaptation Plan, or CMAP. We just started that effort in September of this year. And the first component of this process will be to estimate greenhouse gas emissions coming from port tidelands, identify measures to reduce these emissions and outline a plan for achieving emission reductions.

The second component of the CMAP process will deal with the adaptation to sea changes -- to changes in sea level rise on both port infrastructure and habitat. And in addition, the Port is partnering with ICLEI, which is local governments for sustainability, and the San Diego Foundation. And we're doing this to coordinate with the five member cities around the bay, as well as the Navy. And this is bringing more of a regional focus to the plan that we're putting together.

We expect this CMAP plan to be completed in January of 2012. We will go ahead and update our 2009 survey to reflect the activities that I just described and we'll get that into your staff. And we certainly look forward to working with your staff on the completion of the plan. Thank you for the opportunity to give you this
brief update.

ACTING CHAIRPERSON ARONBERG: Thank you very much.

Brian, is there anything else on this item?

LAND MANAGEMENT DIVISION CHIEF BUGSCH: No. If we're done for that, I'll just have a recommendation. I think at this point, we've gotten word that the Lieutenant Governor will hopefully be here --

ACTING CHAIRPERSON ARONBERG: Okay. So --

LAND MANAGEMENT DIVISION CHIEF BUGSCH: -- around noon or so, and then the other staff's --

ACTING CHAIRPERSON ARONBERG: We have two public comments. So I think we can go through the two public commenters.

LAND MANAGEMENT DIVISION CHIEF BUGSCH: We can go through those. Yep, that would be great. And then we might want to take a break after that.

ACTING CHAIRPERSON ARONBERG: Okay.

LAND MANAGEMENT DIVISION CHIEF BUGSCH: It's up to you.

ACTING CHAIRPERSON ARONBERG: We'll take a break after these public commenters?

LAND MANAGEMENT DIVISION CHIEF BUGSCH: Yeah, after these.
ACTING CHAIRPERSON ARONBERG: So first, we've got Bruce Heyman from Boaters for Dana Point Harbor, and then Laura Hunter again.

Is Bruce Heyman around?

Okay, and I do not see Laura Hunter in the room.

It looks like Grace is going to go see if she can find either of them.

MS. HUNTER: All right. Well, this is very awkward. And Curtis isn't here, right?

LAND MANAGEMENT DIVISION CHIEF BUGSCH: No, not yet.

MS. HUNTER: Okay. Should I go ahead?

LAND MANAGEMENT DIVISION CHIEF BUGSCH: Well, we'll wait for Cindy.

MS. HUNTER: Maybe, it can be on the tape and then he can see it later.

ACTING CHAIRPERSON ARONBERG: Okay. I'm sorry, Laura, please proceed.

MS. HUNTER: Well, this is kind of ill-fated, and it's kind of -- I just wanted to take this opportunity. I wish Curtis was here, but maybe you can hand this to him, when he gets here. When we came up to meet a couple months ago, I had heard that potentially -- or that he was thinking about maybe he might retire. And so we came back down here, and we're very far from Sacramento, so I think
news doesn't get down to us so quickly.

So we scurried around and we said, well we've got to honor him. We've got to really thank Curtis for everything he's done for us down here locally. And then I heard later on that well he got a new job.

I said oh, he's probably going somewhere else. And I didn't realize the new job might be moving up in the State Lands Commission.

So at any rate, we -- I want to give this to him anyway, because he is just a wonderful person. He's been such a big friend to our local environmental community. And so we had to amend it a little bit. So this is for when he retires, he can pull this sticky off. And then if he gets his new job, he can pull that sticky off.

(Laughter.)

MS. HUNTER: But Curtis Fossum, he's -- you should just all know that he's really a go-to guy for us. He has explained the same public interest legal issue to me probably 200 times. I still don't understand it, so I just call him up and he has to explain it again. And now Jennifer is stuck with that role and she's doing a great job and really appreciate it. But he's always been very helpful, never irritated, never crabby when we call him with stupid questions.

When we need help kind of well who in Sacramento
would deal with that, he's always willing to give us help on that and not everybody is like that. And I just -- we really value that from him.

So anyway, if you could give him the beautiful plaque that we've all signed, including some of our local birds, we would appreciate if you would give that to him. And so anyway, that was my public comment.

ACTING CHAIRPERSON ARONBERG: Laura, that's wonderful. Thank you.

(Applause.)

ACTING CHAIRPERSON ARONBERG: Has Bruce Heyman come into the room for his public comment?

No. Okay, so we can proceed with the calendar. Please pardon a brief break, while we discuss the procedure.

LAND MANAGEMENT DIVISION CHIEF BUGSCH: We'll go ahead and we have a lot of speakers and a lot of information to cover on this, so we'll go head and start moving forward on this.

ACTING CHAIRPERSON ARONBERG: On Item 47.

LAND MANAGEMENT DIVISION CHIEF BUGSCH: On Item 47.

ACTING CHAIRPERSON ARONBERG: We're going to start moving on Item 47, we have a huge stack of speaker cards on that, and let's proceed.
ASSISTANT CHIEF COUNSEL MEIER: Excuse me a moment. We're a little disorganized because of the lack of staff.

ACTING CHAIRPERSON ARONBERG: Of course. Of course.

ASSISTANT CHIEF COUNSEL MEIER: I have the drafted presentation that was going to be given by Alan Scott and I'll be presenting that for him.

ACTING CHAIRPERSON ARONBERG: Thank you.

ASSISTANT CHIEF COUNSEL MEIER: No, I don't need a pointer. Just hit that one right there.

I'm sorry we don't have the PowerPoint presentation, but I'll just have to read it to you.

ACTING CHAIRPERSON ARONBERG: Okay.

ASSISTANT CHIEF COUNSEL MEIER: Good morning, Madam Chairman and members of the Commission. I am Mark Meier, Assistant Chief Counsel for the Commission. And I will be presenting -- well, I'll be giving the presentation prepared by Alan Scott, who is the land agent working on this -- on Calendar Item 47.

This item asks the Commission to consider certifying a final EIR, adopting a Statement of Overriding Considerations, and authorizing a 30-year lease between the Commission and Chevron U.S.A. Inc. covering the continued operation and maintenance of an existing
offshore marine terminal in Santa Monica Bay.

Present today from the Commission staff -- well, Cy Oggins is not here, so Joan Walters will be giving his portion of the presentation. Yeah, and I will be here to answer any other questions relating to legal matters.

Also, in the audience are representatives from Chevron, Mr. Frank Semancik and -- refinery general manager and Rod Spackman, public and government affairs manager, who are available to respond to specific questions from the Commission.

The proposed lease before you covers a marine terminal that is operated by Chevron serving its El Segundo refinery. The terminal has been in existence in one form or another since about 1911. As indicated by its name, El Segundo, this was the second refinery constructed by Chevron in California after its Richmond facility.

The marine terminal began operation shortly after the construction of the upland refinery. Chevron held leases from the Commission's predecessor, the Division of State Land, and subsequently from the Commission itself after its creation in 1938.

The Commission has issued a number of leases over the years to Chevron for various parts of this marine terminal. And in 1977, it consolidated all of the then existing leases into a single lease, PRC 5574. This
consolidated lease covered the four then existing multiple
buoy spread point mooring berths 1 through 4. These
offshore berths serve the needs of the refinery for
delivery of crude oil for processing in the refinery and
the transfer of refined products by tag ship to other
locations.

Lease PRC 5574 had an initial term of 15 years
beginning in 1977 with three successive renewal periods of
10 years each to be given upon such reasonable terms and
conditions as the Commission might impose for a total of
45 years.

During the -- that 45-year period would terminate
in 2022. During the initial 15-year term of the lease,
the physical elements of the marine terminal underwent a
number of changes and modifications.

Berth number 1, the nearest to shore, was removed
in 1985 and its pipelines were abandoned in place.

Berth number 2 was removed in 1992 and its
pipelines extended to berth number 3, which was
subsequently converted to a multiple berth -- a multi-use
berth for both crude oil and refined product transfers.

Berth number 4 remains in place and is active for
use in transferring crude oil.

All of these modifications and construction
activities were approved by the Commission as amendments
to lease PRC 5574.

While the initial 15-year term of the lease expired in 1993, Chevron wrote the Commission that it was exercising the right of the first of the three 10-year renewal options authorized under the lease. Commission staff believed, based on language of the lease, that approval of the Commission was required before the renewal of the lease could become effective and that such approval required analysis of the marine terminal operations under CEQA.

Chevron disagreed, but after a period of negotiations agreed to the preparation of an EIR. An EIR was completed in '96 and was never certified -- but was never certified because of a dispute that arose between Chevron and the U.S. Environmental Protection Agency over air quality issues that were not ultimately resolved for several years.

Because of extended negotiation with Chevron and the delay in the certification of the EIR, Chevron again wrote the Commission to exercise its second 10-year renewal period.

After Chevron -- although Chevron has exercised two of the three 10-year renewals, neither has been approved by the Commission. Chevron considers the lease to be in holdover status, although Chevron does disagree
with that status -- that opinion. During this entire period of time, Chevron continued to pay annual rent at a rental rate approved by the Commission in 1993, with the understanding that the parties would adjust the annual rent when the new lease was issued -- when the new lease was issued.

In October of 2009, the Commission revised Chevron's annual rent from the previously agreed amount $319,140 to $1,290,000 per year. The adjustment for period from 1993 to 2009 was deferred until a new lease was issued.

As part of the negotiations for the new lease, staff proposes capturing the rent adjustment for this period based on an adjustment for -- under the Consumer Price Index. The rent adjustment to be paid by Chevron is 2,400,000.

In order to acquire a more secure leasehold interest and to avoid issues relating to the need for the Commission to approve -- the Commission approvals regarding renewals under the old lease, Chevron applied in December 2005 to the Commission for a new 30-year lease.

Staff believed that the 1996 EIR was no longer up-to-date. New information had become available since 1996 that required additional analysis under CEQA, not contained in the 1996 EIR, such as hoteling of vessels in
federal offshore anchorages and greenhouse gas emissions.

As part of the application process, a new EIR was therefore prepared and is before you for certification. Ms. Walters will provide you with details regarding the environmental process and the contents in the EIR at the conclusion of my presentation.

One item of note that became clear during the processing of the application and EIR was the concern about strategic and economic security. The Chevron refinery is a major supplier of fuels to southern California, and a disruption in that supply would have a significant impact on not only the regional economy, but that of the State.

I had a slide which shows -- which we're showing the locations of terminals in southern California. What it shows is that the El Segundo -- all the other marine terminals in southern California are located within the Port complex -- the Long Beach -- L.A. Long Beach Port complex. The only other marine terminals for bringing in crude or fine product into the State are the two Navy terminals in San Diego.

And the only other exception is El Segundo. Currently, the El Segundo terminal 25 percent of the oil and refined product that passes through the southern California pass through the El Segundo facility.
Having several -- that's not correct. Having several alternatives for supply of crude oil in the area is necessary to assure that if one source location becomes unavailable due to either a natural disaster, accident, or civil unrest that an alternative site can continue to provide supply.

Having several locations separated by some distance helps ensure a diverse and more secure access to energy sources.

The lease described in Calendar Item 47 is for a term of 30 years beginning October 1, 2010, has an initial annual base rent of 1,290,000, requires liability insurance in the amount of 10 million, a performance deposit of two million, and has the following unique provisions.

The base rent will be adjusted annually by the CPI, and that adjustment will only be up not down, assuring that the rent keeps pace with inflation. The base rent may be adjusted at the discretion of the Commission at each 10-year anniversary of the lease by a land value appraisal assuring that base rent remains consistent with the value of industrial property in the area.

Three, the lease contains a specific provision providing for the reduction or offsetting of GHG emissions
to the established baseline value utilizing an independent
third-party auditor approved by the Executive Officer.

Four, the lease provides for a reimbursement of
staff costs for mitigation monitoring required by the EIR.

And five, the lease provides for reimbursement of
staff costs for administration of the terms and conditions
of the lease beyond mitigation monitoring.

Now, I'd like to turn the presentation over to
Ms. Walters, who will provide you with information with
the environmental process and the contents of the EIR.
Upon completion of his presentation, we will both be
available for your questions.

ACTING CHAIRPERSON ARONBERG: Thank you.

ENVIRONMENTAL SCIENTIST WALTER: Good morning,
Madam Chair and Commissioner. My name is Joan Walter and
I'm an environmental scientist with the Division of
Environmental Planning and Management. And I'd like to
give you a brief overview of the environmental review
process for this project.

When Chevron's application for the El Segundo
marine terminal lease renewal was deemed complete in 2006,
a determination was made to prepare an Environmental
Impact Report, or EIR, in order to comply with the
California Environmental Quality Act, or CEQA.

The process was initiated March 22nd, 2006 with
circulation of the Notice of Preparation thus establishing the CEQA baseline.

In support of this Notice of Preparation, a public scoping meeting was held in the City of El Segundo on April 5, 2006. Federal, State, and local agency representatives, as well as public interest groups and other interested parties were invited to participate in this portion of the CEQA process.

Preparation of the draft EIR took considerable time and included new analyses based on modifications to Chevron's project description.

On August 16th, 2010, a draft EIR was completed and circulated for a 60-day public review period that ended October 15th, 2010. On September 22nd, 2010, two public hearings were held in the City of El Segundo to discuss the contents of the draft EIR, answer questions and receive comments from agencies and interested members of the public. And on November 22nd, 2010, the final EIR was released.

The final EIR identifies potentially significant adverse impacts, that with the application of all feasible mitigation measures cannot be reduced to less than significant. These significant impacts are attributed to the risks of oil spills in the marine environment, as well as emissions from additional marine tankers as identified
in the analysis for system safety and reliability, water and sediment quality, biological resources, air quality, esthetics, geological resources, and land-use planning and recreation.

Accidental oil spills and air quality are two impacts that remain significant despite implementation of all feasible mitigation measures.

Accidental oil spills which affect water and sediment quality, biological resources, and other issue areas and air quality are part of those significant impacts.

Safety features, inspection and maintenance, and emergency response practices proposed in the final EIR would reduce impacts related to accidental oil spills. Low sulfur fuel requirements, tanker speed limits, and greenhouse gas monitoring would reduce impacts related to air quality.

However, due to operational greenhouse gas emissions from additional marine tankers and the inherent possibility of an oil spill, these impacts still remain significant.

Some of the proposed features and procedures to address these impacts include extending the use of an inert gas in all vessels that carry non-Grade E cargo to reduce the possibility of fires and explosions; enhancing
inspection, testing, and monitoring requirements for pipelines and other equipment; to better detect and prevent oil leaks and spills; enhancing training requirements, response procedures and biennial fire and response drills to improve emergency preparedness and response; and implementing updated seismic design, evaluation, inspection and reporting requirements for all existing facilities and pipelines; to ensure that pipelines and associated facilities meet or exceed current engineering and safety codes.

Chevron would be using low sulfur fuels in all main and auxiliary engines on tankers calling at the terminal to reduce greenhouse gas emissions. And there is the requirement to monitor, quantify and report greenhouse gas emissions associated with terminal operations.

If emissions exceed the 2006 baseline emission estimates, which are currently 49,102 metric carbon dioxide equivalent tons per year, Chevron will implement a greenhouse gas emission reduction program to reduce emissions to less than the 2006 baseline.

A complete set of mitigation measures are included in the mitigation monitoring program, which is Exhibit C on the calendar item.

Several actions before you today involve the following items:
The EIR prepared for the lease renewal; the associated mitigation monitoring program, which is Exhibit C; the findings prepared as required by CEQA since the EIR identified a number of significant environmental effects, which is Exhibit D; and a Statement of Overriding Considerations, which is Exhibit E.

The Statement of Overriding Considerations has been prepared because there are a number of significant Class 1 impacts identified in the EIR, primarily associated with air quality and the risk of an oil spill that cannot be mitigated to less than significant.

The statement provides the reasons why the benefits associated with this project outweigh the unavoidable adverse environmental effects. Staff recommends that the Commission certify the EIR, adopt the mitigation monitoring program, the findings and the Statement of Overriding Considerations, accept the additional rent in the amount of $2,400,000 and approve the lease as presented for Calendar Item number 47.

This concludes my presentation. And as stated earlier, Mark Meier from the Legal Office and I are available for your questions.

ACTING CHAIRPERSON ARONBERG: Thank you.
ENVIRONMENTAL SCIENTIST WALTER: Thank you.
ACTING CHAIRPERSON ARONBERG: That's the end of
the staff presentation, Mark?

ASSISTANT CHIEF COUNSEL MEIER: Yes, that's the end of the staff presentation. So can you proceed with the speakers at this point.

