MEETING
STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
LANDS COMMISSION

RADISSON HOTEL LOS ANGELES AIRPORT
CENTURY MEETING ROOM
6225 WEST CENTURY BOULEVARD
LOS ANGELES, CALIFORNIA

WEDNESDAY, APRIL 23, 2014
1:01 P.M.

JAMES F. PETERS, CSR, RPR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

J&K COURT REPORTING, LLC  916.476.3171
APPEARANCES

COMMISSION MEMBERS:
Mr. John Chiang, State Controller, Chairperson, represented by Mr. Alan Gordon
Mr. Gavin Newsom, Lieutenant Governor, represented by Mr. Kevin Schmidt
Mr. Michael Cohen, Director of Finance, represented by Ms. Eraina Ortega

STAFF:
Ms. Jennifer Lucchesi, Executive Officer
Mr. Mark Meier, Chief Counsel
Mr. Seth Blackmon, Staff Counsel
Mr. Reid Boggiano, Public Land Management Specialist
Ms. Sheri Pemberton, Chief, External Affairs Division

ATTORNEY GENERAL:
Mr. Joe Rusconi, Deputy Attorney General

ALSO PRESENT:
Mr. Bill Brand, Council Member, District 2, Redondo Beach
Mr. Pete Carmichael, Waterfront and Economic Director, City of Redondo Beach
Ms. Bonnie Christensen, San Pedro Homeowners Association
Mr. Ed Clark
Ms. Melanie Cohen
Ms. Elisabeth Crawford
Ms. Nadine Diaz
A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Steven Diels, City Treasurer, City of Redondo Beach
Ms. Jenna Driscoll, Santa Barbara Channelkeeper
Mr. Steve Greig, Venoco
Ms. Marcie Guillermo
Ms. Janet Gunter, San Pedro Peninsula Homeowners United
Mr. John Jay, Central Coast Energy Alliance
Ms. Linda Krop, Environmental Defense Center
Mr. Jess Money
Mr. Gary Ohst
Ms. Sofia Quinones
Ms. Connie Rutter
Mr. Neil Saaty
Ms. June Burlingame Smith, Pt. Fermin Resident Association
Ms. Tania Solé
Ms. Mona Sutton, Omelette and Waffle Shop
Mr. Noel Weiss
Mr. John Winkler, Mira Flores Homeowners Association
Ms. Kathleen Woodfield, San Pedro Peninsula Homeowners United
I 1:00 P.M. - CLOSED SESSION: AT ANY TIME DURING THE MEETING THE COMMISSION MAY MEET IN A SESSION CLOSED TO THE PUBLIC TO CONSIDER THE FOLLOWING PURSUANT TO GOVERNMENT CODE SECTION 11126:

A. LITIGATION.
THE COMMISSION MAY CONSIDER PENDING AND POSSIBLE LITIGATION PURSUANT TO THE CONFIDENTIALITY OF ATTORNEY-CLIENT COMMUNICATIONS AND PRIVILEGES PROVIDED FOR IN GOVERNMENT CODE SECTION 11126(e).

1. THE COMMISSION MAY CONSIDER MATTERS THAT FALL UNDER GOVERNMENT CODE SECTION 11126(e)(2)(A):


   State of California, acting by and through the State Lands Commission v. Crockett Marine Services et al.

   Seacliff Beach Colony Homeowners Association v. State of California et al.

   State of California, acting by and through the State Lands Commission v. Singer


   The Melton Bacon and Katherine L. Bacon Family Trust et al. v. California State Lands Commission, City of Huntington Beach

   SLPR, LLC et al. v. San Diego Unified Port District, State Lands Commission

   San Francisco Baykeeper v. State Lands Commission
2. THE COMMISSION MAY CONSIDER MATTERS THAT FALL UNDER GOVERNMENT CODE SECTION 11126(e)(2)(B) or (2)(C).

B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS.
THE COMMISSION MAY CONSIDER MATTERS THAT FALL UNDER GOVERNMENT CODE SECTION 11126(c)(7) - TO PROVIDE DIRECTIONS TO ITS NEGOTIATORS REGARDING PRICE AND TERMS FOR LEASING OF REAL PROPERTY.

II OPEN SESSION

III CONFIRMATION OF MINUTES FOR THE MEETING OF FEBRUARY 21, 2014

IV EXECUTIVE OFFICER'S REPORT

Continuation of Rent Actions to be taken by the CSLC Executive Officer pursuant to the Commission's Delegation of Authority:

- Wild Goose Storage, Inc. (Lessee): Continuation of rent at $250 per year for a General Lease - Right-of-Way Use, located on sovereign land in the Sacramento River, near Delevan, Colusa County, (PRC 8443.1).

- Pacific Gas and Electric Company (Lessee): Continuation of rent at $100 per year for a General Lease - Right-of-Way Use, located on a 0.355 acre parcel of School Land within a portion of Section 28, Township 4 South, Range 18 East, MDM, near the town of Mariposa, Mariposa County (PRC 6703.2).
- Alan and Jennifer Faughn (Lessees): Continuation of rent at $1,600 per year for a General Lease - Grazing Use, located on approximately 320 acres of State lieu land near Bakersfield, Kern County (PRC 8089.2).

V. CONSENT CALENDAR C01-C89

THE FOLLOWING ITEMS ARE CONSIDERED TO BE NON-CONTROVERSIAL AND ARE SUBJECT TO CHANGE AT ANY TIME UP TO THE DATE OF THE MEETING.

LAND MANAGEMENT DIVISION
NORTHERN REGION

C01 ROBERT A. HYER AND SONOMA HYER (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the Sacramento River, adjacent to 16510 County Road 117, near the city of West Sacramento, Yolo County; for the proposed construction, use and maintenance of a floating boat dock, floatable bridge gangway, and two steel pilings. CEQA Consideration: categorical exemption (PRC 8460.1; RA# 01613) (A 4; S 3) (Staff: G. Asimakopoulos)

C02 ANN SOLARI FERRANTE; ELAINE-MARYSE SOLARI; AND VIRGINIA SOLARI MAZRY, AS TRUSTEE OF THE VIRGINIA SOLARI MAZRY 2005 TRUST DATED MAY 19, 2005 (LESSEES); ELAINE-MARYSE SOLARI; RICHARD DONALD JOHNSON; MATTHEW SCOTT FERRANTE; JASON ANTHONY FERRANTE; MARISSA DIANE FERRANTE; AND ANN SOLARI FERRANTE, AS TRUSTEE OF THE JOSEPH A. FERRANTE AND ANN SOLARI FERRANTE 2004 TRUST U/D/T MARCH 31, 2004 (APPLICANTS): Consider acceptance of a lease quitclaim deed and an application for amendment to Lease No. PRC 7416.9, a Recreational Pier Lease, of sovereign land located in Lake Tahoe, adjacent to 8453 Meeks Bay Avenue, near Meeks Bay, El Dorado County; for an existing pier, boat lift, boat hoist, and two mooring buoys. CEQA Consideration: not projects. (PRC 7416.9; RA# 01713) (A 5; S 1) (Staff: G. Asimakopoulos)
C03 DALE E. DORN 1983 REVOCABLE TRUST DBA KO-KET RESORT (APPLICANT): Consider application for a General Lease - Commercial Use, of sovereign land located in the Sacramento River, adjacent to 14174 Isleton Road, near the city of Isleton, Sacramento County; for an existing commercial marina known as Ko-Ket Resort, consisting of 18 existing boat docks with gangways, launch ramp, and fuel dock with gangway previously authorized by the Commission; and an accommodation dock with gangway, 14 existing wood decks, electrical and water utility outlets, two bulkheads with fill, and bank protection not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 2049.1; RA 02512) (A 11; S 3) (Staff: V. Caldwell)

C04 WILLIAM R. GREEN AND MICHELLE A. GREEN, AS TRUSTEES OF THE WILLIAM AND MICHELLE GREEN 1999 REVOCABLE TRUST (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8801 One Ring Road, near the city of South Lake Tahoe, El Dorado County; for an existing pier and four mooring buoys. CEQA Consideration: categorical exemption (PRC 8251.1; RA# 35712) (A 5; S 1) (Staff: M.J. Columbus)

C05 CHARLES W. KING, III, AND PATRICIA KING PORTER, TRUSTEES OF THE 1999 MICHAEL JAMES KING FAMILY TRUST DATED MARCH 26, 1999 (ASSIGNORS); SANJAY SRIVASTAVA (ASSIGNEE): Consider application for the assignment of Lease No. PRC 8400.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4830 West Lake Boulevard, near Homewood, Placer County; for one existing mooring buoy. CEQA Consideration: not a project (PRC 8400.1; RA# 07713) (A 1; S 1) (Staff: M.J. Columbus)

C06 SILVER BLUE LODGE, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4784 North Lake Boulevard, near
Carnelian Bay, Lake Tahoe, Placer County; for two existing mooring buoys. CEQA Consideration: categorical exemption (PRC 8476.1; RA# 11413) (A 1; S 1) (Staff: M.J. Columbus)

C07 SHALLOW BEACH ASSOCIATION, INC. (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Tomales Bay adjacent to 470-520 Pierce Point Road, near the unincorporated town of Inverness, Marin County; for an existing fixed pier, stairway, catwalk, gangway, two floating docks, and 10 pilings not previously authorized by the Commission. CEQA Consideration: categorical exemption (W 26724; RA# 08513) (A 10; S 2) (Staff: K. Foster)

C08 UNION BANK OF CALIFORNIA, NATIONAL ASSOCIATION, A NATIONAL BANKING ASSOCIATION, AS TRUSTEE UNDER THAT CERTAIN DECLARATION OF TRUST BY GEORGE A. POPE DATED DECEMBER 30, 1935 (LESSEE): Consider correction of prior approval for revision of rent for Lease No. PRC 5505.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 9800 Brockway Springs Drive, near Kings Beach, Placer County; for an existing pier, boathouse, three boat hoists, sundeck with stairs, and two mooring buoys. CEQA Consideration: not a project (PRC 5055.1) (A 1; S 1) (Staff: W. Hall)

C09 CEDAR POINT HOMEOWNERS ASSOCIATION (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 1200 West Lake Boulevard, near Sunnyside, Placer County; for an existing pier, 18 mooring buoys, and six marker buoys. CEQA Consideration: categorical exemption (PRC 2859.1; RA# 15711) (A 1; S 1) (Staff: W. Hall)

C10 CITY OF SACRAMENTO (APPLICANT): Consider application for a General Lease - Dredging to dredge material from sovereign land located in the Sacramento River, at the entrance to the Sacramento Marina in Miller Park and at the Miller Park Boat Ramp, in the city of Sacramento,
Sacramento County; disposal of dredged material initially at one of two city-owned upland parcels near the dredged site, with final disposal at an approved U.S. Army Corps of Engineers' disposal site. CEQA Consideration: categorical exemption (PRC 7775.9; RA# 33312) (A 9; S 5, 9) (Staff: D. Jones)

C11 CENTRAL VALLEY FLOOD PROTECTION BOARD (LESSEE): Consider application for an amendment to Lease No. PRC 7203.9, a General Lease - Public Agency Use, of sovereign land located in the Sacramento River at River Mile 16.8L, near the town of Isleton, Sacramento County; to conduct erosion repair. CEQA Consideration: Mitigated Negative Declaration, State Clearinghouse No. 2009042057, and adoption of a Mitigation Monitoring Program (PRC 7203.9) (A 11; S 5) (Staff: D. Jones)

C12 TRUCKEE DONNER PUBLIC UTILITY DISTRICT (APPLICANT): Consider application for a General Lease - Public Agency Use, of sovereign land located in Donner Lake, adjacent to 15775 Donner Pass Road, in the town of Truckee, Nevada County; for an existing eight-inch fresh water intake pipeline previously authorized by the Commission and an existing 12-inch fresh water intake pipeline not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 4945.9; RA# 16413) (A 1; S 1) (Staff: N. Lavoie)

C13 JOHN LONGEVAL LEWALLEN AND DIANA M. LEWALLEN, TRUSTEES OF THE JOHN AND DIANA LEWALLEN TRUST (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in the Sacramento River adjacent to 13800 River Road, near Walnut Grove, Sacramento County; for an existing uncovered floating boat dock, ramp, and two pilings. CEQA Consideration: categorical exemption (PRC 6036.1; RA# 19412) (A 11; S 3) (Staff: N. Lavoie)
C14 PAUL A. COAD AND GERICA L. COAD (LESSEES); DANIEL BAKER (APPLICANT): Consider termination of Lease No. PRC 8732.1, a General Lease - Recreational and Protective Structure Use, and an application for a new General Lease - Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 6735 Garden Highway, near the city of Sacramento, Sacramento County; for an existing uncovered floating boat dock, gangway, three pilings, and bank protection previously authorized by the Commission, and an existing boat lift not previously authorized by the Commission. CEQA Consideration: Lease - categorical exemption; lease termination - not a project (PRC 8732.1; RA# 13513) (A 7; S 6) (Staff: N. Lavoie)