ACTING CHAIRPERSON ARONBERG: Okay, several folks from Chevron. Shall we start with them?

Frank Semancik.

MR. SEMANCIK: Good afternoon. My name is Frank Semancik. I am the general manager of the Chevron El Segundo refinery.

I'm here today to underscore the critical nature of our marine terminal operation, which is fundamental, and an essential component of the refinery that allows for safe transfer of crude oil and petroleum products between the refinery and vessels visiting the offshore facility.

I want to personally thank both the State Lands Commission and staff as the hearing today signifies an incredible amount of hard work and diligence over the past five years, which started with Chevron's application for a lease renewal and culminated with a final Environmental Impact Report that stands before you today for certification.

We take great pride in our safety legacy and environmental record. And I want to ensure that protection of the marine environment is Chevron's
undisputed priority for operations at the marine terminal.

In my role as general manager, my most critical function is to make sure that our employees, neighbors, and the environment are protected, and that everyone goes home safely to their families each and every day.

I again offer my appreciation for the opportunity to be here and I also thank you for your recognition of the importance of our continuing marine terminal operation. I would now like to introduce our project manager Rod Spackman, who will provide you with additional insight into the final EIR.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.

MR. SPACKMAN: Commissioners Aronberg, Ms. Ingenito, I'm Rod Spackman. I'm the public and government affairs manager for Chevron. And I have some comments here that covers, again, a range of the issues that have been worked on with this project.

And as Frank said, as team lead, I would like to thank the State Lands Commission for putting together a very comprehensive EIR, which outlines in detail the continued operation of our marine terminal at Chevron's El Segundo refinery.

We support the document's conclusions and staff recommendation which identifies the existing marine
terminal as the preferred environmental alternative. We also support the wide ranging set of mitigation measures in the final EIR that have been incorporated in the lease document, all of which will add an additional measure of safety to our future operations.

Next year, Chevron will celebrate its 100th anniversary of operation. During that time, we have continuously and successfully operated a marine terminal to import crude oil.

This terminal is an integral part of our facility and supplies the majority of the raw materials necessary to manufacture transportation fuels that are distributed throughout southern California. One in five cars in this region uses our gasoline products, and the jet fuel -- and 40 percent of the jet fuel used at LAX comes from our refinery.

Our employees and their families live in the City of El Segundo and the south bay and we take very seriously our obligation to be good environmental stewards in the conduct of our business. We have, I believe, over many years demonstrated our commitment to safe, reliable operations with a focus on ensuring that we meet or exceed the rigorous standards required by us of those agencies who oversee our activities.

This commitment to be a good neighbor was best
reflected at your field hearings on September 22nd in El Segundo on the draft EIR where some 40 elected officials and community leaders testified in support of the lease renewal.

Their voices were buttressed by over 160 supporting letters from other members of the community. We were -- from our perspective, we were very humbled and overwhelmed by this level of support. You know, in reviewing some of the public comments on the Draft EIR, there have been questions raised about the lease term. So I would like to briefly describe for you why a 30-year lease is reasonable, appropriate, and fundamental to our continued operation.

To do that, you need to start with the fact that Chevron El Segundo is a unique -- is unique amongst the refineries in southern California. In that, our facility is geographically isolated from our competitors and related port infrastructure, which means that we require a different system, a supply system, to support our business.

Like any other business, we also need operational certainty that comes with a 30-year lease for our marine terminal, so that we can continue to invest in our facility to meet both future environmental standards for our products and at the same time improve the efficiency
and reliability of our operations.

    For example, looming on the horizon are AB 32 requirements to produce new fuels which meet the low carbon -- which will meet the low carbon fuel standard, as well as significant investments to reduce the refinery's overall carbon footprint.

    Separately, we are finalizing the details of adding a new cogeneration plant at the refinery, which is 30 to 40 percent more efficient than traditional power sources. A shorter lease would eliminate the incentive to make those kinds of investments.

    In addition, the marine terminal provides us with a critical opportunity to move products between ourselves and our sister facility in northern California during the year, which greatly minimizes the potential for supply disruptions to consumers statewide.

    This lease term is consistent with other leases you have provided throughout the State over the past number of years. As an example, our sister facility in Richmond, California received a new 30-year lease for its Long Wharf in San Francisco Bay approximately one year ago.

    As a 24/7 operation, we need the ability day in and day out to deliver 240,000 barrels of crude oil into the facility. Our existing marine terminal is the only
facility that can meet the above requirements and at the same time provide the necessary flexibility to segregate the different types of crude oil coming to our refinery, so that these raw materials can be fed to our plants in a way that does not damage our equipment.

For individuals to suggest that at some time in the future other facilities may exist in the region, which could replace our terminal, is simply not accurate. As was clearly indicated in the EIR, there is no guaranty that any such facilities will ever be built. The proposed project in the Port of Los Angeles is a speculative venture by a private company. And whether or not it ever sees the light of day remains uncertain at best and should not be used as a rationale for changing the lease term.

Most importantly, any such alternative would require the major construction of new dedicated -- a new dedicated pipeline to ratably deliver the volume of crude oil required for our facility on a daily basis.

Attempting to build such a massive new pipeline through 11 different communities raises undeniable environmental justice concerns, enormous environmental permitting hurdles and guaranteed opposition from a number of interest groups along the way, along any proposed pipeline corridor or existing right of way.

Also, as Frank indicated, we strongly agree that
conducting our business safely, as well as protection of
the marine environment, is our highest priority.

But we must take exception to the inference by
some individuals that would -- that we are not adequately
prepared in terms of our emergency response capabilities.
As the EIR describes, we maintain a rigorous and clearly
defined process to ensure safe operations at the terminal,
including the capability to immediately deploy booming
equipment from response vessels always present at the
terminal when a tanker is in berth.

We also house additional onshore equipment that
can be rapidly deployed. We have dedicated response
vessels in Redondo Beach and Long Beach harbors that are
always on call for a quick response.

Lastly, the final EIR and associated marine
terminal lease incorporate a number of mitigation measures
that will enhance the safety of our operations, provide a
mechanism to incorporate new and improved technologies in
our operations in the future. And from a broader Homeland
Security perspective, it preserves a critical asset for
the region by making sure we don't put all our eggs in one
basket and that we have access to multiple sources of
strategic supplies in order to reduce the potential for
disruptions here in southern California.

As I said earlier, we believe the final EIR is a
A comprehensive document that thoroughly analyzes both the
issues and the alternatives. We support the Commission
staff's recommendation for certification of the document
and approval of a new EIR -- excuse me, a new 30-year
lease consistent with the mitigation requirements in the
EIR.

We would be happy to answer any questions you
have. I would say one thing respectfully to the
Commission. We understand that one of the Commissioners,
Lieutenant Governor Abel Maldonado, if not close, very
close to being here this afternoon. And we would very
much ask that this issue -- final decisions on this issue
and the vote on this issue wait until where he, as a
commissioner, has been able to join you in that
deliberation.

We certainly think it's important and knowing
that a commissioner is on his way makes that even more
critical. So again, I thank you very much for your
consideration. Please let us know if you have any
questions.

ACTING CHAIRPERSON ARONBERG: Thanks, Rod.

So thank you. You're about to make the point
that I'm about to make. The staff and the Lieutenant
Governor are actually apparently on the ground here at the
airport. So instead of being speculative, that they're
going to arrive, they might arrive. There's a possibility that they actually are here, so let's take a short break. Chevron can continue if it wants to once everyone is in place, because generally we let the proponents and opponents have, you know, sort of a set amount of time -- an equal set amount of time, in agenda items -- contentious agenda items like this.

So let's take a -- Mark, you wanted to say something.

ASSISTANT CHIEF COUNSEL MEIER: The last word we got was that the staff is on the tarmac, but they parked the plan on the other side of the airport, because they don't have a gate.

(Laughter.)

ASSISTANT CHIEF COUNSEL MEIER: So they should be here as soon as a gate opens up.

ACTING CHAIRPERSON ARONBERG: Okay. Let's -- the airport is really close. Let's say we'll reconvene in 15 minutes. If everyone is not here in 15 minutes, we may sort of delay a little longer to let everyone get it together, but just so -- in case everyone's here, let's get back in the room, so that we can get started in the event that staff and Lieutenant Governor are ready to go then.

Thank you.
(Thereupon a recess was taken.)

ACTING CHAIRPERSON ARONBERG: Staff should be here any moment. They're being picked up at the airport. So if the other Commissioners are okay with it, why don't we just continue on with the hearing.

Oh, here they are. Hooray. Perfect timing.

Hello. Welcome.

INTERIM EXECUTIVE OFFICER FOSSUM: Are we on?

ACTING CHAIRPERSON ARONBERG: We had just -- Rod Spackman had finished from Chevron and we were just about to continue. Did you want to, Curtis, have --

INTERIM EXECUTIVE OFFICER FOSSUM: Take a breath?

(Laughter.)

ACTING CHAIRPERSON ARONBERG: -- continue with the cards or do you want to have something to say because I was going to head to Eric Busch the Mayor of El Segundo, unless you have something to add.

INTERIM EXECUTIVE OFFICER FOSSUM: I'm sorry?

ACTING CHAIRPERSON ARONBERG: I'm just going to go to the Mayor of El Segundo --

INTERIM EXECUTIVE OFFICER FOSSUM: That would be fine.

ACTING CHAIRPERSON ARONBERG: -- who's next on the speaker card list.

EL SEGUNDO MAYOR BUSH: Good afternoon. My name
is Eric Busch and I serve as the mayor of El Segundo. I'm here to provide a perspective on the certification of final Environmental Impact Report and issuance of a new 30 year lease for the Chevron marine terminal, as proposed by the State Lands Commission.

As a biologist who has worked in the environmental area for 20 years, leads sustainability efforts for a major corporation, rides a bike to work, loves our oceans, and has read many Environmental Impact Reports, I'm acutely aware of the importance of the environment to our society.

Our experience has shown that a protected and healthy environment will provide us financial, physical, and spiritual benefits, let alone the benefits for the other life forms within our environment.

As you may be aware, Chevron provides a significant portion of the fuel that sustains our society. As mentioned before, 20 percent of gasoline for southern California and 40 percent of LAX's jet fuel are among other products produced by this refinery.

These products are essential to the financial stability of southern California. This alone may be enough to justify a Statement of Overriding Considerations, if there were, as there are unmitigated environmental impacts.
However, when we look at Chevron's past performance with respect to our local environment, we see an exemplary record. For all the oil that has traveled through this terminal over the past decades, Chevron has had only two spills.

In 1980, a spill of 2,400 barrels and one in 1991 of 200 barrels. In both of these spills, cleanup operations began immediately and were ceased after a few weeks in 1980 and after three days in 1991. In addition, operations of the terminal were changed, so that another spill like the one in 1991 is now impossible.

In fact, Congressman Glenn Anderson, who was involved with California spill cleanup stated that Chevron's response and cleanup in the 1991 spill was textbook in its execution and effectiveness. And since 1991, there has not been a single oil spill during the use of this terminal.

Chevron uses many technologies to ensure that a potential for a spill is minimized. It is clear that Chevron is committed to their spill prevention efforts. As I'm sure you know, we cannot eliminate all risk in the activities we undertake, but we can minimize our risks, so that we can continue to grow and evolve as a society. Chevron has been and is very effective in managing their risk with respect to this terminal and the environment.
I have often thought that there will come a day that our grandchildren or their grandchildren will wonder at the fact that we actually burned the valuable resource we call oil. But we have not reached that day, and we need this vital resource to help us achieve a more efficient society with a much smaller environmental impact.

Therefore, as a mayor of a community that has the highest solid waste recycling percentage in the State, where 45 percent of our water used is reclaimed, I support and encourage the approval of the final EIR and a 30-year lease as proposed.

Thank you so much for your time.

ACTING CHAIRPERSON ARONBERG: Thank you.

I have a request to speak from someone who needs to head out and it's Stefanie Sekich-Quinn. Would you like to provide your comments?

MS. SEKICH-QUINN: Thank you for letting me speak a little bit sooner and rearranging the order of everything. I really appreciate it.

My name is Stefanie Sekich-Quinn. And I'm a campaign specialist with the Surfrider Foundation. The headquarters is based in San Clemente.

Today, I'm here to urge you to consider not issuing the lease, or at maximum issuing a 10-year lease.
Over the past eight months our society has been focused on the biggest environmental disaster our country has ever seen. I went down to the Gulf of Mexico to work with locals and other national organizations about the best way to go forward post the spill.

Part of my job was to go down there and take a needs assessment on how to go forward. And quite frankly that needs assessment never happened, because the impacts of the spill were so tremendous. It was actually impossible to assess measures that would help both people and the broken ecosystems there.

I even mentioned my trip to the Gulf of Mexico today, because I think it's important to juxtapose what a spill potentially could look like with continued use of the terminal in Santa Monica Bay. Those two ecosystems are relatively similar. They're very fragile. They're unique to that area and they're a little bit isolated from the rest of the coastline.

The assets that are there are tremendous, but the population that lives within Santa Monica Bay and works within Santa Monica Bay really actually is so big that any spill that would happen there would trump the impacts that we saw in the Gulf of Mexico. So I was going to juxtapose, and it's apples and oranges at that point.

Therefore, the Surfrider Foundation respectfully
requests that you evaluate alternatives as we all have to do with EIR's. One alternative would be to have some of the vessel traffic go to the Ports of Los Angeles, Long Beach, and Pier 400. It's not only environmentally superior, but it also -- those two ports have a better capacity to deal with rapid response. We know that that's critical in terms of having a spill.

We also suggest that the Commission thoroughly analyze the benefits of having traffic go north. Obviously, less traffic within the bay itself would be better for the environment and decrease the potential of a spill.

And finally, I'd like to point out a bit of an ironic point here, is that Chevron has never been granted a 30-year lease, so I'm not sure why -- for this particular terminal, why we would at this point, especially considering we just are in the aftermath of the biggest environmental disaster, and there are other alternatives to this project.

So in closing, I think regulatory bodies and the State Lands Commission as yourself, the onus is on us to go forward and to look to the future. I would hate to think that in 30 years from now we're still going to be looking at society that relies on fossil fuels. We should be looking at a society that is leaning more towards clean
energy.

By not issuing a lease or a shortened lease today, we're actually proving that we're currently protecting our natural resources, which to me is more important than any of us can imagine today.

So thank you again for your time.

ACTING CHAIRPERSON ARONBERG: Ms. Sekich --

COMMISSIONER MALDONADO: I have a question for you.

MS. SEKICH-QUINN: Yeah.

COMMISSIONER MALDONADO: With those options that -- recommendations of going to the other port, how do you expect to get the oil to the refinery?

MS. SEKICH-QUINN: I think that, you know, there's creative ways that we could continue to work there. Also, too, I know that Pier 400 is in the capacity of having an upgrade, so I'm sure that there's a way that we can improve infrastructure and technology at Pier 400.

COMMISSIONER MALDONADO: And that's in the Port of L.A., correct?

MS. SEKICH-QUINN: Correct.

COMMISSIONER MALDONADO: Then how do you get the oil to the refinery in El Segundo?

MS. SEKICH-QUINN: Well, there's some pipelines that could be in place. And you know, to be honest with
you, I think that, at that point, once we expand the
options that we would have at Pier 400, I think that
there's innovative ways that we could figure out a more
succinct way to do that, that would be economically and
environmentally feasible.

COMMISSIONER MALDONADO: Okay.

MS. SEKICH-QUINN: Thanks again.

ACTING CHAIRPERSON ARONBERG: Thank you.

Next, we have a card from Charles Gale followed
by Marsha Hansen.

MR. GALE: Good afternoon, Madam Chairman and
Commissioners. My name is Charles Gale and I'm the
chairman of the Manhattan Beach Chamber of Commerce.

I'm here today on behalf of our board of
directors in urging you to support the certification of
the EIR for 30 years and the 30-year lease for the Chevron
terminal.

Since 1941, the metropolitan -- well, the
Manhattan Beach Chamber has the mission of promoting a
balanced business economy and quality of life for our
residents. We have deliberated this issue not only at our
Legislative Advocacy Council, but with our board of
directors.

Please note that the business community is not a
pay-to-play organization. We take our environment very
seriously. The Manhattan Beach Chamber of Commerce is the only chamber in the state that supported the Manhattan Beach City in its banning of plastic bags. We are a tough organization when it comes to our environment.