C15 TAHOE BOAT COMPANY OWNERS ASSOCIATION (LESSEE): Consider acceptance of back rent and waiver of penalty and interest for Lease No. PRC 7920.1, a General Lease - Commercial Use, of sovereign land located in Lake Tahoe, in the Tahoe City Marina Boat Harbor, adjacent to 700 North Lake Boulevard, Tahoe City, Placer County; for an existing commercial marina operation. CEQA Consideration: not a project (PRC 7920.1) (A 1; S 1) (Staff: N. Lee)

C16 DELTA GAS GATHERING, INC. (LESSEE): Consider revision of rent to Lease No. PRC 8077.1, a General Lease - Right-of-Way Use, of sovereign land located in Steamboat Slough, between Grand Island and Ryer Island, near Walnut Grove, Sacramento and Solano Counties; for a six-inch-diameter, directionally bored, natural gas pipeline. CEQA Consideration: not a project (PRC 8077.1) (A 11; S 3) (Staff: D. Oetzel)
C17 PACIFIC FRUIT FARMS, A CORPORATION (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the Sacramento River, adjacent to 14090 State Highway 160, Walnut Grove, Sacramento County; for an existing floating boat dock, gangway, three pilings, and a two-pile dolphin. CEQA Consideration: categorical exemption (PRC 7796.1; RA# 09013) (A 11; S 3) (Staff: J. Sampson)

C18 ASHLEY W. ABDO AND MARY E. ABDO (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 9922 Lake Street, Kings Beach, Placer County; for two existing mooring buoys. CEQA Consideration: categorical exemption (PRC 8366.1; RA# 15013) (A1; S1) (Staff: J. Sampson)

C19 PATRICK C. BRADLEY AND NANCY T. IMMEKEPPEL (APPLICANTS): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in Georgiana Slough, adjacent to 17001 Terminous Road, city of Isleton, Sacramento County; for an existing single-berth covered floating boat dock, four pilings, gangway, ramp, utility shed, walkway, and bank protection. CEQA Consideration: categorical exemption (PRC 7764.1; RA# 13313) (A 11; S 3) (Staff: J. Sampson)

C20 WILLIAM D. WATKINS AND DENISE P. WATKINS TRUSTEES OF THE WATKINS FAMILY TRUST DATED 1-7-94 (APPLICANTS): Consider application for a General Lease - Commercial Use, of sovereign land located in Lake Tahoe, adjacent to 6980 West Lake Boulevard, near Tahoma, Placer County; for an existing pier and five mooring buoys. CEQA Consideration: categorical exemption (PRC 3637.1; RA# 12313) (A 1; S 1) (Staff: J. Sampson)

C21 BARRY AGRI\TECH (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land
located in Georgiana Slough, adjacent to 14270 River Road, Walnut Grove, Sacramento County; for an existing double-berth floating boat dock, gangway, three pilings, and bank protection. CEQA Consideration: categorical exemption (PRC 5349.1; RA# 11613) (A 8, 15; S 5, 14) (Staff: J. Sampson)

C22 KLAUS MARTIN HIRT AND SABINE GABRIELE HIRT (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8477 Meeks Bay Avenue, near Tahoma, El Dorado County; for two existing mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption (W 26725; RA# 09113) (A 5; S 1) (Staff: J. Sampson)

C23 BROCK R. SETTLEMIEIR AND MARLENE B. SETTLEMIEIR, TRUSTEES OF THE BROCK R. SETTLEMIEIR AND MARLENE B. SETTLEMIEIR TRUST UNDER INSTRUMENT DATED DECEMBER 4, 1991, LAURA SETTLEMIEIR MCINTYRE, JULIET GRACE SETTLEMIEIR IVEY, BROCK REID SETTLEMIEIR, JR., AND WESTON JAMES SETTLEMIEIR (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 800 West Lake Boulevard, near Tahoe City, Placer County; for an existing pier, boat lift, and two mooring buoys. CEQA Consideration: categorical exemption (PRC 5843.1; RA# 30212) (A 1; S 1) (Staff: J. Sampson)

C24 FRANK CHIU-NG TSANG AND JUDY MING-MING SZE TSANG AS CO-TRUSTEES OF THE FRANK CHIU-NG TSANG AND JUDY MING-MING SZE TSANG 2003 TRUST ESTABLISHED MAY 5, 2003 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Petaluma River, adjacent to 6300 Lakeville Highway, Petaluma, Sonoma County; for an existing pier, gangway, floating boat dock, and two pilings. CEQA Consideration: categorical exemption (PRC 8452.1; RA# 7812) (A 10; S 3) (Staff: J. Sampson)
C25 MARILYN B. WINTERS, TRUSTEE, LEO H. WINTERS AND MARILYN B. WINTERS REVOCABLE 1989 TRUST (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 3840 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing pier and one mooring buoy. CEQA Consideration: categorical exemption (PRC 5489.1; RA# 10313) (A 4; S 1) (Staff: J. Sampson)

C26 RICHARD L. MARTUCCI AND CAROL T. MARTUCCI; MARGARET M. DOLAN, TRUSTEE OF THE DOLAN FAMILY TRUST, UNDER DECLARATION OF TRUST DATED NOVEMBER 2, 1995, FOR THE BENEFIT OF JOHN P. DOLAN AND MARGARET M. DOLAN AND OTHERS; MAUREEN B. BOOKER, AS TRUSTEE OF THE MAUREEN B. BOOKER TRUST, UDT DATED AUGUST 25, 2009; MAUREEN B. BOOKER; FRANCIS J. DOLAN AND CATHERINE LISA DOLAN, TRUSTEES OF THE FRANK AND LISA DOLAN REVOCABLE TRUST DATED APRIL 9, 1999; FRANCIS J. DOLAN; ERIN DOLAN; BRENDA FLEGAL; AND MARGARET R. MCNAMARA (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 5736 and 5744 North Lake Boulevard, near Agate Bay, Placer County; for an existing joint-use pier and boathouse previously authorized by the Commission; and two existing boat lifts and two mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 4850.1; RA# 02798) (A 1; S 1) (Staff: M. Schroeder)

C27 EDWARD D. PIKE, III, TRUSTEE OF THE PIKE FAMILY TRUST DATED NOVEMBER 17, 1984 AND AMENDED AND RESTATATED MARCH 11, 1999 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8335 Meeks Bay Avenue, near Rubicon Bay, El Dorado County; for an existing pier and two mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption (W 26729; RA# 10013) (A 5; S 1) (Staff: M. Schroeder)
DAN BEST II, IN TRUST, FOR THE BENEFIT OF BRENDA PAYNE COOLEY, WILLIAM ASHLEY PAYNE AND ROBERT BEST PAYNE UNDER THE BARBARA BEST PAYNE TESTAMENTARY TRUST; DAN G. BEST II, AS TRUSTEE UNDER THE BRENDA BEST PAYNE TESTAMENTARY TRUST; DAN G. BEST II, TRUSTEE OF THE DAN G. BEST II, REVOCABLE LIVING TRUST UNDER DECLARATION OF TRUST DATED OCTOBER 7, 1993; DAN G. BEST, AS SOLE TRUSTEE OF THE "BEST EXEMPT CREDIT TRUST"; AND DAN G. BEST, AS SOLE TRUSTEE OF THE "BEST SURVIVOR'S TRUST" (LESSORS); BRENDA P. COOLEY, TRUSTEE OF THE BRENDA COOLEY TRUST DATED APRIL 10, 2013, AND SUCCESSOR TRUSTEES THEREUNDER; WILLIAM ASHLEY PAYNE, ROBERT BEST PAYNE, JOHN C. WEAVER, III; DAN G. BEST, II, TRUSTEE OF THE DAN G. BEST II REVOCABLE LIVING TRUST UNDER DECLARATION OF TRUST DATED OCTOBER 7, 1993; DAN G. BEST, II, AS SOLE TRUSTEE OF THE "BEST EXEMPT CREDIT TRUST"; AND DAN G. BEST, II, AS SOLE TRUSTEE OF THE "BEST SURVIVOR'S TRUST" (APPLICANTS): Consider acceptance of a lease quitclaim deed for Lease No. PRC 5828.9, a Recreational Pier Lease, rescission of approval of Lease No. PRC 9055.1, a General Lease - recreational Use, and an application for a new General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4940, 4950, and 4960 West Lake Boulevard, near Homewood, Placer County; for an existing pier previously authorized by the Commission; and four existing mooring buoys not previously authorized by the Commission. CEQA Consideration: Lease - categorical exemption; quitclaim and rescission - not projects (PRC 5828.1; RA# 08013) (A 1; S 1) (Staff: M. Schroeder)

DONNA L. BENNER, TRUSTEE OF THE RAMSEIER-BENNER FAMILY TRUST DATED FEBRUARY 2, 1990; AND DONNA L. BENNER, TRUSTEE OF THE DONNA L. BENNER QUALIFIED PERSONAL RESIDENCE TRUST AGREEMENT DATED JANUARY 17, 2000 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 5310 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing pier, boat lift, and two
mooring buoys. CEQA Consideration: categorical exemption (PRC 2457.1; RA# 08312) (A 1; S 1) (Staff: M. Schroeder)

C30 MAX W. DAY AND ALVENA V. DAY AS TRUSTEES OF THE DAY FAMILY TRUST ESTABLISHED FEBRUARY 16, 1999 AND JOHN KEAGY, TRUSTEE OF THE KEAGY REVOCABLE TRUST, DATED FEBRUARY 22, 2007 (HSP) (LESSEES): Consider amendment of lease and revision of rent to Lease No. PRC 4866.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4760 West Lake Boulevard, near Homewood, Placer County; for an existing joint-use pier, boathouse with boat lift, and two mooring buoys. CEQA Consideration: not projects (PRC 4866.1) (A 1; S 1) (Staff: M. Schroeder)

C31 RONALD M. FADELLI AND JOAN R. FADELLI; THE FADELLI LIMITED PARTNERSHIP; NORMA L. COMBS, TRUSTEE OF THE SURVIVOR'S TRUST, SET UP BY THE DECLARATION OF TRUST DATED DECEMBER 13, 1990; AND NORMA L. COMBS, TRUSTEE OF THE BY-PASS TRUST, SET UP BY THE DECLARATION OF TRUST DATED DECEMBER 13, 1990 (LESSEES): Consider amendment of lease and revision of rent to Lease No. PRC 5358.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 5270 and 5274 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing joint-use pier, two boat lifts, and two mooring buoys. CEQA Consideration: not projects (PRC 5358.1) (A 1; S 1) (Staff: M. Schroeder)

C32 ANNEKE DE WEERD SHURTLEFF, AS TRUSTEE OF THE LAWTON AND ANNEKE SHURTLEFF FAMILY TRUST DATED OCTOBER 2, 1989, SURVIVOR'S TRUST (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 241 Drum Road, near Meeks Bay, El Dorado County; for an existing pier and two mooring buoys. CEQA Consideration: categorical exemption (PRC 2724.1; RA# 10913) (A 5; S 1) (Staff: M. Schroeder)
C33 BRUCE A. KRATER AND DORIS K. KRATER, TRUSTEES, OR THEIR SUCCESSORS IN TRUST, UNDER THE KRATER LIVING TRUST, DATED NOVEMBER 15, 2000, AND JOHN R. STRICKLEY AS TRUSTEE U/T/A DATED 5/20/88 KNOWN AS THE JOHN R. STRICKLEY AND HELEN K. STRICKLEY FAMILY TRUST (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8221 Meeks Bay Avenue, near Meeks Bay, El Dorado County; for an existing pier and one mooring buoy. CEQA Consideration: categorical exemption (PRC 8451.1; RA# 25112) (A 5; S 1) (Staff: M. Schroeder)

C34 PAULA FAVA CORCORAN (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the Petaluma River adjacent to 5 Hillside Terrace, Novato, Marin County; for a boathouse and pier. CEQA Consideration: categorical exemption (PRC 3710.1; RA# 14413) (A 6; S 3) (Staff: D. Simpkin)