We agree with the Commission's findings that the -- there will be a reduction in the output to our economy in the south bay. And a downturn in our economy will also affect our schools. Our schools in Manhattan Beach are number three in the State, and that's because we have a thriving business community and the highest -- number three, highest test scores in the south bay, but also throughout the State. And we can only do that with our business community being strong and we represent firms from Northrop Grumman all the way down to your local optometrist, and people that sell surf boards.

The El Segundo terminal is key in providing resources, gasoline, to southern California, but also to LAX, one of our partners in the south bay, that keeps our economy going.

But let's move forward. As you know, businesses need to lead and plan for the future, and a 30-year lease at this terminal makes sense for our community.

The biggest threat to our community, if you could help us, is the sewage that shows up on our beaches, when the sanitation district pumps fail. It is not from
Chevron. Let's be clear about what our biggest concern is.

So in summary, the Chevron marine terminal is needed for our community. We hope you'll support the final recommendations from staff today and grant them their 30-year lease.

Thank you.

MS. HANSEN: Good afternoon. I'm Marsha Hansen. I'm the executive director of the El Segundo Chamber of Commerce. I'm here on behalf of our chamber and its members who include Fortune 500 companies, leading international firms, and small- to medium-sized businesses that take great pride in doing business in El Segundo and the entire south bay.

Our chamber and its members urge you for your support for the certification of the final Environmental Impact Report and the new 30-year lease for the Chevron marine terminal, as proposed by the State Lands Commission.

The El Segundo's Chamber's fundamental mission is to promote economic prosperity and a home town quality of life in our city. As such, the El Segundo -- Chevron El Segundo refinery and its marine terminal are a critical component of our local economic stability, enabling the gasoline supplies to power our local businesses and a
large portion of jet fuel at LAX, in which many of our chamber members conduct significant business with.

During my tenure as executive director of the Chamber, I can attest to Chevron's dedication and commitment to enrich our business climate, our schools, community, arts and civic organizations.

I was also overwhelmed by the number of representatives from our local and adjacent communities, including their elected officials and dozens and dozens of organizations, who stood in support of Chevron's lease at the field hearings you conducted in El Segundo a month or so ago.

I've never seen this type of broad based support. And it became apparent that Chevron was truly a unique and responsible company, extremely dedicated to enhancing our community.

I again urge you to approve the final EIR and 30-year lease as we strongly support in providing them with needed plant -- business planning assurance to continue viable long-term operations in El Segundo.

Thank you very much.

ACTING CHAIRPERSON ARONBERG: Thank you. Chris Powell who will be followed by Chuck Milam or Milam.

MR. POWELL: Good afternoon. My name is Chris Powell. I'm both an El Segundo resident and four-term
member on our board of education in El Segundo.

As a parent advocate for quality education, I can't express how proud we are of our city's school system. I'm here today to support your consideration of the final EIR and 30-year lease for the Chevron marine terminal as proposed by the State Lands Commission.

Chevron provides critical support for our schools and community and we want to ensure that continues long into the future. Our District's mission is to provide students with an optimal learning environment that prepares educated, productive, compassionate citizens to meet the challenges of the 21st century.

We are able to achieve this, because of the broad support of our community and businesses such as Chevron. The Chevron refinery has provided longstanding contributions and volunteer support, and I personally witnessed their unfailing commitment to enrich our education system, our students, and our staff. In doing so, they specifically and strategically targeted math, science, and technology in our schools.

Chevron also is the largest property tax payer in our district. This is important, because our district -- to our district and to our residents, because we have several school modernization bonds outstanding, many of which extend close to 30 years.
Due to the fact that Chevron refinery is actually over 50 percent of the assessed valuation in our community, without their presence, the responsibility for this would fall totally on our residents. It would more than double their current property tax when it comes to these modernization bond repayments. It would be an extreme hardship, especially on those with fixed incomes. Chevron's continuing contribution to our school district provides support at a time when budgets, as you all know, are being cut, and our students need it the most. That is why I urge your support of the final EIR and 30-year lease, as proposed, to ensure the continued operation of the marine terminal and ongoing support for our schools. I would not want to imagine our schools without Chevron's presence in our community.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.

Chuck Milam who will be followed by Valerie Hill.

MR. MILAM: I am Chuck Milam. And thank you very much, Commissioner, for pronouncing my name correctly.

As a long time resident of Manhattan Beach, as treasurer of the Manhattan Beach Roundhouse Aquarium, secretary of Manhattan Beach Coordinating Council, member of the Los Angeles County Beach Commission, and a former member of the California Regional Water Quality Control
Board, Los Angeles Region, I'm here today to strongly support certification of the final EIR and 30-year lease for the Chevron marine terminal as proposed by the State Lands Commission.

My first residence in Manhattan Beach was located adjacent, very close, to the western boundary of the Chevron refinery. And I can attest to its excellent safety and environmental record. I know they place a tremendous amount of focus on maintaining a safe and environmentally sound operation.

Furthermore, since I can remember, Chevron has maintained and attractive green belt, separating its refinery from the local street level.

I also remember being informed of Chevron's efforts and progress in becoming the first Los Angeles refinery to construct sulfur recovery facilities. Chevron has been very proactive and open about its environmental efforts in improving air and water quality in the beach area.

You've heard from the Surfrider Foundation. I'm an active ocean swimmer. I have swam in Santa Monica Bay since 19 -- early 1970's. I can assure you there has been no impact whatsoever and the quality of the water that I swim in around the Chevron facilities is fantastic. I'm still here today. I've been swimming for over 40 years.
Nothing is wrong with me right now.

(Laughter.)

MR. MILAM: From the perspective of the Manhattan Beach Roundhouse Aquarium, Chevron provides yearly funding to operate and maintain the Chevron shark tank, which is a showcase exhibit at our aquarium. You're going to hear more about the aquarium later.

The facility has been a local community asset since 1979, and is financially supported by class fees, community donations, and increasingly corporate and foundation grants. The potential for losing or diminishing Chevron as a sponsor would have significant impact on our public and school marine education outreach programs.

Again, I fully support certification of the final EIR and 30-year lease to ensure Chevron can sustain operations in the south bay. That's north south bay. You heard from south south bay earlier today. Without them, or in any diminished capacity, we lose both a good neighbor and community resource.

As we look upon the current economic climate, please do not alter the current staff proposal. To do so will only exemplify the State's anti-business attitude and obstruct and unnecessarily delay regulatory progress.

Thank you.
ACTING CHAIRPERSON ARONBERG: Thank you.

Valerie Hill, who will be followed by Jenny Armstrong.

MS. HILL: Hello. My name is Valerie Hill. I am the co-director at the Roundhouse Aquarium, which is a small nonprofit aquarium at the end of Manhattan Beach Pier.

Our focus there is on education about the oceans, marine life in the environment and the importance of protecting the environment. And we do that through educational classes. We see about 12,000 students a year from the beach cities all the way inland, even out to Pasadena. They come down to visit the beach. And many of the students come see the beach for the very first time, even though they're 10, 11 years old.

We also see about 125,000 visitors each year during our public hours. And Chevron has been a big part of that. In addition to their great environmental record, they have an outstanding record of supporting the community surrounding El Segundo. They support us and many other similar organizations.

They've supported us for many, many years. Certainly, longer than I've been there. I think even possibly longer than I've been alive, they've been supporting the Roundhouse. So each year they donate
approximately a little less than 10 percent of our total income. So it's a huge portion for us.

And that income allows us to remain open to the public free of charge, which we are seven days a week to anyone who's interested in coming in and learning. It helps us maintain our tanks, care for our animals, train our volunteers and interns who are about 95 percent high school and college students interested in the oceans and the environment and furthering their careers in science and education as well. That's actually how I started was as a volunteer.

But most importantly, the support from Chevron allows us to continue our public education program. And that's the most important thing, because I think many of the people in this room know that the cumulative effects of non-point source urban runoff pollution into the marine environment are much greater than anyone organization's pollution into the marine environment.

And Chevron allows us to teach people about this to increase education, increase awareness about how people's everyday actions affect the marine environment and hopefully lead to action, even small actions like not throwing your plastic bag on the ground, which of course decreases the marine pollution.

So we're hoping that we can make a difference
through education and awareness. And without Chevron and
their support, our programs and the education and
awareness of south bay residents and visitors would
greatly suffer.

So on behalf of the Roundhouse Aquarium, we
support the certification of the final EIR and issuance of
a new 30-year lease for the Chevron El Segundo marine
terminal as proposed.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.

Jenny Armstrong, who will be followed by Pamela
Fees.

MS. ARMSTRONG: Good afternoon, Commissioners.
My name is Jenny Armstrong, and I'm here representing the
Sportfishing Conservancy out of Long Beach. I'm also here
to show our support for the 30-year renewal lease of the
El Segundo marine terminal.

The Sportfishing Conservancy represents millions
of salt water anglers across California. Over the past
several years, we have worked very closely with Chevron on
a variety of projects and have always had a very
compatible relationship with Chevron.

Representing these anglers we have had no
negative impact to any sportfishing activities from the El
Segundo marine terminal. Chevron's safety record has been
exemplary. Prevention of any environmental or safety hazard is their top priority. And every precaution is taken to maintain protection of the marine environment.

The Sportfishing Conservancy has no reason to oppose the renewal of the 30-year lease and has great confidence in their continued protection of the marine environment. We strongly support the Commission's consideration in renewing this lease for the full 30-year term.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.

Pamela Fees who will be followed by Dana Murray.

MS. FEES: Good afternoon. I'm Pamela Fees, and I'm a life-long resident of the City of Hawthorne. I'm speaking today as a education proponent and a former local school administrator. And I want to recognize Chevron for their longstanding support of our schools and programs that are a benefit to the community.

I want to state my support of the certification of the final Environmental Impact Report and the renewal of the 30-year lease for the continued operation of the Chevron El Segundo marine terminal.

As a resident, I've witnessed the effort of Chevron and what they do to directly support many worthy causes, including Pride Day, which is a volunteer activity
that helps to improve the school facilities. I've
personally participated in that with volunteers from
Chevron for a number of years.

    Chevron has been a good corporate neighbor and a
member of the community, and their employees volunteer
generously to many of the worthy organizations.

    Chevron is a valuable resource for the region and
an important member of our business and civic community.
Their presence and continued ability to support many
worthy causes in our local south bay area is extremely
important to our need to foster good government decision
making, and to provide them the assurance for a future to
sustain our economic well-being.

    So I also urge the Commission to support the
final EIR and the 30-year lease.

    Thank you.

    ACTING CHAIRPERSON ARONBERG: Thank you. And my
error. We divided this into support and opposition and I
have left out several support cards.

    So let's go to Dr. Pamela Yochem or Yochem, who
will be followed by Matthew Winder. I'm sorry Wunder or
Winder.

    DR. YOCHEN: My name is Pamela Yochem. And I'm
the executive vice president and senior research scientist
at Hubbs-Sea World Research Institute, which is a
501(c)(3) nonprofit research organization, whose mission since 1963 has been to return to the sea some measure of the benefits derived from it.

I'm here to speak in support of the final EIR and issuance of a 30-year lease as proposed by the State Lands Commission. I've lived in southern California for over 45 years and have dedicated my life to marine research and conservation.

As a marine biologist and wildlife veterinarian, who has worked in the environmental field for over 30 years, I'm very aware of the influence of our oceans and coasts on the wildlife that inhabit them, as well as their importance to the humans for whom they provide aesthetic enjoyment, recreational opportunities, food and other benefits.

Chevron has partnered with our organization in research, conservation, and education and outreach activities for over 20 years. Some examples include research that I did as part of my graduate work on the ecology and health of marine mammals at the southern California Channel Islands.

Our organization is also working with Chevron, the State of California, and NOAA Fisheries to replenish depleted fish stocks in California waters. In fact, one of our grow out net pens that's staffed by volunteers is a
an embayment that's less than 10 miles from the marine
terminal, which I think demonstrates the compatibility of
Chevron's activities with marine resource enhancement
activities.

I've been a member of the advisory board for the
California Oiled Wildlife Care Network and a response
veterinarian for the State of California since the Oiled
Wildlife Network was formed in 1994.

The OWCN is recognized as an international leader
in providing the best possible care for oiled wildlife.
And we heard earlier about the Gulf oil spill. Indeed,
many of the volunteers and the director of the OWCN were
called to help in the Gulf spill, because of its
recognized leadership in this regard.

In my capacity as an advisor, educator, and
response veterinarian for the OWCN, I've participated in
many spill drills and trainings with representatives from
Chevron. And I've also had the pleasure of serving with
several dedicated representatives from Chevron on the
advisory board for the Oiled Wildlife Care Network as well
as its scientific advisory committee.

Chevron has demonstrated a sincere dedication to
marine protection, and in our case, marine research and
enhancement.

Their safety and spill records are exemplary.
From our perspective, we agree that they continue to adhere to a high degree of environmental stewardship and safe operation. And therefore we support the final EIR and issuance of a 30-year lease as proposed by the State Lands Commission.

Thank you very much.

ACTING CHAIRPERSON ARONBERG: Thank you. So Matthew Wunder or Winder who will be followed by Carmen Sandoval.

My apologies for the name.

DR. WUNDER: My apologies for poor penmanship.

(Laughter.)

DR. WUNDER: I am here today to strongly support certification of a final Environmental Impact Report and 30-year lease for the Chevron marine terminal as proposed by the State Lands Commission. My name is Matthew -- Dr. Matthew Wunder. And I'm the executive director of the DaVinci Schools, a nonprofit organization operating two independent charter high schools within the attendance area of the Wiseburn School District.

Wiseburn's attendance area is roughly the eastern part of the El Segundo and the western part of Hawthorne. We serve students and families from 48 zip codes and 121 feeder schools across Los Angeles county.

Prior to opening our high schools, I was a
principal at Dana Middle School in the Wiseburn School District and before that the director of student services in the Manhattan Beach Unified School District. As such, I witnessed Chevron's exceptional commitment to public education for the last 16 years.

As you know, this local area boasts one of the largest concentrations of Fortune 100 and 500 companies in the United States. Chevron was a founder of this community nearly a hundred years ago, and continues to be a vital economic and educational anchor. Chevron understands and invests in this critical role by ensuring safety, quality and community leadership.

Chevron has been one of the most significant educational partners I witnessed in 22 years as an educator. And while good public relations are part and parcel of operating a billion dollar company, particularly an energy company, I've been most impressed with how the people at Chevron look to do the right thing, even when people are not looking.

I've had the opportunity to work with local Chevron representatives, and they've -- have proven to be truly committed to quality educational outcomes for our kids all over southern California.

As you well know, our nation faces a critical and accelerating shortage of well qualified science,
technology, engineering, and mathematics employees. Chevron has invested significant resources of time and money to fill the educational pipeline. Not only does our nation face a crisis of future STEM employees, but the high cost of living in southern California tends to send our future engineers, scientists, and technologists, as well as highly skilled technicians, out of our community, rather than attracting them into it.

As such, Chevron's investment in our schools and the kids we partner to serve represents our best opportunity to target, attract, and retain our local kids for these important jobs. Chevron has consistently invested in this critical long-term corporate educational strategy for as long as I can remember. And certifying this EIR and 30-year lease, as proposed, will give them long term business planning and the assurance to continue to support our schools and our youth.

A few examples of Chevron's investments at DaVinci Science and Middle School are providing free college engineering courses to our high school students on our campus taught by college professors; providing high quality teacher professional development for our math and science teachers; funding chemistry and sustainable energy equipment and consumables; building technology centers.

And in conclusion, Chevron is a crucial anchor in
our community. We again support providing the long-term operational viability. Diminishing or limiting their viability would be a significant blow to students and schools in California.

    Thank you.

    ACTING CHAIRPERSON ARONBERG: Thank you. Carmen Sandoval who will be followed by Angelika or Angelika Villagrana.

    MS. VILLAGRANA: Good afternoon, Commissioners, and Lieutenant Governor. Carmen Sandoval had to leave. I'm Angelika Villagrana representing the San Diego Regional Chamber of Commerce, our almost 3,000 members and their 400,000 employees.

    And we're here today in support of the certification of the final EIR and the 30-year lease, the full term, as proposed.

    As the other chambers who spoke before me today, our chamber's mission is also to promote economic prosperity, job creation, and to maintain the quality of life and future welfare for all residents here in San Diego. We are geographically isolated from the hub of southern California's refining industry, all of which is located to the north in Los Angeles.

    Since we do not have a refinery here in San Diego to direct supply for our consumers and businesses, we are
critically dependent on operations such as the marine
terminal in El Segundo. And it is an important component
for our region's energy and fuel supply stability.