C35 WILLIAM A. HEWLETT, RICHARD JAFFE AND JAMES S. HEWLETT, TRUSTEES OF THE COOPER PROPERTY TRUST OF NOVEMBER 1, 1994 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2170 West Lake Boulevard, Tahoe City, Placer County; for an existing pier previously authorized by the Commission, and one existing mooring buoy and three unattached pilings not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 3867.9; RA# 20698) (A 1; S 1) (Staff: B. Terry)

C36 ELEANOR HEWLETT GIMON AND SALLY M. HEWLETT, TRUSTEES OF THE HEWLETT FAMILY TRUST OF JANUARY 1, 1992 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2050 West Lake Boulevard, Tahoe City, Placer County; for an existing rock crib pier and breakwater previously authorized by the Commission, and one existing
mooring buoy not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 4854.1; RA# 31711) (A 1; S 1) (Staff: B. Terry)

C37 MARY H. JAFFE AND ERIC G. GIMON, TRUSTEES OF THE HALE PROPERTY TRUST OF NOVEMBER 1, 1994 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2150 West Lake Boulevard, Tahoe City, Placer County; for an existing pier previously authorized by the Commission, and an existing marine rail and two existing mooring buoys not previously authorized by the Commission. CEQA Consideration: Lease termination - not a project; lease - categorical exemption (PRC 5268.9; RA# 27998) (A 1; S 1) (Staff: B. Terry)

C38 DONNER LAKE VILLAGE OWNERS ASSOCIATION (LESSEE): Consider application for an amendment to Lease No. PRC 8719.1, a General Lease - Commercial and Recreational Use, of sovereign land located in Donner Lake, adjacent to 15695 Donner Pass Road, near the town of Truckee, Nevada County; to include the rental operation of one additional pontoon boat, two additional ski boats, and six paddle boards under authorized activities. CEQA Consideration: categorical exemption (PRC 8719.1; RA# 19413) (A 4, 3; S 1) (Staff: B. Terry)

C39 COMCAST OF CALIFORNIA/MARYLAND/PENNSYLVANIA/ VIRGINIA/WEST VIRGINIA, LLC (APPLICANT): Consider application for a General Lease - Right-of-Way Use, of sovereign land located in the Albion River, near Albion; and in the Big River, near Mendocino, Mendocino County; for existing fiber-optic communications cables. CEQA Consideration: categorical exemption (PRC 5592.9; RA# 13110) (A 2; S 2) (Staff: B. Terry)
C40 PAUL THOMPSON AND KATHLEEN THOMPSON, AS TRUSTEES OF THE THOMPSON FAMILY LIVING TRUST (1998) DATED APRIL 15, 1998 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 7015 Pine Street, near Tahona, Placer County; for the construction of a marine rail. CEQA Consideration: categorical exemption (W 26765; RA# 12513) (A 1; S 1) (Staff: B. Terry)

C41 RC HORIZON, LLC (LESSEE); W. GROUP HOLDING IV, LLC (APPLICANT): Consider acceptance of a quitclaim deed for Lease No. PRC 4182.1, a General Lease - Recreational Use, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, 4260 North Lake Boulevard, adjacent to Assessor's Parcel Number 092-190-010, near Carnelian Bay, Placer County; for an existing pier and boathouse with a boat lift previously authorized by the Commission, removal of an existing catwalk, ladder, and boat hoist; extension of a portion of the pier decking; and installation of a boat lift. CEQA Consideration: Lease - categorical exemption; quitclaim - not a project (PRC 4182.1; RA# 09713) (A 1; S 1) (Staff: B. Terry)

C42 ROBERT MCNEIL AND CAROLE JOYCE MCNEIL, TRUSTEES OF THE ROBERT AND CAROLE MCNEIL 1993 TRUST DATED FEBRUARY 3, 1993 (LESSEES); ROBERT A. MCNEIL AND CAROLE J. MCNEIL, TRUSTEES OF THE ROBERT AND CAROLE MCNEIL 2000 TRUST DATED NOVEMBER 15, 2000, AND SUCCESSOR TRUSTEES (APPLICANTS): Consider termination of Lease No. PRC 3883.9, a Recreational Pier Lease, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to Assessor's Parcel Numbers 090-320-001 and 090-320-002, near Kings Beach, Placer County; for an existing pier previously authorized by the Commission and three existing mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 3883.1; RA# 26112) (A 1; S 1) (Staff: B. Terry)
C43 VENICE ISLAND, INC., A CALIFORNIA CORPORATION (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the San Joaquin River, adjacent to 17500 West Eight Mile Road, Venice Island, near the city of Stockton, San Joaquin County; for an existing walkway, ramp, and four pilings previously authorized by the Commission, and an existing L-shaped uncovered floating boat dock with nine pilings, and two unattached pilings not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 2212.1; RA# 02813) (A 13; S 5) (Staff: G. Asimakopoulos)

C44 ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT (APPLICANT): Consider application for a General Lease - Public Agency Use, of sovereign land in Alameda Creek, near Union City, Alameda County; for a flood control channel. CEQA Consideration: categorical exemption (PRC 2380.9; RA# 15513) (A 20; S 10) (Staff: R. Collins)

C45 JUDITH A. FINCH (APPLICANT): Consider application for a General Lease - Commercial Use, of sovereign land located in the San Joaquin River, adjacent to 10705 Lanes Road, city of Fresno, Fresno County; for a recreational vehicle park and unimproved boat launch. CEQA Consideration: categorical exemption (PRC 5492.1; RA# 33912) (A 23; S 14) (Staff: R. Collins)

C46 U.S. BUREAU OF RECLAMATION (APPLICANT): Consider adoption of an Environmental Assessment/Finding of No Significant Impact in place of a Negative Declaration, State Clearinghouse No. 2014031012, and an application for a General Lease - Public Agency Use, of sovereign land at four locations in the San Joaquin River, Fresno and Madera Counties; for the temporary placement of fish collection structures. (W 26749; RA# 18213) (A 5, 23, 31; S 14) (Staff: R. Collins)
HERCULES, LLC (LESSEE): Consider adoption of a Mitigated Negative Declaration, Hercules LLC/Prologis Pipeline Removal Project, State Clearinghouse Number 2014032009, adoption of a Mitigation Monitoring Program, and approval of an amendment to Lease No. PRC 7985.1, a General Lease - Right-of-Way Use, of sovereign land located in San Pablo Bay, City of Hercules, Contra Costa County; to allow for the removal of a wastewater outfall pipeline, three diffusers, and anchor plates; and authorize acceptance of a quitclaim deed for and termination of Lease No. PRC 7985.1 upon satisfactory completion of the pipeline removal project. (PRC 7985.1; RA# 01812) (A 15; S 9) (Staff: K. Foster)

CARGILL INCORPORATED (LESSEE): Consider application for an amendment to Lease No. PRC 8596.1, a Master Lease - Right-of-Way Use, of sovereign land located in Patterson Creek, San Francisco Bay, Alviso Slough, Coyote Creek, Mud Slough, Alameda Creek, Mallard Slough, Revenwood Slough, Mowry Slough, Newark Slough, and Plummer Creek near the cities of Union City, Milpitas, and East Palo Alto, in Alameda, Santa Clara, and San Mateo Counties; for the removal of six parcels from the lease containing abandoned brine pipelines and dredge locks used for salt production, and for the addition to the Lease of and the acceptance of back rent for three parcels containing associated brine pipelines and other improvements used for salt production, not previously authorized by the Commission; and the execution of an Abandonment Agreement and the acceptance of a quitclaim deed for the abandonment of the improvements located within the six parcels to be removed from Lease No. PRC 8596.1. CEQA Consideration: amendment to add three parcels - categorical exemption; amendment to remove six parcels - not a project (PRC 8596.1; RA# 24712) (A 20, 24, 25; S 10, 13) (Staff: K. Foster)
C49  FELCOR/CSS HOLDINGS, L.P. (APPLICANT/SUBLESSOR); DJONT OPERATIONS, LLC (SUBLESSEE): Consider termination of Lease Nos. 4689.1, 4690.1, and 4691.1, a General Lease - Commercial Use; and authorize a new General Lease - Commercial Use, Lease No. PRC 4691.1, including an endorsement of a sublease, of filled and partially filled tidelands in San Francisco Bay, city of Burlingame, San Mateo County for an existing 10-story hotel, restaurant, lounge, hotel concessions, pier, footbridge, lagoon, and public park. CEQA Consideration: Lease - categorical exemption; termination and sublease - not projects (PRC 4689.1, 4690.1, 4691.1; RA# 00811) (A 22; S 8, 13) (Staff: A. Franzoia)

C50  KENNETH J CARVER, II AND CROCKETT MARINE SERVICE, INC. (APPLICANT): Consider rescission of prior Commission action authorizing lease to Kenneth J Carver, II and application for a new General Lease - Commercial Use to Crockett Marine Service, Inc., of sovereign land located in the Carquinez Strait, Crockett, Contra Costa County; for an existing marina, restaurant, non-operational boat repair facility, and appurtenant facilities. CEQA Consideration: Lease and removal - categorical exemption; rescission - not a project (PRC 2546.1; RA# 26911) (A 14; S 3) (Staff: G. Kato)

C51  CALIFORNIA STATE LANDS COMMISSION (PARTY): Consider authorizing staff to file a Record of Survey for the Reach 4B1 San Joaquin River Administrative Map. CEQA Consideration: not a project (W 26377) (A 25, 29, 30, 31; S 14, 16) (Staff: S. Lehman)

C52  CHEVRON PRODUCTS COMPANY, A DIVISION OF CHEVRON U.S.A., INC. (APPLICANT): Consider application for a General Lease - Right-of-Way Use, of sovereign land located in San Pablo Bay, near Point San Pablo and the city of Richmond, Contra Costa County; for a 10-inch diameter concrete deep water outfall. CEQA Consideration: categorical exemption (PRC 7062.1; RA# 21111) (A 6; S 9) (Staff: D. Oetzel)
C53 CONEY ISLAND FARMS, INC. (LESSEE): Consider application for an amendment to Lease No. PRC 2222.1, a General Lease - Right-of-Way Use, of sovereign land located in the Old River, adjacent to Contra Costa County APN 001-111-005 and San Joaquin County APN 189-250-07; to include an existing floating boat dock, two pilings, and gangway not previously authorized by the Commission; and revise the lease premises and the annual rent. CEQA Consideration: Lease amendment - categorical exemption; revision of rent - not a project (PRC 2222.1) (A 15; S 5) (Staff: J. Sampson)

C54 JACK G. WILKINSON AND SHIRLEY M. WILKINSON AS TRUSTEES OF THE WILKINSON FAMILY 2002 TRUST (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in the Calaveras River, adjacent to 2767 Calariva Drive, city of Stockton, San Joaquin County; for an existing floating boat dock, boathouse, three pilings, and gangway. CEQA Consideration: categorical exemption (PRC 7793.1; RA# 13713) (A 13; S 5) (Staff: J. Sampson)

C55 CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER (LESSEE): Consider application for an amendment to Lease No. PRC 8079.9, a General Lease - Public Agency Use on sovereign land located in the dry lake bed, Owens Lake, Inyo County; to amend the lease to include the use of a stockpile area and amend the Land Description to include an access road and water supply pipeline. CEQA Consideration: Environmental Impact Report, State Clearinghouse No. 2011051068, adoption of a Mitigation Monitoring Program and Findings (PRC 8079.9; RA# 20313) (A 34; S 18) (Staff: D. Simpkin)
C56  BRETT AND KATHLEEN FOWLER AND TERRY N. AND JEANETTE D. FOWLER (APPLICANTS): Consider application for a General Lease – Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1207 Beach Drive, city of Needles, San Bernardino County; for riprap bankline not previously authorized by the Commission. CEQA Consideration: categorical exemption(W 26757; RA# 18513) (A 33; S 18) (Staff: R. Collins)

C57  RONALD J. AND MELISSA P. SANDERS (APPLICANTS): Consider application for a General Lease – Protective Structure Use, of sovereign land located in the Pacific Ocean, adjacent to 3398 Pacific Coast Highway, near the city of San Buenaventura, Ventura County; for an existing concrete seawall. CEQA Consideration: categorical exemption (PRC 8126.1; RA# 18613) (A 37; S 19) (Staff: R. Collins)

C58  JESSE A. BERBER AND ELIZABETH A. BERBER, AS TRUSTEES OR ANY SUCCESSOR TRUSTEE OF THE JESSE A. BERBER AND ELIZABETH A. BERBER FAMILY TRUST DATED JULY 6, 2001 (APPLICANTS): Consider application for a General Lease – Recreational and Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1138 Beach Drive, city of Needles, San Bernardino County; for two existing planter areas with rock retaining walls, two concrete stairways with rock walls and electrical appurtenances, concrete patio area, and riprap bankline not previously authorized by the Commission. CEQA Consideration: categorical exemption(W 26554; RA# 24511) (A 33; S 18) (Staff: R. Collins)