Our businesses are trying very hard to overcome
the current economic crisis. However, any loss of
diminished capacity or future uncertainty surrounding the
Chevron marine terminal would work counter to that
objective and have an immediate negative impact on
California's gasoline supplies and the thousands of our
members who depend on this petroleum product.

For these reasons, the San Diego chamber supports
the 30-year lease to its full term and the final EIR and
we urge your support.

Thank you for listening to us. And we're sorry
about the fog.

(Laughter.)

ACTING CHAIRPERSON ARONBERG: Thank you.
Did you say you were representing both of you, so
that I --

MS. VILLAGRANA: The San Diego Chamber of
Commerce.

ACTING CHAIRPERSON ARONBERG: Okay, because there
were two speaker cards.

MS. VILLAGRANA: Yes, Carmen Sandoval
unfortunately had to leave.
Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you so much.

Okay, Gail Church who will be followed Dana Murray.

MS. CHURCH: I'm an environmentalist and I'm here today to stand in support of the certification of the final EIR and the new 30-year lease for Chevron's El Segundo marine terminal as proposed by the State Lands Commission. Now, let me explain why.

I am the executive director of Tree Musketeers, the world's first youth environmental organization, founded by El Segundo children 23 years ago.

Way back when our work first began someone from Chevron called and asked if they could help. An adult who was present at the Brownie meeting where I posed this question interrupted to say, "Well, I just read about how much Chevron pollutes and I don't think you should take money from them".

Well, with furrowed brows the little girls began to ask questions. And what is it that Chevron makes? Well don't we need gas for our cars? Is there a company that knows how to make it without polluting?

And a few more questions later, they ultimately resolved that it was not their job to sit in judgment of Chevron or anyone else and that it was their job to
provide as many environmental opportunities to do good for everyone.

Well, our programs have now grown to have a global reach. We're still headquartered in El Segundo. And indeed all of these years Chevron has made annual contributions to our work. However, this relationship would have ended long ago, as some others have, were it not for the conscientious environmental stewardship that exists at Chevron.

Chevron and its people have participated year after year in tree planting events that have virtually turned El Segundo into a green oasis in the south bay. Chevron was the most forthcoming of corporate citizens while I chaired a committee to draft the waste management plan for El Segundo. They provided internal information and were highly dedicated to the cause of reducing El Segundo's waste by 50 percent.

I spoke to folks working the same plan in other cities and learned about a then new catalyst that would vastly reduce solid waste. Although, those groups have been unsuccessful at convincing their refineries to even try, when I inquired with Chevron, they were already using it.

Chevron also plunged ahead in doing their own waste audits and developing purchasing policies that
helped the cause.

Finally, I'd like to tell you about a science teacher friend of mine, who is a devout environmentalist. My friend took a summer job at Chevron and he went into it not sure whether or not he was selling his soul. One day he was sitting in his office and alarms went off. His boss ran in, tossed a hard hat at him and said, "We've got a spill. Let's go".

Well, my friend's imagination ran wide and it turned out that about a cup of oil had dribbled from a hose during disconnect from a truck. And Chevron people scooped off a cubic yard of soil and treated this small incident as seriously as we would expect in a major crises.

My friend left that summer job proud to have worked for Chevron, a company that does business with such a high priority on environmental and health and safety.

I too have the deepest respect for Chevron. And so long as we consumers continue to create a market for products that fuel our airplanes, our cars that brought us here today, it's Chevron that I trust to deliver it.

ACTING CHAIRPERSON ARONBERG: Thank you. Dana Murray, who will be followed by Sarah Sikich.

MS. MURRAY: Good afternoon. My name is Dana Murray and I'm a marine scientist from the nonprofit Heal
the Bay. I'm also a resident of Santa Monica Bay and an avid scuba diver and ocean user.

I have thoroughly read, reviewed, and commented on both the Draft EIR and the final EIR and I'm here to talk about some of those points.

The proposed lease for Chevron's marine terminal is for 30 years as you know. This is double as long as the previous lease issued. In addition, as of 2013, this will be the last and only non-fixed marine terminal in the State of California. This speaks to the huge responsibility that the Commission has to make.

Considering a three decade lease to an operation that has been phased out everywhere else in the state is a big decision to make.

One of the large impacts this marine terminal can have relates to marine mammals. Santa Monica Bay is home to many sensitive and endangered species, such as the federally endangered Blue Whale and the California Gray Whale. This summer alone over 30 Blue Whales at a time were feeding on krill just a mile offshore in Santa Monica Bay.

As stated in the EIR, there's a potential for increase in Chevron's throughput and vessel traffic of up to one percent per year, which could lead to a 40 percent increase over 30 years. That's a huge increase, and you
can imagine the amount of vessel traffic that would be a part of that increase.

This could have some big effects on marine mammals in the area and so we'd like to see some language strengthened in the EIR and for these considerations to take place in your decision to grant the lease.

As this traffic increases in the bay, the risk of these large oil tankers striking whales increases. And the effect of the increase in vessel traffic and throughput should be assessed and up for lease review more than every 30 years. Are we just going to wait 30 years to wait to see what these vessel increases are going to -- how they're affecting marine mammals?

A ten-year lease link followed by additional environmental review makes a whole lot more sense.

The Commission should be demanding the best technology available and military professionals to prevent whale ship strikes if Chevron is to be allowed to use public lands in waters to make a profit.

Instead, the final EIR has weakened the language and measures for cetacean detection and protection. Based on recommendations from marine mammal experts, we specifically request that observers on board vessels be trained by NOAA experts and be specified as marine mammal observers.
However, the EIR was weakened from the Draft EIR and the words marine mammals was struck from it, so they can be any observers, just identifying whales out at sea. We feel like this really weakens that mitigation measure.

In addition, all oil vessels should slow down, change direction, or stop the hazard within 500 yard of a ship. Precedents for this can be seen all over the country, such as 500 yards for White Whales on the east coast, 1,000 feet for Humpbacks in Hawaii and 100 yards for Humpbacks in Alaska.

Instead, the EIR includes a loophole for oil vessels to be excluded from avoiding whales when there are poor sea and weather conditions. Instead, shouldn't oil transfers be halted in these conditions as ships may be prone to accidents in these type of weather conditions, and bringing the oil spill responses would be less effective.

Also, we request that quarterly reporting on cetacean observations and ship strikes be documented and reported in NOAA National Marine Fisheries. This is done in other parts of the world and was required as a part of other terminal leases, such as for LNG terminals.

Lastly, a recommendation that a hydrophone system be placed on all oil vessels in the bay should be included as a mitigation measure. This way whales can be detected
acoustically and proper vessel precautions will be taken. An example of this can be seen on the east coast Stellwagen Banks National Marine Sanctuary where a hydrophone system is used at the LNG terminal vessel for -- LNG terminal vessels and shipping vessels and shipping boats to prevent the ship strikes to right whales.

This is not equivalent to observers as is currently stated in the EIR, but this is rather a supplement and more advanced way to mitigate. You'd get this kind of recommendation from other marine mammal experts and we could give you specific language from other projects.

I urge you to take this decision seriously and to consider nothing longer than a 10-year lease, as 30 years is a very long time and could have extreme effects on the marine environment, especially on marine mammals.

Thank you.

ACTING CHAIRPERSON ARONBERG: Just a moment. We have a Commissioner question.

ACTING COMMISSIONER INGENITO: I just had a question about the hydrophones.

MS. MURRAY: Yeah.

ACTING COMMISSIONER INGENITO: And from reading one of the documents that staff provided, the way I
understood it was that hydrophones, if a marine species was identified, that when folks had the hydrophones on their ships, that they would reduce their speed and that was kind of the mitigation. So if you identify the species, you reduce your speed. And in the EIR it says that if you are in the bay, you have to already be at that speed. So what additional advantage --

MS. MURRAY: So the mitigation measure doesn't say if -- when boats are in the bay that they reduce their speed. It's if whales are present. So when there's observers on board, they're supposed to see whales -- I mean, if they see whales they're supposed to lower the speed down to 10 knots. However, if you, in addition to this hydrophone system, you could actually detect more of the whales and that's just an additional measure to strengthen that risk of shipping -- of striking whales.

ACTING COMMISSIONER INGENITO: Thank you.

MS. MURRAY: In addition, the EIR says that it's during certain times of year. And it would be better if that was year-round, if when whales are present they slowed down and maneuver around them.

Any other questions?

ACTING CHAIRPERSON ARONBERG: Thank you so much.

MS. MURRAY: Thank you.

ACTING CHAIRPERSON ARONBERG: Sarah Sikich who
will be followed by Mark Gold.

MS. SIKICH: Good afternoon. My name is Sarah Sikich. I'm the Coastal Resources Director for Heal the Bay and I'm here to add on to the comments you've just heard from my colleague Dana Murray.

Specifically to speak towards the response to comments in the final EIR that was issued less than a month ago. Many of the comments and questions we raised in our letter on the draft Environmental Impact Report were left unanswered or given quick response without thorough research. And the final EIR was weakened in some areas from its draft form.

This is not meant to be a criticism of staff. They've done very commendable work, given the short time frame that they've had to evaluate such a large project.

One of the examples I'd like to speak about is the alternatives analysis of relocation to the Ports, which was inadequately researched in the CEQA analysis. And our questions about this alternative were not given thorough research or response.

We raised several questions about existing pipelines, infrastructure needs, pipeline capacity, Environmental Justice and other elements associated with the alternative of relocating to the Ports or Pier 400.

Instead of presenting an analysis or a research
justification to evaluate and base their elimination of this alternative, the final EIR simply dismisses this option as too speculative.

Even Chevron representatives today spoke about some of the areas of the Port issue in their testimony in some more detail than was included in the CEQA review. The final EIR is also weakened in its requirements for sediment sampling associated with pipeline maintenance and capacity and construction, excuse me.

The draft Environmental Impact Report called for sediment sampling to be conducted before construction and offshore activities that would disturb sediments to minimize disruption of contaminated sediments. However, the final EIR excludes routine inspection, maintenance and repair of any sediment sampling and analysis requirements.

With the presence of high levels of legacy contaminants, such as DDT and PCB off the Palos Verdes shelf, strong sediment sampling and analysis requirements are of particular importance associated with any pipeline maintenance or construction.

These are just some of the several concerns we raised during the CEQA process that have not been adequately researched or evaluated.

The final EIR clearly states that there is a
reasonable possibility that operation of the marine
terminal over the course of a 30-year lease will cause an
oil spill.

As the last open ocean marine terminal for oil in
the state, this risk is of particular concern and should
be reason for a shorter lease term. Although, they occur
infrequently, a black swan event or a large oil spill are
catastrophic to coastal communities, coastal resources,
and coastal economies. We've seen this with the Deepwater
Horizon this year and with Exxon Valdez previously.

A 30-year lease and lengthy EIR should be given
appropriate review, research, and analysis before State
Lands approval. We are concerned this project is being
rushed through with a time line that provides inadequate
assessment and urge your consideration of a 10-year lease
today.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.
Mark Gold who will be followed actually by Mitch
Ward.

DR. GOLD: Good afternoon. My name is Dr. Mark
Gold, and I'm the president of the environmental group
Heal the Bay. Thank you for the opportunity to speak.
I want to first speak about what we're not here
talking about today. We're not here, on behalf of Heal
the Bay, talking about closing the refinery. We're not here opposing tankering. We're not here to talk about Chevron's exemplary philanthropy record. We're not here to talk about spills in Ecuador, or spills in Salt Lake City with Chevron's pipeline.

We're here today to talk about the lease and the terms in the lease. You've heard specifically about the need for a 30-year lease, but really not a heck of a lot of information in that regard. And one of the things I just want to remind you of is that they've been operating under a 15-year lease, followed by a 10-year lease, and a 10-year lease.

And I don't know about you, but I read the business section every day and it seems to me that Chevron is doing pretty darn well in their quarterly profit. So I'm not really seeing that there's been a huge economic impact of having these shorter leases of 15, 10 and 10 years.

You heard previously from Sarah some very, very strong reasons why 10 years makes a heck of a lot more sense than 30 years. To think that the State would basically have lease terms that last 30 years with all of the dynamic conditions that we have here in the State of California is nonsensical. Just look at the State of California's budget a short four years ago compared to
today and imagine the difference 30 years ago. So it just doesn't make sense.

The other thing is, I want to talk about the lease terms themselves. Look at what is charged in California for the economy -- what's changed in the economy the last three years is one of the things I was talking about. There was an inadequate response on our comments and rush to respond, which Sarah talked about at length.

But specifically on the lease terms financially, $1.3 million per year, a raise from $319,000 a year. And tying it to the CPI seems pretty silly from the standpoint of what the true value is of giving up that use in Santa Monica Bay for two generations, 30 years.

So the economic benefit for Chevron is absolutely enormous, and there's a great public cost. And we're at a time where it's the worst economic recession in California since the thirties.

So what are the marine resources at risk?

I personally remember the 21,000 gallon oil spill and the impacts as far away as Malibu's beaches on some of the local birds. Spills can happen. It doesn't mean that Chevron has a horrible safety record. It just means that the nature of the business is spills can indeed happen.

Soon there will be marine protected areas nearby
near the moorings, as close as right off of Palos Verdes. That decision will be made by State Fish and Game literally next Thursday. And soon after -- on that very, very same day, Malibu will also have an MPA. So those are obviously resources that are at great risk. Rocky Point is nearby, which is an extraordinary resource, Redondo Submarine Canyon as well as the Ballona Wetlands.

So we're talking about extraordinary California resources are at risk, which is your charge to protect on the State Lands Commission.

Also, the issue of aesthetics in Santa Monica Bay. Every single day it's blighted by the presence of oil tankers, a mere 1.5 miles away from shore. And we're talking about a $1.5 billion a year coastal tourism industry within Los Angeles county, and 50 million annual visitors to Santa Monica Bay beaches, and every day that view of Santa Monica Bay is blighted by the presence of tankers.

Is that only worth $1.3 million a year? So 1.3 million for California's precious State lands is a joke, especially in light of California's unprecedented budget crisis and the crippling ramifications of Proposition 26 ironically greatly funded by the very same company we're talking about, Chevron.

So to tie the lease rate to volume throughput
risk and economic benefit loss due to the lease is the correct thing to do. That is not what your staff has done. They've done a small incremental increase of 1.3 million -- to $1.3 million, which is trivial on the face of it, in light of the value of the resource that's being leased.

So in conclusion on behalf of Heal the Bay, your own staff has determined that there's significant unmitigated impacts, that with overriding considerations that evidently those are okay. We have a lease that should be 10 years instead of 30 years. We have economic -- we don't have economically appropriate lease amount. That's something that needs to change.

And finally, we need much, much stronger marine mammal protection. And I think that's changed dramatically just this summer, in light of what we've seen with the Blue Whale population taking residence within Santa Monica Bay for a six-week period. It's never happened before in my lifetime, but it just happened and it's right nearby, near that terminal.

Thank you so much for the opportunity to speak.

COMMISSIONER MALDONADO: I think we can say that what Heal the Bay wants or what you want is to have them go to Pier 400, correct?

DR. GOLD: No. What we said very, very clearly
in our 21-page comment letter was that we felt that the CEQA document provided by your staff was grossly inadequate, because we asked a number of questions about that Draft EIR that were not provided.

We don't have the answers of whether or not Pier 400 is the right place to go. Is there an Environmental Justice concern of value? What is the infrastructure capacity? None of that information is provided within the CEQA document.

COMMISSIONER MALDONADO: And I have groups here that are from Sea World that are from local communities who say that it is adequate. Are they wrong too?

DR. GOLD: No. They're just not CEQA experts in any way, shape, or form.

COMMISSIONER MALDONADO: So you're the expert on CEQA?

DR. GOLD: No. We, as a member of the public, have the right under CEQA to bring up concerns. And if those concerns are not adequately addressed, it's our right to be able to bring that out and point that to us and that's what this public hearing is all about.

COMMISSIONER MALDONADO: Okay. Gotcha.

DR. GOLD: All right. Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you.

COMMISSIONER MALDONADO: I'm prepared to make a
motion whenever you're ready, Madam Chair.

  ACTING CHAIRPERSON ARONBERG: Oh, thanks. We've
got about 10 or so speaker cards left. Okay?
  
  So this is Mitch Ward, who will be followed by
Chris Thomason, who will then be followed by Brian Meux.

  MANHATTAN CITY COUNCIL MEMBER WARD: Good
afternoon, Madam Chair and the Commission. I thank you
very much for this opportunity to speak to you. My name
is Mitch Ward, Council Member for the City of Manhattan
Beach and former mayor. I also thank the Chair for
allowing the Lieutenant Governor to be here to hear all of
our conversations this afternoon.