C59  COUNTY OF SAN BERNARDINO (LESSEE): Consider application for an interim General Lease – Public Agency Use, of sovereign land located in the Colorado River adjacent to Moabi Regional Park, near the city of Needles, San Bernardino County; for existing park facilities. CEQA Consideration: categorical exemption(PRC 3321.9; RA# 26310) (A 33; S 18) (Staff: K. Foster)
C60 CHEVRON U.S.A., INC. (LESSEE): Consider revision of rent to Lease No. PRC 1915.1, a General Lease - Right-of-Way Use, of sovereign land located in Santa Monica Bay, Pacific Ocean, near El Segundo, Los Angeles County; for a 60-inch diameter wastewater outfall pipeline. CEQA Consideration: not a project (PRC 1915.1) (A 53; S 28) (Staff: D. Oetzel)

C61 ROBERT C. MILLER AND GLENNA S. MILLER (LESSEES): Consider revision of rent to Lease No. PRC 3085.1, a General Lease - Recreational Use, of sovereign lands located in Huntington Harbour, adjacent to 16532 Somerset Lane, city of Huntington Beach, Orange County; for an existing boat dock, access ramp, and cantilevered deck. CEQA Consideration: not a project (PRC 3085.1) (A 72; S 37) (Staff: D. Oetzel)

C62 CITY OF HUNTINGTON BEACH (LESSEE): Consider amendment of Lease No. PRC 6616.9, a General Lease - Public Agency Use, of sovereign land in the Pacific Ocean, offshore Huntington Beach, Orange County; for a municipal pier with restroom facilities, lifeguard tower, and related concessions; to amend the due date for the annual report and authorize two subleases. CEQA Consideration: Subleases  V categorical exemption; amendment - not a project (PRC 6616.9) (A 67; S 35) (Staff: D. Oetzel)

C63 LEONIS C. AND D. LEONIE MALBURG (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Main Channel of Huntington Harbour, adjacent to 16442 Malden Circle, Huntington Beach, Orange County; for a boat dock, access ramp, and cantilevered deck. CEQA Consideration: categorical exemption (PRC 3086.1; RA# 00313) (A 72; S 34) (Staff: D. Simpkin)
SCHOOL LANDS


MINERAL RESOURCES MANAGEMENT

C65 CITY OF LONG BEACH (APPLICANT): Consider prior approval of subsidence costs for vertical measurements and studies for the 2014 to 2015 fiscal year, City of Long Beach, Los Angeles County. CEQA Consideration: categorical exemption (W 10443) (A 70; S 33, 34) (Staff: R. B. Greenwood)

C66 UNITED STATES BUREAU OF RECLAMATION (APPLICANT): Consider approval of a Non-Exclusive Geological Survey Permit on Sovereign lands under the jurisdiction of the California State Lands Commission. CEQA Consideration: categorical exemption (W 6005.142) (A 33; S 18) (Staff: R. B. Greenwood)
C67 DAVID EVANS AND ASSOCIATES, INC., FUGRO PELAGOS, INC., FUGRO WEST, INC., UNITED STATES GEOLOGICAL SURVEY, ECOSYSTEMS MANAGEMENT ASSOCIATES, INC., UNIVERSITY CORPORATION AT MONTEREY BAY, TERRASOND, LIMITED (PERMITTEES): Consider an addendum to a Mitigated Negative Declaration, Offshore Geophysical Permit Program Update, State Clearinghouse Number 2013072021, adoption of a revised Mitigation Monitoring Program, and approval of amendments to Non-Exclusive Geophysical Survey Permits on tide and submerged lands under the jurisdiction of the California State Lands Commission. (PRC 8345.9, PRC 8391.9, PRC 8392.9, PRC 8394.9, PRC 8536.9, PRC 8859.9, PRC 9007.9) (A & S: Statewide) (Staff: R. B. Greenwood, J. DeLeon)

C68 ENIGMA RESOURCES, LLC (APPLICANT): Consider application for a Prospecting Permit for minerals other than oil, gas, geothermal resources, and sand and gravel on 480 acres of State School lands, Mono County. CEQA Consideration: statutory exemption (W 40949) (A 5; S 8) (Staff: V. Perez)

C69 CITY OF LONG BEACH (APPLICANT): Consideration of the Long Beach Unit Annual Plan (July 1, 2014 through June 30, 2015), Long Beach Unit, Wilmington Oil Field, Los Angeles County. CEQA Consideration: not a project (W 17166) (A 70; S 33) (Staff: H. Rassamdana)

MARINE FACILITIES - NO ITEMS

ADMINISTRATION

C70 CALIFORNIA STATE LANDS COMMISSION: Consider granting authority to the Executive Officer to execute various agreements for Budget Fiscal Year 2014-2015. CEQA Consideration: not a project (Staff: D. Brown, A. Abeleda)
CALIFORNIA STATE LANDS COMMISSION: Consider granting authority to the Executive Officer to solicit Statements of Interest for consultant services, negotiate fair and reasonable price, award and execute agreements for preparation of environmental documentation for the El Segundo Generating Station Closure of Units 1 & 2 Ocean Conduits (project) located in Los Angeles County. CEQA Consideration: not a project (PRC 858.1; RA# 14013) (A & S: Statewide) (Staff: A. Abeleda, D. Brown, K. Keen)

CALIFORNIA STATE LANDS COMMISSION: Consider granting authority to the Executive Officer to enter into an Agreement with the City of Goleta to recover costs associated with emergency beach hazard removal activities immediately adjacent to State tidelands within city limits. CEQA Consideration: not a project (W 25812, W 30140, W 40575.5; RA# 21513) (A 37; S 19: Statewide) (Staff: C. Basavalinganadoddi; D. Brown)

CALIFORNIA STATE LANDS COMMISSION: Consider granting authority to the Executive Officer to enter into an Interagency Agreement with the California Maritime Academy to evaluate alternative methods of onboard treatment of ballast water in emergency or contingency situations to prevent nonindigenous species release. CEQA Consideration: not a project (W 9777.234, W 9777.243; C2013-052) (A & S: Statewide) (Staff: N. Dobroski, D. Brown)