  I'm here for three primary reasons, to urge your
support of the EIR, the marine terminal and the 30-year
lease agreement for Chevron. I think it is imperative
that we talk about Chevron's background, because that will
give us an indication of how this individual or this
corporation will act going forward.

  As an elected official in the City of Manhattan
Beach, and for nearly over 20 years as a resident in that
community, I have known Chevron to be a very cooperative
neighbor, very, very in tune with our environment and our
concerns in the City of Manhattan Beach.

  As you have heard earlier, they have been a great
contributor to arts, scholarships, the community of
Manhattan Beach and the surrounding cities.

Two, there are green jobs associated with this project. Good jobs. And there are potential for these jobs to last 30 years. And in the fragile economy, the potential to have jobs for 30 years for our families in El Segundo and Manhattan Beach and the beach communities are very, very important to us.

And third, we've heard the idea of a pipeline running through pristine waters of Manhattan Beach just off of our shores, of our clean sand and beaches. We say this Commission should say never to that idea.

Thank you very much.

ACTING CHAIRPERSON ARONBERG: Chris Thomason.

MR. THOMASON: Good afternoon, Commission members. My name is Chris Thomason. I'm a 26-year veteran of the El Segundo Fire Department and currently serve as president of a 51-member El Segundo Firefighters Association.

Our Department jurisdiction includes El Segundo beach, extending three miles offshore in an area encompassing the Chevron marine terminal. I am not here today to speak in opposition of the marine terminal operations. The El Segundo Firefighters Association fully recognizes the vital role the Chevron marine terminal plays in ensuring the constant flow of fuel to our region,
our state, and our nation.

However, I must read into the record our strong reservations about a Chevron marine terminal control plan that remains woefully inadequate, one that puts our members' lives at greater risk.

Table 7-1 of the final Environmental Impact Report mandates some important new safety and reliability mitigation measures. Yet, we are concerned that the CSLC would agree to extend the marine terminal lease for 30 years before knowing if the proposed mitigation measures are sufficient and if Chevron will implement them in a timely manner.

Chevron has been operating the marine terminal for over 30 years under its current lease. During that time not a single drill or training exercise between the Chevron Refinery Fire Department and the El Segundo Fire Department or mutual aid agencies that would respond have ever taken place on the terminal.

In the interests of public safety, we implore the CSLC to extend the current marine terminal lease for one year and we ask the Commission to order Chevron, as a condition of any multi-year lease extension, to work with affected public safety agencies to develop and test a viable fire control plan during this period.

Today, there is no way if the marine terminal's
existing fire control plan, even with the proposed
mitigation measures, is likely to work. There's no way to
know. I liken the fire control plan to British
Petroleum's now infamous regional spill plan, the Gulf of
Mexico, and its site-specific plan for the ill-fated Deep
Horizon rig.

We know now that the Gulf spill plan vastly
understated the dangers posed by the rig. We learned that
BP vastly overstated the company's preparedness to dig or
to deal with the rig catastrophe. And it's clear that the
federal government rubber stamped a spill plan that was
riddled with omissions and glaring errors.

The CSLC must not make the same mistake with the
Chevron marine terminal. Even though we have identified
the fire control plan's numerous shortcomings, the
proposed mitigation measures still leave many unanswered
questions. In the event of an explosion or a fire at the
marine terminal, what is expected of the El Segundo Fire
Department in its role as incident commander or first
responders?

What about the roles of mutual aid agencies
that's listed in the report that would respond?

Granting a new 30-year lease extension without
making Chevron develop a comprehensive, tested, fire
control plan first is irresponsible.
There is no reason to put lives, the environment, or our fuel supply at risk.

Thank you.

ACTING CHAIRPERSON ARONBERG: Can I ask you to remain at the microphone for just a moment. Thanks.

Staff, I have tremendous concerns about what the speaker is raising. Can you please talk about what's going on in the EIR with this and what we can do?

INTERIM EXECUTIVE OFFICER FOSSUM: I can initiate some conversation, but I think some of our other staff may have some more detail. In Table 7-1 that he refers to, there's a sentence that reads, "The applicant shall conduct biennial, or more frequently as needed, fire and response drills with the El Segundo Fire Department as part of its emergency response preparedness training. And they are to, within one year of the lease approval, submit reports to the Commission staff, annually thereafter".

So I'm not sure if that's --

MR. THOMASON: No, I saw it in there. It's just something that hasn't been done yet. So hopefully it will happen --

COMMISSIONER MALDONADO: But it's in the lease.

MR. THOMASON: Yeah, and hopefully it will happen. It's something that we can get done, but what I'm talking about is a plan, an incident action plan, out on
that terminal that we know as first responders, and all
the local agencies that would respond to that terminal,
know what their responsibilities are.

INTERIM EXECUTIVE OFFICER FOSSUM: Well, and I
think the preceding sentence, I think, lays out -- or
sentences layout, "The response planning documents shall
address response equipment and fire boats that would
respond to a fire at the offshore location. These
documents shall be completed and submitted to the
Commission staff within one year of lease approval and
reports submitted to the staff when changes are required
to the document".

So for this first year, they -- I guess, it
provides for the planning period and the training as well.
And they're to be reported to the Commission at that
point.

ACTING CHAIRPERSON ARONBERG: It sounds like the
speaker is interested in having an incident action plan
ready to go now before --

MR. THOMASON: I think we should start working on
it now, yeah.

ACTING CHAIRPERSON ARONBERG: Okay, so what can
we do --

MR. THOMASON: I think it's critically important.

ACTING CHAIRPERSON ARONBERG: I hear you and this
makes complete sense.

What can we do? Is Chevron -- are you willing to undertake this?

MR. SPACKMAN: Madam Commissioner and members of the Commission, we're absolutely not only prepared, but we believe we already have a good structure and framework in order to continue this effort to work with the fire -- local El Segundo Fire Department to enhance whatever elements of our plan need to be improved to ensure that they have the capabilities to be on site in our facilities and respond to any kind of issues use within the marine terminal.

They are an integral part of our emergency response structure. We train regularly with the fire department. We send many of their personnel to the Texas training fire schools. We will continue to do that. We also work with the county agencies as well in this same arena.

So to the extent we need to -- you know, immediately, if you will or in the very near future, update and improve our plans in that regard, to the extent there's some question about their sufficiency, I believe we have a structure that already is in place to do that. We meet regularly with the fire chief and his personnel and his senior battalion leaders. And certainly Chris can
be part of that discussion.

So we're very much there already. We, as I said -- they are --

ACTING CHAIRPERSON ARONBERG: Is there an incident action plan or a fire control plan? Does that exist?

MR. SPACKMAN: There are a number of plans that cover our response within the facility yes. And they exist today and they're well documented and so forth.

But I think what was being described here was adding some value, in terms of training, on the marine element itself. And I think that's the area that we can spend a lot of time in the very near future working to, if you will, make sure that we understand whatever concerns there might be and close that gap almost immediately.

ACTING CHAIRPERSON ARONBERG: Thank you. Can I ask you to respond, please.

MR. THOMASON: It's true that we do have a training with Chevron, but just not on the marine terminal. We have training on the ground at their refinery. It's a completely different animal. If there's something -- if there's a fire on board of one of those ships, there may be an instance where a firefighter is going to have to board the ship and go down into the hull and extinguish a fire. We can't do that. We don't have
that capacity or that ability. We don't have a boat. We have no means to get out to the ships.

So us being listed in the Environmental Impact Report was very interesting to me, because we don't have any capacity to serve. So we want to. We would love to be a part of it.

L.A. County Fire Department is one of the closest fire departments that has a boat, which would have the first ship on seen that has firefighting capabilities. They were not listed in the Environmental Impact Report that I saw, until after we had made some recommendations on the draft. And they would be -- according to the Coast Guard, they would be considered operations if there is a shipboard fire out there.

Now, how would we work with them? I don't know. We haven't sat down. We haven't talked about it. There is no plan right now in place to put out a fire on a ship out there and coordinate all the different resources that need to be put together in order to take care of a problem out there. And that's my concern for the environment and for the safety of my people that may be called upon to do something that they're not trained to do.

And that's why I'm here.

ACTING CHAIRPERSON ARONBERG: How can we get the resources -- how can we get the resources to your people?
MR. SPACKMAN: If I may?

ACTING CHAIRPERSON ARONBERG: I'm sorry, can I just --

MR. THOMASON: Ma'am, the first thing that we need to do is sit down and we need to talk, and we need to actually put the people together that will respond out there. We have to have the people, the firefighters. We have to have the people -- not the people that come up with plans, but the people that are going to be boarding a ship and -- or sitting on outside of a ship and squirting water onto that ship. Those are the people that need to have an active participant role in developing a plan.

And all those people need to work together. And once we work together, we need to come up with a plan. Once that plan is put together, we need to implement it by training. And we need to make sure it's adequate. And once we know that it's adequate, and it's safe, then we need to continue the operations there, because I agree Chevron is a wonderful, wonderful company. And I'm not here to raise any questions about that.

It's purely for the safety of my members and any firefighter that's going to have to board that ship and do any kind of mitigation as far as fire or explosion.

COMMISSIONER MALDONADO: Were you involved in the two community hearings that they had?
MR. THOMASON: I found out -- to be quite honest with you, I didn't know what our role was out in that. I've worked here for 26 years, and I didn't know what our role was on the terminal, until I read the draft Environmental Impact Report, and I saw that we were listed on there. And that was shocking to me and my members, because it was offshore and we don't have any means to get out to that ship, so we didn't realize -- we didn't realize that we had responsibility out there. So that's a shortcoming, I agree.

But that's something that did happen. It took place. And now we need to fix it and we need to move on forward. And I've had discussions today with our mayor, and he's in agreement that we need to look forward and move forward on this.

MR. SPACKMAN: Again, if I may. And again, what Chris has indicated is something that we're more than happy to do is they -- from our perspective, they are an integrated part of the emergency response structure. We've said that to the county.

And so you also need to understand, the county does have a significant role to play here, but the El Segundo fire personnel also need to be integrated into the plan. We're happy to do that. We have had several significant training exercises with the county personnel.
prior to this, through our continuing liaison with their organization.

They have the equipment in Marina Del Rey at this point that needs to be part of that integrated response component. We had 50 of their personnel offshore early in February of this year and we had another program with them in November. And in both occasions, we made clear that we needed to integrate the El Segundo personnel into that program.

That's something I would expect to do. And early in February of this coming year we'll have that same opportunity to do that. So the plans are already in place to be doing that in early February.

ACTING CHAIRPERSON ARONBERG: Thanks, Rod.
MR. SPACKMAN: Okay thank you.
MR. THOMASON: If that's the case, I'm happy to hear that, because we're ready to work with them and do whatever that we can.

So thank you. Any other questions?

ACTING CHAIRPERSON ARONBERG: Thank you. Are you going to remain in the room for the remainder of the item in case we wind up with a question for you?

MR. THOMASON: I'll be sitting in back.

ACTING CHAIRPERSON ARONBERG: Thank you.

Okay. Brian who will be followed by Bryan
MR. MEUX: Greetings, Commission. My name is Brian Meux from the Santa Monica Bay Keeper. Santa Monica Baykeeper is based in Los Angeles and is basically aiming at protecting and restoring Santa Monica Bay and their valuable habitats.

We have a kelp restoration project there that we use our research vessel to take volunteer divers out of Marina Del Rey to Palos Verdes. So what we're doing is trying to restore kelp forests there, and we pass by the Chevron El Segundo terminal every day.

It's interesting that the previous comment was just stated, because I've been at work at sea like this trying to work the sea using volunteers at sea for over four years. And what's surprising to me is how rough Santa Monica Bay can actually get. We can have six to seven foot swells in the bay, and no matter how much boom you have in the response vessel near the Chevron El Segundo marine terminal, it will not contain the oil in the event of a large spill.

So that is why I'm here today to urge you to delay this decision you are making until 2011, because we need to figure out an action plan for a cleanup, and we need to figure out more about the alternative of the Port. There are unanswered questions in the EIR about the Pier
400 issue regarding the pipeline.

There's a statement from Chevron, I believe that they've been environmentally responsible, but there is a statement saying that it is mere speculation as to the pipeline of shipping crude oil up from the Port.

And so that's basically what I wanted to say is give you my experience at sea in the Santa Monica Bay over four years, and say that it can get rough, it can get nasty, and the open ocean terminal is kind of a dinosaur in this world.

As stated before, it is the last one as of 2013, and we highly urge you to please -- and we urge Chevron to please consider the Port as an environmental option. If Chevron truly cares about the natural community, the human communities of this area, they would consider a more environmentally responsible option.

So that's basically where I want to leave it. We're all looking for change. We're all looking for answers. And we believe in the future, we need more environmental responsibility. And so I'll leave it there.

Thanks.

ACTING CHAIRPERSON ARONBERG: Thank you. Bryan Murray, who will be followed by Jose Bacallao -- pardon me for the pronunciation.

DR. MURRAY: Hi. Thank you, Commissioners. My
name is Bryan Murray. I'm a resident of Santa Monica. I'm a Ph.D at UC Santa Barbara and I'm an active ocean user within Santa Monica Bay. I'm a surfer. I'm in there at least a couple times a week. And actually I'm missing some really good surf today, because I think this is an important issue to talk about.

And I also enjoy diving the kelp forest off of Palos Verdes peninsula and Malibu. I'm here in opposition of granting a 30-year lease to this marine terminal. Besides it just being an eyesore within Santa Monica Bay, I'm concerned about the potential of a large oil spill through continued use of this open water oil terminal.

As Brian just stated, it is exposed to the big swells that come through into Santa Monica Bay and it has the potential for an accident. And we all witnessed the environmental and economic disaster in the Gulf of Mexico this last summer resulting from the Deep Water Horizon spill. And I don't want to see similar impacts to our fragile marine ecosystems and the ocean-based economy we have here in Santa Monica Bay from the accidental release of any hydrocarbons.

I'm sure Chevron -- I know they're not an evil company that wants to pollute the environment, and they have -- you know, they have a pretty good environmental track record as far as accidents and preventing accidents.
However, accidents do happen. And my concern is that if there's an accident, it will be -- have huge consequences on the environment in Santa Monica Bay.

And so instead of granting a 30-year lease, I feel that a shorter term lease would be the better option. And that would give Chevron time to phase -- permanently phase out this antiquated marine terminal and come up with an alternative location to offload their crude oil.

Thank you.

ACTING CHAIRPERSON ARONBERG: Thank you. Jose Bacallao, who will be followed by Saira Gandhi. And please correct my pronunciation.

MR. BACALLAO: Thank you, Commission. My name is Jose Bacallao. I live in Hermosa Beach with my family. I'm a south bay native and proud of it. My family and I live and love the south bay. We use the natural resources. We dive. We fish. We surf. We go to the beach.

I also have no interest in shutting down Chevron's operations in El Segundo and expect Chevron to be an ongoing partner in this community.

But the El Segundo marine terminal does pose an environmental threat to our bay and to our communities, so I urge this Commission to grant only a 10-year lease, not a 30-year lease. It doesn't make any sense. I'm not
convinced by Chevron's claims of operational uncertainties with the limited lease. And it hasn't affected the operations in the past, so why should it in the future.

A 10-year lease is fair and it is rationale, because it will allow this Commission and Chevron to reassess the needs of the State, the needs of the public, which is as important as making profit, and of course the environment, and allow it to do it more readily and more frequently.

I don't see this as a threat to Chevron's operations or the region's energy needs, as was stated earlier. Clearly, a profitable Chevron benefits my community and its economic opportunities. Obviously, there's a lot of love here for Chevron today. We heard it all, but we still need to be committed to the protection of our environment and the Public Trust, both onshore and offshore. And you're hearing a lot of different expert opinions today.

This Commission has an obligation to making this a priority for the citizens of our state and the public. The request for allowing a 10-year lease is not radical at all. It is rational and it is responsible and it still satisfies the needs of Chevron's operations, which we're not -- no one is trying to stop. Obviously, this community benefits from the relationship we have with
Chevron and you hear it from a lot of its leaders in our community.

To end, Chevron should continue its operations, but rationally. No one here is contesting this. Chevron uses our public lands for its own gains, its profitable gains. And it is not a privilege, it is a right to do business in this state.

So thank you very much.

ACTING CHAIRPERSON ARONBERG: Thank you.

MR. BACALLAO: Sorry. This is a privilege not a right. Thanks.

(Laughter.)

ACTING CHAIRPERSON ARONBERG: Thank you. Saira Gandhi.

MS. GANDHI: Hi. Before I begin, I was hoping to have the attention of all of the people making the decision today?

ACTING CHAIRPERSON ARONBERG: Yeah. You know what, absolutely we can just take a quick break.

MS. GANDHI: Thank you.

(Thereupon a recess was taken.)

MS. GANDHI: Well, I would like my voice to be heard rather than you making a motion before I even had a chance to speak.

My name is Saira Gandhi and I'm a resident of Los...
Angeles, California. And I am here today because I am very deeply disturbed by the announcement of a 30-year lease for Chevron's El Segundo marine terminal. I believe that 30 years is too long and I'm supportive of a shorter lease.

I do not live by the beach, but like thousands of Angelinos during the summer, I travel to the beach. And the beach I choose to go to is Dockweiler. It is one of the most accessible, convenient, and well oriented beaches in Los Angeles county for people who don't get to go to the beach every day, because it's not in their backyard.

And when we go to the beach, we deserve to see something better than just oil tankers just a few miles off the coast. We deserve to have a beautiful beach there waiting for us.

Dockweiler is an important asset to our environment and to Los Angeles. And as such, it deserves to have as much protection. After seeing the horrible impacts of the oil spill in the Gulf of Mexico, the importance of strong permits that have adequate assessment and plans and take the full time needed to answer questions from environmental groups, is greatly aggrandized. Today isn't the day to rush into decisions for 30 years.

Furthermore, the marine terminal has an existing
record of oil spills in the Santa Monica Bay. There's two examples from 1980 and 1991 that were significant, as well as smaller ones that have occurred.

They're not a new facility. They might not have the best technology. So why are we rushesing to give them a 30-year lease? We should be taking time to think about this first.

I believe that 10 years is plenty of time for Chevron's permit, plenty of time to think about the future and invest. There's so much possibility 10 years from now that we can't even imagine. If you look back 10 years ago, I was 15 years old. There was no war going on. There was a vibrant and growing economy. People used pay phones on a regular basis. I mean, did anyone imagine the iPhone 10 years ago?

No.

So why are we thinking that 10 years isn't enough time for investment. Ten years is plenty of time for investment and for our corporations to operate within and make plans. And it's not even saying that in 10 years you guys aren't going to renew the lease. If Chevron does a great job and follows every single mitigation plan that's been set forth, maybe you guys can move forward and give them a lease. It's not saying that they don't have the option of continuing to present.
But it is important to take that time and not rush through this and give them a lease for 30 years. Thirty years is a long time. I'm going to be old by 30 years.

(Laughter.)

MS. GANDHI: Come on.

So I hope you guys will listen to my recommendations. The State Lands Commission your job is to protect my land, my environment for the city that I live in, for the state that I live in.

It's not here to protect the profit or protect anything else for corporations. You're here to protect my land. And I hope that today you will do so by not granting Chevron a rush 30-year lease, but actually consider the questions that are being asked by environmental groups, consider what you guys can do to make any sort of requirement anything that lessens the likelihood of an oil spill, because if an oil spill happens in the Santa Monica Bay in the next 30 years and you guys let this lease go forward without having something to say or without putting in a mitigating factor that might have prevented it, it's kind of on your shoulders.

So please take this decision seriously. And I really hope that you guys will listen to me and grant
Chevron only a 10-year lease.

Thank you.

ACTING CHAIRPERSON ARONBERG: Meagan Wylie is the last speaker card I have. If there's anyone else who wishes to speak, please fill out a speaker card.

MS. WYLIE: Good afternoon, Commissioners. My name is Meagan Wylie. I'm the marine conservation manager for San Diego Coastkeeper. I am also a San Diego native and I'm speaking to you also today as an avid recreational ocean user and a person who tremendously values our marine resources.

San Diego Coastkeeper agrees with our colleagues at Heal the Bay, Santa Monica Baykeeper, and Defenders of Wildlife that a maximum of a 10-year lease renewal for Chevron's El Segundo marine terminal is more than generous.

In fact, the request by Chevron for a 30-year lease extension is somewhat outrageous. The State Lands Commission has never granted a lease extension to Chevron for such an extended period, so why now, especially as the risk of oil spills is very real and fresh in our memories from the Horizon incident?

The Chevron terminal is antiquated having been built nearly a century ago. It poses too great of a risk to the health of Santa Monica Bay. A spill would be
detrimental and unravel decades worth of significant rehabilitation efforts to the marine ecosystem.

It would also further threaten the network of marine protected areas that is soon to be designated by the California Fish and Game Commission next Wednesday, including multiple marine protected areas in the Los Angeles region.

Should the Commission choose to grant a renewed lease to Chevron, please consider how much change in the span of three decades, in terms of technology, the economy and health and integrity of marine ecosystems can occur.

Thanks to Sarah for giving us an amazing perspective on that time frame.

We have had several speakers come this afternoon and say that Chevron looks to do the right thing. It's my opinion that asking for a 30-year renewal isn't the right thing. It's actually attempting to take advantage of the support from communities and organizations that Chevron has provided financial support to over any number of years, which is very unfortunate.

It's my feeling that a 10-year renewal would be more than generous and we also encourage the Commission to continue its movement towards fixed harbor based marine terminals for safety and environmental risk reduction.

Thank you for your time.
ACTING CHAIRPERSON ARONBERG: Thank you.
Commissioners, comments, questions?
Please.

ACTING COMMISSIONER INGENITO: I just wanted to note that -- I know that early in the staff presentation it was noted that Chevron has been operating in these waters, and under the terms of their current lease, they interpret it to basically be -- to go through 2022. And while staff doesn't concur with that read of it, they are currently operating, and whether or not they get to go to 2022 without this action or not, it would be left if we didn't take this today.

If we tried to go to a 10-year lease, that is actually less than the term that they believe they have available to them currently. They're currently operating with not the full complement of environmental mitigations and monitoring that this EIR would put them under. And they're also currently operating at a rate that they're paying to the State at significantly less than the new terms of this.

So if you look at the increment from 2022 to the 30 years, it's 18 years, which again I don't have a great history of, you know, how many other leases we've done in this and if staff wants to provide some background on that, but that was an observation that I made listening to
the folks here.

And that it is all of us, Commissioners, I believe I can say this, you know, have a -- take our responsibilities very seriously about making sure that the environment is protected and that the Public Trust is protected. And by entering into an EIR and getting the commitments from Chevron to take the actions that they have agreed to, I think is moving us in the right direction. And I want to thank staff for their work on this.

So thank you.

COMMISSIONER MALDONADO: Thank you. To staff.

How long have you been working on coming up with this lease agreement?

INTERIM EXECUTIVE OFFICER FOSSUM: Thank you, Commissioner Maldonado. I actually -- I have a little personal one. Ms. Gandhi mentioned that 30 years is a long time and she wasn't alive 30 years ago.

Thirty years ago -- 33 years ago I joined the State Lands Commission. And the month before that, this lease was entered into by the Commission. So it is a long time, but --

(Laughter.)

INTERIM EXECUTIVE OFFICER FOSSUM: -- it passes quickly. Trust me.
(Laughter.)

INTERIM EXECUTIVE OFFICER FOSSUM: I think it's important to -- as Commissioner Ingenito said, to note that there is a dispute between the staff and the applicant here, Chevron, as to what the terms of that lease that was entered into in 1977 entail. And that's one reason it's taken so long. Your question is how long have we been negotiating this? We've basically been negotiating this since about 1992 or 7, I'm not sure which one.

ASSISTANT CHIEF COUNSEL MEIER: It's actually we started looking -- started on this talking to Chevron in '93.

INTERIM EXECUTIVE OFFICER FOSSUM: Yeah. So it was after that first 15-year term, the initial term was up. Staff started negotiating with them as to the reasonable terms and conditions, and it was believed by staff, at that time, that an Environmental Impact Report was necessary. Chevron disputed that because it was an existing facility. And it took us a number of years to work through that. We actually did an EIR back in -- that was completed in 1996, but -- and the staff report, I think, lays this out. And I don't know, I wasn't here for this presentation, but there was some issues with EPA.

And so the issue dragged on. And so frankly,
we've been working on this for -- since 1993, I guess.
And there's been a lot of issues. It's one of the things
that we're concerned about, because we have a number of
these marine terminals in California that are important to
our economy. They also are important from an
environmental standpoint to make sure they're safe.

Our Marine Facilities Division has, in the last
20 years -- it was mentioned that Chevron had some
problems here 20 some years ago. Our Marine Facilities
Division now has very stringent requirements that the
Commission has adopted to try and prevent any kind of
spills from happening. So it's a long way from where we
were 20 years ago on that.

The 30 years is something that we've been talking
about with Chevron for a number of years, that the staff
has in trying to reach negotiations. And because of their
commitment to do the EIR and which we've now finalized,
the staff was prepared to recommend the 30-year term to
the Commission.

COMMISSIONER MALDONADO: Was there a point in
time of the discussion, that if there was an Environmental
Impact Report, there would be a 30-year lease provided by
staff?

INTERIM EXECUTIVE OFFICER FOSSUM: That's my
understanding. I have -- this has come more recently on
my desk, if you will. I haven't been involved. Initially
Mark Meier our Assistant Chief Counsel, has been involved
for a number of years and may be able to give you more
detail on that.

ASSISTANT CHIEF COUNSEL MEIER: The -- one of the
ways that the question was resolved as to whether or not
they were going to pay for an EIR was whether they had to
do an EIR just for 10 years.

We -- the Executive Officer, at that time,
Charles Warren, agreed that they could apply for a 30-year
lease and we would -- instead in lieu of the 10-year
options to renew and then we could do a single EIR that
would cover the next 30 years.

There wasn't a commitment they would get a
30-year, only that they could apply for one. The reason
we -- we had -- we started the practice of issuing 30-year
leases basically in the nineties.

We started reviewing the existing marine terminal
leases in the early nineties to -- and return to the
question of whether or not an EIR is required. Prior to
that, we were applying the existing facility categorical
exemption. And we determined that that was inappropriate
because any marine terminal that's transferring oil over
the water you're going to have a significant impact -- or
potential for a significant impact.
That triggers the need to do an EIR. So we started -- that's where we started down the road of creating, what I call, a new generation of the marine terminal leases. In that time -- since then, we have issued three new terminal leases since '93. And we've approved one renewal.

The three previously approved ones in -- it was July '95 we approved a 30-year lease to Unocal, which is now ConocoPhillips that's up in Rodeo. In the mid-2000's -- I was trying to locate the exact year, but wasn't able to find it, because the Internet went down -- to what was then the Shore terminal up in near Martinez. It's now, I believe, Pacific Atlantic. That was a 30-year lease. And in January of '09 Chevron was given a 30-year lease for the long wharf. The only exception was the Ellwood terminal in Santa Barbara. And at that time, they had one 10-year right of renewal left. We told them they were not going to get anything past 2013, so we just simply renewed under the existing lease with some new mitigation measures.

So those are the only actions, the actual approvals that we've given to that -- up-to-date. We have three more marine terminal leases in the works right now. Shell in Martinez. Tesoro's Amorco terminal. And I always forget the name, because they've changed hands.
It's Selby. It used to be NuStar. I think it's still NuStar. I think it's -- they've a subsidiary for Shore. Anyway, those are the three that are -- they also have applications for 30-year leases. So that's the history of it.

COMMISSIONER MALDONADO: So this would not be the first and only 30-year lease in the State of California.

ASSISTANT CHIEF COUNSEL MEIER: No. We have had three -- we've issued three 30-year leases in the last 20 years. And we have three more applications for 30-year leases, besides this one.

COMMISSIONER MALDONADO: Have we had any that are longer than 30 years?

ASSISTANT CHIEF COUNSEL MEIER: No. The question was -- the Chevron Long Wharf was originally -- the old lease was actually a 50-year lease. And then we had a number of leases where we had that confusion about rights of renewal and what does that mean? They were basically somewhere between 45 and 50 years. You had a 15 to 20 year initial period and then you had rights of renew -- rights of renewal for several periods. And it was unclear on what those rights of renewal were.

The problem is, is that they were all -- all those leases were written pre-CEQA. And it -- when we looked at what that language meant, there was so much
discretion that was given to the Commission under those
rights of renewal, it appeared to us that it still
triggered CEQA action.

So in some respects those old leases may have
been -- you might be able to construe it as somehow a
45 to 50 year right. But it was confusing, so we
basically -- rather than give them a long lease -- or a
long -- some sort of rights -- lease rights, with some
broken down into various periods with ambiguous language,
we just decided to go with a 30-year.

If we give them a shorter period of time, they
would -- it would -- each discretionary action by the
Commission in the future would trigger CEQA. So we would
have to do another EIR. If we do another -- if we give
them a 10-year lease or a 15-year lease, another EIR would
have to be done before that next action.

ACTING CHAIRPERSON ARONBERG: Within 10 or 15
years?

ASSISTANT CHIEF COUNSEL MEIER: Ten or 15 years, yes.

COMMISSIONER MALDONADO: Just a quick question.

What's the other option? Obviously, I think some of the
folks that are here would like to see that marine terminal
just go away. Let's just be sincere. What's the other
option?
ASSISTANT CHIEF COUNSEL MEIER: Well, that's what we have looked at. I think the reason why we can -- Chevron applied for a 30 year. Now, the question is, is what's going to change in the next 30 years?

COMMISSIONER MALDONADO: I'm not talking about the lease. I'm talking about if the marine terminal was just to go away.

INTERIM EXECUTIVE OFFICER FOSSUM: Commissioner Maldonado, from a practical standpoint, it's a major source of fuel. The refinery there is a major source of fuel. The fuel that the hydrocarbons that are brought into that provide, as was stated earlier I believe, a substantial amount of jet fuel for Los Angeles Airport -- International Airport, the vehicles in southern California, there's all kinds of things that could happen.

It's unlikely from a standpoint -- strategic standpoint, that it would be a wise thing to place all our terminals -- all our marine terminals in southern California, it was told, in Los Angeles-Long Beach. It was expressed by the people here in San Diego that they rely on the terminals in the Los Angeles-Long Beach, and El Segundo area for their fuels, because there's no refinery down here.

We're concerned about putting all our eggs in one basket. There may be things that come down the road that
make other options available with alternative energies, but I think we're a long way from getting away from a reliance on hydrocarbon fuels.

I do want to clarify one other thing, and that is, Commissioner Ingenito mentioned that we'll be raising the rent now. We actually did that a year ago and raised it to the current rate of 1.29 million.

So what we're doing now is adjusting future rents based on the Consumer Price Index. So they will continue to rise now after this meeting, but for the last year they've been pegged at that 1.29 million.

And the other thing I wanted to mention was that -- well, maybe I've forgotten it now. Well, I'll let Gary speak, because he's our expert on marine terminals.

MARINE FACILITIES DIVISION CHIEF GREGORY: Good afternoon. I'm Gary Gregory. I'm the Chief of the Marine Facilities Division here at the State Lands Commission.

Let me say that today there is inadequate throughput capacity within the Ports of Los Angeles and Long Beach to move the oil from the L.A.-Long Beach as opposed to the offshore terminal at El Segundo.

There was several mentions made of Pier 400. The Pier 400 berth 408 project is a project that we're looking at -- I'm sorry, the Port of Los Angeles and Plains Pipeline is looking at. It has been delayed, and delayed,
and delayed. They have an approved environmental impact document, but they do not have a lease with the Port of Los Angeles. They're at about 80 percent done on their engineering, but they're engineering may be redone in a different manner, different fashion.

The latest thoughts are that that terminal would be ready, potentially if things fell into place right now, in 2015. It's more likely to be 20 -- in my estimation 2016, 2017 before that terminal will even be built. And that's with the throughput capacity that's designed for the partners that are lined -- the business partners that are lined up with that.

Adding El Segundo would require additional tankage, potentially additional pipelines. The tankage would be difficult to find in the Los Angeles-Long Beach area. It potentially could be done, but it would be difficult today to find that. And to our knowledge, we have done a little bit of work with this, there are no existing pipelines to get oil directly from -- not oil -- indirectly from the center of the Port of Los Angeles and Long Beach to the refinery at El Segundo.

Now, there's thousands of miles of pipelines and you could look at potential opportunities for turning some of those around and flowing them in different directions, but they currently do not exist.
COMMISSIONER MALDONADO: Or you'd have to put some new pipe?

MARINE FACILITIES DIVISION CHIEF GREGORY: Exactly.

COMMISSIONER MALDONADO: Okay.

INTERIM EXECUTIVE OFFICER FOSSUM: The other issue that I wanted to mention was there's been some criticism about the amount of rent that the Commission is charging here and that we should be charging a dollar a barrel, instead of a penny a barrel.

In fact, your predecessors back in the late 1970s attempted that, and in 1985 the U.S. Supreme Court in the case of Cory versus Western Oil and Gas Association ruled against State Lands Commission on that.

Mr. Cory was the Controller at the time. And so we had tried, what was called, a throughput charge, and the U.S. Supreme Court ruled it unconstitutional.

So that's when we had -- we fell back on using an appraisal method, which we did a year ago to bring the rents up to where they are today.

COMMISSIONER MALDONADO: Okay.

ACTING CHAIRPERSON ARONBERG: Being precluded from using the throughput method by the Supreme Court, is there any -- what else can you think of, other than just the appraisal method? This is such a -- I mean, I'm just
going to think someone pointed out that it's -- Manhattan Beach has some of the top schools in the State, which it does. That makes the real estate value so high right there.

INTERIM EXECUTIVE OFFICER FOSSUM: That's a good question. It is. That's a very good question about how we do appraise our land. And, of course, subsurface land is not quite as valuable as waterfront in Malibu or Santa Monica or anywhere else.

But that's where we start in our approach to it is looking at what the value of the adjacent land is. And this is industrial land, however, not residential. And so there is less of a value to that. We did an appraisal. The Commission did approve that last year and that's the basis for the current rent. And if you want more detail, we do have our staff that is available.

ACTING CHAIRPERSON ARONBERG: As between the throughput, which we can't look at, and appraisal, is there something else? Is there some other way to obtain more rent?

INTERIM EXECUTIVE OFFICER FOSSUM: We'll keep looking.

If we knew of that, we would be using it, but we're always trying to think of ways to, you know, expand on the ability to return to the People of California the
use of their property -- the value of that property.

ACTING CHAIRPERSON ARONBERG: Mark, you look like
you want to say something.

ASSISTANT CHIEF COUNSEL MEIER: No.

ACTING CHAIRPERSON ARONBERG: Okay.

ASSISTANT CHIEF COUNSEL MEIER: Under the
existing regulations, we really don't have any other
option, so we would have to change the regulations.

Appraised land value is -- one of the differences
between, for instance, the Ports and State Lands is the
Ports will charge additional fees, dockage. They do
charge on throughput, but the difference is they build the
facilities. All we're doing is leasing Chevron the land
and Chevron is building the facilities.

So that's one of the reasons why we were not
permitted to charge a throughput rate. It's a difference
in what we do -- between what we do and what the Ports do.

COMMISSIONER MALDONADO: Well, I'd like to, first
of all, thank you folks, the staff. Obviously, I haven't
been on for 30 years at State Lands like you have, Curtis.
But all I can say is that I know that this has been going
on for quite some time. And I know that you've had
community forums where you've actually gone into the
community to hear from the community.

I actually took it a step further, I actually
didn't tell anybody. I went to Manhattan Beach. And I went to the strand. And a couple neighbors were outside there. And I said, "What do you think about that ship out there?" One guy says, "It's been there for 50 years. I've been here for 20. That's all I know is that ship."

"Is it a problem?" And he said, "You know, not really". So it's -- I mean, I think the goal is to eventually move away from that kind of a system, but I do agree that under the situation that we have today, where we put all our baskets in the Port of L.A., not only for goods but also for our fuels that, you know, move airplanes and move cars and so forth. I think it is to have a diverse way.

I mean, the other option is, you know, there's lightering going on outside of the Port of Long Beach, where no one is seeing it, and there's probably more action going on out there. This is a place -- a system that's been in place for quite some time, what, since 1911? And I'm not going to sit here and say that Chevron is the best of the best of the best. It is a California corporation.

I think that in the actions that I've seen them, they've done an exemplary job. You have the mayor of El Segundo here. You have the community of El Segundo here. The Chamber of Commerce of Manhattan Beach, and I agree
with them, when they say they're progressive. They are.
I've seen the positions that they've taken.

So I'm prepared to move the staff recommendation, and ask that we provide -- that we adopt the Environmental Impact Report and we provide a 30-year lease.

ACTING CHAIRPERSON ARONBERG: I have a few questions remaining, so -- and I'm not prepared to vote for that motion, but I do have some questions.

This is the first that I've heard about the incident action plan or the fire control plan that the firefighter from El Segundo discussed. I'm very concerned about this.

How long would that take to put together something of the sort that this firefighter is discussing and get it in place? How long would that take? Could we do that maybe before our next meeting?

INTERIM EXECUTIVE OFFICER FOSSUM: You know, I don't know enough detail about that. And I'm not sure if Gary Gregory is still present.

There he is.

ACTING CHAIRPERSON ARONBERG: Or could we do that within a short amount of time? Is it something that takes a year as the firefighter suggests or --

INTERIM EXECUTIVE OFFICER FOSSUM: I think if there's anybody here who has an idea of that, it's --
ACTING CHAIRPERSON ARONBERG: -- could it be a little shorter?

MARINE FACILITIES DIVISION CHIEF GREGORY: If I may correct you a little bit on terminology. An incident action plan is put together for a specific incident that has specific known characteristics. You're talking about putting together your pre-fire plan or your contingency plans for how you would operate in the event of this risk, this risk, this risk and this risk --

ACTING CHAIRPERSON ARONBERG: Okay, I'm going to interrupt you and just let you know my concerns.

MARINE FACILITIES DIVISION CHIEF GREGORY: Sure.

ACTING CHAIRPERSON ARONBERG: I know definitely that the California coast has a 54 -- contributes $54 billion to the economy, the entire coast. I don't know -- I'm embarrassed to say how much the Santa Monica Bay is a part of that, but I imagine it's significant, given the population here.

A fire, a ship board fire for which these firefighters are expected to respond, could, sounds like to me, you know, as a lay person, and not an engineer, lead to a spill.

And so I'm concerned about this plan that the firefighter discussed. And yes I maybe didn't get the terminology right. I want to know how long it would take
to put together a plan.

MARINE FACILITIES DIVISION CHIEF GREGORY: Well, there are significant other issues involved with that too with ship-board firefighting. It is typically not a local fire department's responsibility to get involved in ship-board firefighting. It's the ship-board's personnel responsibility to be responsible. That's an international sort of issue.

In some jurisdictions, such as the Port of Los Angeles, New York, New Jersey, they have specifically trained firefighters who know how to go on board vessels and deal with it, but that's all done through MOUs and understandings with the maritime community.

As is typical today, the ship would be fighting its fire. If they needed additional resources, the shipping company would contract for those resources. You'd be looking at professional salvage people who know how to get on board a ship and fight a fire.

Nonetheless, those contingency plans and those pre-fire plans could be put together in a number of months. No doubt about it. And I believe that Chevron would tell you that they could work together and have those pre-fire plans done before the next meeting.

ACTING CHAIRPERSON ARONBERG: Okay. Thank you. Would you like to speak?
COMMISSIONER MALDONADO: I want to ask the gentleman another question while he was up there.

ACTING CHAIRPERSON ARONBERG: Mr. Gregory?

COMMISSIONER MALDONADO: Mr. Gregory.

Is there an oil recovery plan on this --

MARINE FACILITIES DIVISION CHIEF GREGORY:

Absolutely. Every terminal in the State of California is required by the Office of Spill Prevention and Response of the Department of Fish and Game and the U.S. Coast Guard to have an approved oil spill contingency plan. We also look at those plans to review them and make sure that they are consistent with the operation of that terminal.

But there are defined definite approved plans both federally and State that mesh with the regional plans that mesh with the national plan.

COMMISSIONER MALDONADO: And obviously that plan is defined by the size of the ship that's unloading the oil there at the marine terminal, right?

MARINE FACILITIES DIVISION CHIEF GREGORY: That's part of the equation that's defined by all sorts of different characteristics of the terminal and all the different risk factors associated with those characteristics.

COMMISSIONER MALDONADO: Sure, okay.
MR. THOMASON: My concern was not with spills at all. I think they've identified that. I was talking about explosions or fires, because that's the part of the EIR that I'm actually listed in.

So it's true that it's a very specialty type of firefighting. The U.S. Navy is one agency that actually trains people. And I understand that they've trained L.A. County Fire Department a couple stations or a few people at really their own expense.

They went down and paid for their own hotel rooms, because you're interested in providing that type of service to board a ship.

So they're the experts, the people that can go inside of a ship and actually know how to do it. We don't have a boat. We don't have a fire boat. The L.A. County Boat 110 is in Marina Del Rey, which is the closest one, only shoots about 2,500 gallons a minute of water. And the Port of Los Angeles board shoots about 10,000.

And what I was told is at least 10,000 is what you're going to want to have a ship on site that can actually be effective.

So it's a very complex situation and that's why I'm here today, because it's not something that's simple that your local agency that can come over and handle, but yet we're listed in the Environmental Impact Report and
we're listed as being -- as training with them as if it's something that we can handle, but it's not something that we can handle. It's something that needs special attention, with special agencies and get people together. It's going to take some time.

But once it's done, everybody in the community that has spoke today, that has concerns about what the environmental impact could be, will be rest assured that it will be safer for 30 years, 40 years however long. But it will be safer once a plan is in place.

ACTING CHAIRPERSON ARONBERG: Okay. Chevron believes that it has about 12 years left on its lease. You said it's going to take some time. Can you give me an idea of how much time?

MR. THOMASON: No, I don't think -- no, I think you could do it. I can't say exactly, but I would say definitely less than a year. I think you could do it in six months, but you have to get people that are committed to doing it and the resources have to be allocated to get the people there and sit down. And it has to be a priority and we have to make sure that that's a concern of all of ours and we have to follow through with it.

It's not something that we can say that we're going to do and talk about and then let it drop by the wayside. It has to be finalized and it has to be
practiced on. And it has to get to a point where it's second nature for our first responders. And if something happens out there, these guys feel capable and confident in going out and doing something, and staying safe, and protecting the environment.

And I think we all want that. There's no one here that board -- that does not want that. There's no question. Chevron wants that. I want that. We all want it. We're all in agreement with that.

It's just about implementing and getting it done. And that has to take place.

ACTING CHAIRPERSON ARONBERG: Thank you.

MR. SPACKMAN: Just to follow up on what Chris said. Very clearly, we agree 100 percent. We know that this can be done very quickly there. As Mr. Gregory said, they're already required under State law, vessel response plans. These plans are very detailed in their design. They specify what the requirements are.

The Coast Guard, for example, is the administrative agency for those first responses when it comes to any kind of an onboard fire on a ship. The role of the other agencies, the county and city fire departments are all integral to that whole response process. The structure for that already exists because of the existing State plans that each vessel must have when
it comes to our mooring. The challenge for us in very short terms, and I can think of -- be done in a very short number of months over the next -- frankly over the next quarter is to augment those existing plans, integrate the local agencies to make sure that they're comfortable with that structure, and do that in a way that's complimentary.

But the framework, as I said earlier, already exists. Every vessel under State law, through the administration of OSPR, is required to have detailed response plans that includes addressing onboard fires and the responding agencies that are involved with that.

Our job, out of this discussion, is to make sure that everybody is in the same place on what that needs to be and what kind of mutual training will help augment our response capabilities.

ACTING CHAIRPERSON ARONBERG: Do either of the Commissioners have a problem with waiting a couple months to get the El Segundo firefighters up to -- you know, up to speed and up to par on this?

COMMISSIONER MALDONADO: I made a motion, Madam Chair, and hope that we can proceed with the motion.

ACTING COMMISSIONER INGENITO: I second the motion.

ACTING CHAIRPERSON ARONBERG: I just have a couple quick question for Curtis.
INTERIM EXECUTIVE OFFICER FOSSUM: Sure.

ACTING CHAIRPERSON ARONBERG: We were talking about ways to try to obtain more money for the People of the State of California from this lease. Have you -- do we have any experience or have we heard of an ecosystem services valuation to determine the least cost ecosystem services valuation?

INTERIM EXECUTIVE OFFICER FOSSUM: I have not heard of that term before.

ACTING CHAIRPERSON ARONBERG: Okay. Do we have the ability under -- there's a motion and a second -- do we have the ability under the lease to find other ways to obtain --

INTERIM EXECUTIVE OFFICER FOSSUM: In nine years -- in approximately nine years, there is a provision to do a rent review. So even though -- if the Commission approves this item, it would be entering into a 30-year lease and each 10-year anniversary -- and as I understand it, you shouldn't hold me to this, because I haven't looked at this, but whether that 10-year anniversary is from last December or if it's from today -- okay, so the rent has been set a year ago, but it's a 30-year lease, so it would be 10 years from today the Commission would have the authority to set a new rent.

ACTING CHAIRPERSON ARONBERG: Okay, thank you.
INTERIM EXECUTIVE OFFICER FOSSUM: But if you'd like the staff to look into your question, we would certainly -- we're always looking for alternative ways to compensate the public for the use of their property.

ACTING COMMISSIONER INGENITO: I would just kind of like to echo the Chair's desire to look into these additional means to increase the rents paid to the State.

INTERIM EXECUTIVE OFFICER FOSSUM: Absolutely.

ACTING CHAIRPERSON ARONBERG: Okay. So we have a motion and a second.

All in favor say aye?

(Ayes.)

ACTING CHAIRPERSON ARONBERG: Okay, please record me as opposed. And the motion carries 2 to 1.

Okay, what's the --

INTERIM EXECUTIVE OFFICER FOSSUM: Thank you very much. I believe the next item is L.A. Water and Power. Calendar Item 50 is to be presented by Colin Connor our Assistant Chief of the Land Management Division.

ACTING CHAIRPERSON ARONBERG: Could we have folks who are not proceeding with Item 50 please clear the room, so that Mr. Connor can get going on this agenda item, please.

We have a quick Commissioner request. An updated
green sheet was passed around. We're curious what the update is about?

LAND MANAGEMENT DIVISION ASSISTANT CHIEF CONNOR:
I was going to discuss that. Would you like me to jump right into that or as part of the presentation?

ACTING CHAIRPERSON ARONBERG: As part of the presentation. Thank you.

LAND MANAGEMENT DIVISION ASSISTANT CHIEF CONNOR:
Okay. Good afternoon, members of the Commission.

My name is Colin Connor. I'm the Assistant Chief of the Land Management Division. I'm here to present information on Calendar Item 50, which is a request for a lease amendment to allow the City of Los Angeles Department of Water and Power to place gravel cover on 2.03 square miles of the dry bed of Owens Lake for dust control purposes.

And you might not be able to see it, the map is right behind you there. The area where the gravel is proposed to be placed is the brown area at the northwest -- tip of the lake, thank you.

And can you go to the next slide, please.

This is kind of a closeup on an -- overlaid over an aerial of the lake. And it's the gold area and the yellow area up at the top left-hand side.

I'm not sure how much you know of Owens Lake. I know I've probably given four or five of these
presentations over the last year. I'll just kind of back up and give a little bit of the background.

Up until 1913, Owens Lake was just that, 110 square mile lake with water a depth of 50 feet and vessel traffic across it. Beginning in 1913, the City of Los Angeles began diverting water south to Los Angeles through an aqueduct system they built.

By the mid-1920s the lake was essentially dry, except for a brine pool. And the brine pool is kind of the left middle side of the lake.

Jumping forward. The Environmental Protection Agency has designated the southern part of Owens Valley as a serious nonattainment area for a very fine particulate dust. This dust is a result of the city's water diversion.

The Great Basin Unified Air Pollution Control District is a regulatory agency tasked with enforcing air quality standards in this area. To bring the dust under control, the Great Basin has approved three best available control measures, known as BACM, for reducing dust emissions.

These are shallow flooding, managed vegetation, and gravel cover. In 1999, the Commission authorized a 20-year lease to the city for dust control measures on various emissive sites on the lake. The lease has been
amended nine times over the years to include new emissive sites.

Most of the authorized dust control measures have been for shallow flooding and managed vegetation. In April of 2009, the Commission denied an amendment for a modified Moat and Row dust control measure on the grounds that it was inconsistent with the Public Trust needs, resources, and values of Owens Lake and it was not in the best interests of the State.

The Commission did approve an amendment for a dust control concept known as tillage in June of this year. This is for the areas that were previously designated for Moat and Row. However, tillage is not a best available control measure.

Moving forward. In early 2010, a few months ago, the city submitted an application requesting another amendment, this time to replace gravel cover on 2.03 square miles on the north end of the lake bed. This is the request before you now.

Commission staff has long opposed the placement of gravel on the grounds that it would diminish the lake bed's Public Trust values, which include public access, recreation, wildlife, habitat -- excuse me, wildlife habitat, open space, preservation of lands and their natural state, and aesthetic enjoyment among others.
However, unlike the city's earlier Moat and Row design, gravel cover would not entrap wildlife. Although, it could eliminate wildlife habitat.

Gravel cover would not block or restrict the viewshed and the visual impact would be minimized by blending gravel on the approximate same color as the existing lake bed.

Can you go to the next slide, please?

This is a typical view of the playa and you can see it's pretty much like almost a moonscape. It's dark -- it's beautiful out there, but this area is really flat and sandy.

Can you go to the next slide, please?

This is another view of the playa, but with a road in the foreground. You can see this road-based material is similar that would be placed for the gravel cover. You can see it blends fairly nicely.

Can you go to the next slide, please?

This is what the city proposes. Picture on the left is the Phase 8 playa as it is. The picture in the middle is a closeup. And the picture to the right is gravel that's out on the playa right now. It's called Corridor 1. And the State Lands Commission authorized the placement of that. It was approximately 40 acres and a long rectangular shape back in 2001.
So we have the application in hand. In order to work towards the common goal of reducing dust emissions from the Owens Lake bed, the Commission staff has proposed a special lease provision requiring the city to preserve and enhance Public Trust values of Owens Lake elsewhere on the lake in order to offset the loss of Public Trust values resulting from the project. And this is where the green sheet really comes into play.

The original staff report and negotiations with the city, we are looking at a specific property, and it was known as Dirty Socks.

Can you -- excuse me, can you fast forward to a couple more slides, please, one more.

Right behind you, this is the Dirty Socks property. This property is held in private ownership. The original calendar item and negotiations required the city to acquire this property and deed it to us. During the course of negotiations, the city made it aware that they might have difficulties acquiring the property and deeding it to us because of problems with their city charter.

Because of that, we backed off requiring specific property and instead asked them to make a contribution to the Kapiloff Land Bank Fund in the amount of $500,000, so that we could go out there and acquire property similar to
this.

There's very few of them along the end of the lake bed. They do provide habitat for birds and other wildlife.

So that's the primary change to the staff report and the lease amendment is instead of having a specific property, we're going to have a monetary contribution to the Kapiloff Land Bank.

ACTING COMMISSIONER INGENITO: And do the terms of the proposal here include some ongoing maintenance?

LAND MANAGEMENT DIVISION ASSISTANT CHIEF CONNOR:

Yes, they do. It's not only acquisition, it's ongoing maintenance and improvements. The city could be required to make this contribution within six months. The -- by the way, that's another change to the original. I believe the original. I don't have it in front of me. The original discussions were for three months. The city felt they needed more time to go through their internal process to be able to make that contribution.

Other terms of the lease include, but aren't limited to -- I'm going to give you kind of the highlights -- the placement of the gravel shall not be permitted until the specifications of the gravel -- the type, size, color, et cetera, have been reviewed and approved by the Executive Officer or his designee. And
the intent is to ensure that the gravel cover does, in fact, blend in with the surrounding playa to minimize the aesthetic impact.

Additionally, wherever and whenever safe, the city will maintain public access to the Owens Lake bed throughout the estimated 20-month construction period particularly during the public's annual bird counting activities.

And speaking of birds, there are protection measures in place for the Western Snowy Plover. The city will adhere -- implement and adhere to the environmental impact minimization measures described in the mitigation monitor and reporting program.

To offset the estimated greenhouse gas emissions from the construction and maintenance of the Phase 8 project, the city shall obtain 13,965 metric tons of carbon offsets renewable energy certificates as a one-time obligation to be purchased prior to construction of the project.

This city is required to submit proof of the acquisition of these offsets to the Commission staff prior to commencement of the project. As the Commission knows, the Commissioners have taken an interest in greenhouse gas emissions. And that's the intent of this provision is to address that.
The city is required to conduct archaeological testing and evaluation program to characterize and evaluate any identified sites in the Phase 8 area. For sites determined to be significant, the city shall conduct an archaeological data recovery program.

Let's see. Lastly, the city acknowledges that the Commission's approval and issuance of this lease amendment for the placement of gravel dust control measures on Owens Lake bed is no assurance that the future use of gravel cover will be allowed on the lake bed.

Commission staff believes the benefits to the State resulting from the required lease provision, that is the acquisition of additional real property with habitat value, would offset the loss of Public Trust values from the implementation of the Phase 8 project, and staff therefore recommends approval of the lease amendment.

This concludes my presentation. I'm available to answer any questions. And staff of LADWP is also here and would like to address the Commissioners.

COMMISSIONER MALDONADO: I'd like to make a motion, Madam Chair, that we move approval of the staff recommendation on this project.

ACTING COMMISSIONER INGENITO: Second.

ACTING CHAIRPERSON ARONBERG: Okay, there's a motion and a second. Mr. Adams, do you still want to
speak in light of the fact that there's a motion and a second on the table?

COMMISSIONER MALDONADO: Smart man if he doesn't speak.

(Laughter.)

MR. ADAMS: I'll pass then.

ACTING CHAIRPERSON ARONBERG: Is there any other member of the public who wants to speak on this item?

Okay, we have a motion and a second. All in favor say aye, please.

(Ayes.)

ACTING CHAIRPERSON ARONBERG: No opposed.

The motion carries.

We already have -- Curtis, you looked like you wanted to say something.

INTERIM EXECUTIVE OFFICER FOSSUM: Well, I did about five hours ago --

(Laughter.)

INTERIM EXECUTIVE OFFICER FOSSUM: -- have a nice presentation for an Executive Officer report and everything. I don't know what the Commission's -- I still would like to make a few comments in that regard.

ACTING CHAIRPERSON ARONBERG: Please.

INTERIM EXECUTIVE OFFICER FOSSUM: And if you'd indulge me on that.
First, I don't know if there's any members of Port Commissioners and staff here, but I want to thank them for making these facilities available for us. It's always a pleasure to come to San Diego and enjoy such a nice facility.

We worked very well with them for almost half a century now. And they're one of the top notch grantees in California in their operations.

I'm sorry for the delay. You can be happy that you at least weren't stuck in a plane for all those hours. But I do have several things I would like to cover and I'll start with the good news first.

Yesterday, your Chief Counsel became a mother. Jennifer and her baby are doing fine. Her son, Harrison Daniel Sandrino Lucchesi, was born yesterday morning. And they were going to try and make it here, but all the flights were sold out.

(Laughter.)

INTERIM EXECUTIVE OFFICER FOSSUM: And now bad news. Today, I have to unfortunately announce that this is Gary Gregory's last Commission meeting. And this month he'll be leaving State service as Chief of the Commission's Marine Facilities Division, which he became the father of 20 years ago.

(Laughter.)
INTERIM EXECUTIVE OFFICER FOSSUM: It's really hard to be too effusive about Gary's talents and accomplishments. Gary came to the Commission in 1990 just after the Exxon Valdez and American Trader spills. And it was following his 20-year career as a Coast Guard officer, including being Chief of the Port Operations in the Marine Safety Office in Long Beach.

California was looking to strengthen its oil spill prevention program to protect the marine environment and granted the Commission various oil spill prevention responsibilities at that time.

From the beginning, Gary helped form the Marine Facilities Division and shaped it into what it is today, an incredibly successful program that has set the bar nationally and internationally for oil spill prevention, invasive species control, and marine terminal engineering.

The Marine Facilities Division is illustrated in -- the success is illustrated in the significant decline of oil spills at marine terminals in California. Last year, for example, there were over 33 billion gallons of oil pumped through oil marine terminals and a total of only four barrels were spilled. This is an extraordinary accomplishment, and Gary's vision and leadership is due a tremendous amount of the credit.

Gary is also known for his diplomacy. He brings
people together from industry, government, and the environment, to develop policies and to workout differences. He's created technical advisory groups on several different issues and created and organized the Commission's Prevention First symposium, which brings people together from all over the world every other year to discuss issues related to the marine environment.

Gary's philosophy regarding transparency and partnership has gained him the respect of his counterparts worldwide.

Among his colleagues in the shipping industry and employees at the Commission, Gary is held in the highest esteem both professionally and personally. He has both an exceptional personality and management style. We will all seriously miss him.

So on behalf of the staff, I would like to thank Gary Gregory for his dedication, leadership, and outstanding service to the State and the Commission. Gary, we wish you and your family the very best in your future endeavors.

(Appause.)

MARINE FACILITIES DIVISION CHIEF GREGORY: I'm sorry, I have to be this way. I have to correct something that Curtis said. He got -- this is serious actually. He got barrels and gallons a little mixed up. In 2009, we
moved 90 million gallons of oil across the dock every single day. Ninety million gallons a day. And in the whole year, 124 gallons were spilled among the marine terminals in the State of California.

I think some of the marine facility staff here, a couple of people are here. It's a team that does a great job. And working with the industry, the industry also deserves some credit for that incredible record of moving oil and being as safe and as careful as they are.

INTERIM EXECUTIVE OFFICER FOSSUM: I stand corrected.

(Applause.)

INTERIM EXECUTIVE OFFICER FOSSUM: On behalf of the Commission, this is our plaque we'd like to show to our retirees with the congratulations on behalf of the staff, and you may get the Commissioners to even sign it.

Thank you.

ACTING CHAIRPERSON ARONBERG: Great. And we also have a wonderful resolution for you here. Gary.

MARINE FACILITIES DIVISION CHIEF GREGORY: Thank you.

ACTING CHAIRPERSON ARONBERG: And I'm going to read it into the record, because you deserve that. "Whereas, Gary Gregory for nearly 40 years has dedicated his career to public service and
where from 1971 to 1990 he served his country in the United States Coast Guard starting as Deck Watch Officer in the U.S. Coast Guard and rising the rank of Commander and position of Chief of Port Operations at the Coast Guard's Marine Safety Office in Long Beach, California;

"Whereas, Gary in the wake of the catastrophic 1989 Exxon Valdez and 1990 American Trader crude oil spills brought his experience, intellect, and leadership talents to the California State Lands Commission, where he helped create and has led the Marine Facilities Division, which is charged with protecting the environment by implementing several of the oil spill prevention programs in the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act;

"Whereas, Gary, through his guidance and vision as the Chief of the Commission's Marine Facilities Division has grown the Division to include in addition to its oil spill prevention operations, world renowned program such as the California Marine Invasive Species Program, and the Marine Oil Terminal Engineering and Maintenance Standards Program, and has organized
events such as the popular Prevention First Symposium, which is entering its third decade of bringing together professionals from industry, regulatory agencies, and the environmental community, and;

"Whereas, Gary's commitment to the People of California is illustrated by his willingness to assume additional responsibilities when called upon from 1997 to 2000, he served as the Assistant Executive Officer of the Commission, and from 1999 to 2000, he served as the Interim Administrator of the Office of Oil Spill Prevention and Response for the Department of Fish and Game all while carrying out his duties as Chief of the State Lands Commission's Marine Facilities Division;

"Whereas, Gary's influence extends to other important organizations and groups, as he is the President of the Board of Governors of the Propeller Club of Los Angeles–Long Beach, and an executive board member and treasurer of the California Marine and Intermodal Transportation System Advisory Council, and a member of the California Marine Affairs and Navigation Conference, the Harbor Safety Committee of Los
Angeles, Long Beach, and the California State Interagency Oil Spill Committee."

Wow.

(Laughter.)

ACTING CHAIRPERSON ARONBERG: "Gary Gregory's passion for protecting the environment is displayed by his recent work in the Gulf Coast and Michigan, for which he used his own personal vacation time to lend his expertise to the oil spill response efforts involving the Deep Water Horizon offshore drilling rig disaster and Enbridge pipeline burst, and;

"Whereas, Gary is admired by his colleagues, employees, and friends because of his genuine personality and the great importance he places on integrity, quality, transparency, and leadership, and;

"Whereas, Gary when he's not busy working for the State or sitting on boards, councils, or committees enjoys being with friends, and family, working on racing his cars, shooting his pistol and shopping on the Internet".

(Laughter.)

MARINE FACILITIES DIVISION CHIEF GREGORY: Not necessarily in that order.
ACTING CHAIRPERSON ARONBERG: "Now therefore be it resolved, that Gary be commended for his distinguished record of the professional service to the State of California and for the legacy of accomplishments during his 20 years serving on the California State Lands Commission as its Chief of Marine Facilities Division. We extend sincere best wishes to Gary and his future endeavors, and the Commission wishes Gary, his wife Kathy, his daughters Kami and Meagan and sons Brendon, Owen, Matthew, and Colin the very best in years to come."

MARINE FACILITIES DIVISION CHIEF GREGORY: Thank you very much.

(Applause.)

COMMISSIONER MALDONADO: I just want to say thank you, Gary. And I must tell you that staff is what makes the people that are elected look good.

(Laughter.)

COMMISSIONER MALDONADO: And people who serve for such a long period of time to the taxpayers is just amazing. So -- and for me, I actually -- you know I was hearing everybody talking about Deep Water Horizon, I actually went to Deep Water Horizon. And it was amazing how many Californians I saw out there, whether it be in
habitat protection, oil response recovery, it was California's model.

So thank you for your service, Gary.

MARINE FACILITIES DIVISION CHIEF GREGORY: Thank you very much.

(Thereupon a picture was taken.)

(Applause.)

INTERIM EXECUTIVE OFFICER FOSSUM: I know we're trying to move along, so I have just a couple more things in the Executive Officer's report.

I want to mention that we just received a $700,000 grant from the Bureau of Ocean Energy Management Regulation Enforcement for removing of hazards in Santa Barbara and Ventura counties. This is a program that the Commission has been undertaking for many years and because of budget constraints in California, the money was removed, even though at one time, it had been provided to us.

There's 24 sites there. They are remnants of old past oil production and these typically go back to the 1920s and 30s, so we're very fortunate to get those funds, and we'll be trying to remove those in the next couple years all over that area.

I also wanted to mention that we're moving forward on the Bolsa Chica Wetlands. We have a dredging
project there, because of the siltation. This is $125
million investment the State has -- based on port
mitigation funds has invested in restoring the wetlands at
that point.

The audit -- the State Bureau of Audits will be
coming in on Monday to meet with us. We've provided them
with our -- the initial information they requested
regarding our leases, revenues, budgets, and staffing. So
we're looking forward to meeting with them next week.

I have a lot of other things I could share, but I
know, in the interests of time, that I should be moving
along, so I will.

We are having a Western States Lands
Commissioners meeting in Long Beach on January 9th through
13th. And I want to invite all the Commissioners and
their staffs. We're having -- the Western States Lands
Commissioners consists of 23 public land management
agencies from Alaska to Arkansas. We haven't hosted this
in eight years, so we're looking forward to meeting with
these folks. We're having about half the State's
represented, we believe. And there will also be people
from the Bureau of Land Management and U.S. Forest
Service.

Some very interesting topics will be talked
about, including the oil spill in the Gulf. And we'll
have experts there. We'll be giving a tour of the Bolsa Chica area and we'll talk about the green port project of Long Beach, which is an important one in dealing with air quality issues in our harbors.

This is being funded, by the way, by either registration fees or donations, so we want to thank the Port of San Diego, Port of L.A., Long Beach, and San Francisco for their donations.

And finally, this is my last comment. Since a new Commission will be constituted next month, I want to thank the current Commissioners and their staff. I want to personally thank them for all the service they performed as trustees of the State's waterways and school lands. California is better for it.

I'm also pleased to report that although the President on March 10th of this year had announced plans for possible oil leasing in California's outer continental shelf, the new five-year plan released last week does not include offshore leasing along the California coast.

And on a final note, although I've only served on the Commission as -- I have served on the Commission for 33 years, this last month as Executive Officer has provided me a much different perspective. California, the Commission and I am all very fortunate to have an incredibly hard working professional staff.
The Marine Corps has a motto of duty, honor, and country. But it brings to mind to me what exemplifies your staff's work ethic, which is dedication, and pride and service to the State.

So thank you very much.

(Applause.)

ACTING CHAIRPERSON ARONBERG: Thank you, Curtis. Great. Okay.

INTERIM EXECUTIVE OFFICER FOSSUM: I think we're ready for closed session, unless there's any other public comment.

ACTING CHAIRPERSON ARONBERG: We did public comment. One person wasn't here. Bruce Heyman, are you here now?

Is there anyone else who wishes to give public comment before we adjourn to closed session?

Great. The open session of the meeting is now over and we will adjourn to closed session. Please, if you're not involved in closed session, leave the room.

Thank you.

(Thereupon the California State Lands Commission meeting adjourned at 3:25 p.m.)
CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing California State Lands Commission meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California;

That the said proceedings was taken before me, in shorthand writing, and was thereafter transcribed, under my direction, by computer-assisted transcription.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of December, 2010.

______________________________
JAMES F. PETERS, CSR, RPR
Certified Shorthand Reporter
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