CALIFORNIA STATE LANDS COMMISSION (PARTY): Consider action in response to a peremptory writ of mandate order to set aside and vacate the Commission's August 14, 2012 approval of the Exchange Agreement involving certain parcels of land located within Seawall Lot 351 ("SWL 351") and the 8 Washington Street property, City of San Francisco, County of San Francisco. CEQA Consideration: statutory exemption (G 11-01.7; W 503.2050) (A 17; S 11) (Staff: S. Blackmon, S. Scheiber, J. Rader)
C75  JAMES BRADLEY JONES AS TRUSTEE OF THE J.B. JONES
TRUST DATED MAY 20, 2009; CALIFORNIA STATE LANDS
COMMISSION (PARTIES): Consider a Land Exchange
Agreement, involving approximately .74 acres of
land along the southern boundary of the Cosumnes
River Preserve, Sacramento County. CEQA
Consideration: categorical exemption
(AD 346) (A 9; S 5) (Staff: E. Milstein)

KAPILOFF LAND BANK TRUSTEE ACTIONS

C76  CALIFORNIA TAHOE CONSERVANCY AND CALIFORNIA STATE
LANDS COMMISSION, AS TRUSTEE OF THE KAPILOFF LAND
BANK (PARTIES): Consider approval of the
purchase, with Kapiloff Land Bank Funds, of a
portion of a parcel of land owned by Alta Mira
Ltd, (APN 027-010-16), located at 3339 Lake Tahoe
Boulevard, in South Lake Tahoe, El Dorado County,
and approval of a General Lease - Public Agency
Use, of the acquired property to the California
Tahoe Conservancy. CEQA Consideration: Purchase
- statutory exemption; lease - Negative
Declaration, State Clearinghouse No. 2012022047
(W 26742) (A 5; S 1) (Staff: K. Colson, B. Terry)

EXTERNAL AFFAIRS

GRANTED LANDS

C77  CITY OF LONG BEACH (APPLICANT): Review the
proposed expenditure of tideland oil revenues, in
an amount not to exceed $109,780,000, by the City
of Long Beach for capital improvement projects
located within legislatively-granted sovereign
land in the City of Long Beach, Los Angeles
County. CEQA consideration: not a project
(G 05-03) (A 70; S 28, 33) (Staff: R. Boggiano)

C78  CITY OF NEWPORT BEACH (APPLICANT): Review the
proposed expenditure of tidelands funds, in an
amount not to exceed $6,132,900 by the city of
Newport Beach for capital improvement projects
located within legislatively-granted sovereign
land in the City of Newport Beach, Orange County.
CEQA consideration: not a project (G 09-02.5) (A
74; S 37) (Staff: R. Boggiano)
C79 CITY OF REDONDO BEACH (APPLICANT): Consider authorization of the proposed expenditure of tidelands funds, in an amount not to exceed $92,000 annually and not to exceed 13 years, by the City of Redondo Beach for a lease acquisition located within legislatively-granted sovereign land in the City of Redondo Beach, Los Angeles County. CEQA Consideration: not a project (G 05-07) (A 66; S 28) (Staff: R. Boggiano)

C80 CITY OF REDONDO BEACH (APPLICANT): Consider authorization of the proposed expenditure of tidelands funds, in an amount not to exceed $600,000, by the City of Redondo Beach for pre-construction engineering work for a proposed boat ramp facility in King Harbor located within legislatively-granted sovereign land in the City of Redondo Beach, Los Angeles County. CEQA Consideration: not a project (G 05-07) (A 66; S 28) (Staff: R. Boggiano)

C81 CITY OF EUREKA (APPLICANT): Consider approval of a lease agreement between the City of Eureka and Chevron Products Company, a Division of Chevron U.S.A. Inc. for general industrial or commercial uses of a marine oil terminal on legislatively-granted sovereign land pursuant to Chapter 1095, Statutes of 1978. CEQA Consideration: not a project (G 04-02) (A 2; S 2) (Staff: R. Boggiano)

LEGISLATION AND RESOLUTIONS

C82 CALIFORNIA STATE LANDS COMMISSION: Consider supporting state legislation that would eliminate a payment obligation from the City of Eureka to the State Controller resulting from an agreement for the State's assistance in litigation of tidelands boundary settlements in the 1970s (AB 1943, Chesbro). CEQA Consideration: not a project (A & S: Statewide) (Staff: S. Pemberton)
CALIFORNIA STATE LANDS COMMISSION: Consider supporting state legislation that would repeal a legislative trust grant of three parcels to the City of Martinez (City) and enacts a new grant of tide and submerged lands to the City that includes the three previously granted parcels and a fourth are, which is generally known as the Martinez Marina (SB 1424, Wolk). CEQA Consideration: not a project (A & S: Statewide) (Staff: S. Pemberton)

CALIFORNIA STATE LANDS COMMISSION: Consider supporting state legislation that would prohibit stores that have a specified amount of dollar sales or retail floor space from providing a single-use carryout bag to a customer, with certain exceptions and subject to various conditions (SB 270, Padilla, De Leon, and Lara). CEQA Consideration: not a project (A & S: Statewide) (Staff: S. Pemberton)

CALIFORNIA STATE LANDS COMMISSION: Consider supporting state legislation that would require the Natural Resources Agency to create and maintain a sea level rise planning database on its website and require various state and local entities, including the State Lands Commission to submit information monthly for inclusion in the database (AB 2516, Gordon). CEQA Consideration: not a project (A & S: Statewide) (Staff: S. Pemberton)

CALIFORNIA STATE LANDS COMMISSION: Consider sponsoring state legislation that would make technical and clarifying changes to existing statutes involving the due date for granted public trust land financial statements and the definition of marine waters as it relates to the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (AB 2764, Assembly Natural Resources Committee). CEQA Consideration: not a project (A & S: Statewide) (Staff: S. Pemberton)
C87 CALIFORNIA STATE LANDS COMMISSION: Consider supporting state legislation that would require the San Francisco Bay Conservation and Development Commission, in collaboration with various other state, regional, and local government agencies, to take action to protect San Francisco Bay area residents from sea level rise by preparing a regional resilience strategy for adapting to rising sea levels in the San Francisco Bay, containing specified components (SB 1184, Hancock). CEQA Consideration: not a project (A & S: Statewide) (Staff: S. Pemberton)

C88 CALIFORNIA STATE LANDS COMMISSION: Consider opposing federal legislation that would preempt states' authority to address vessel discharges and eliminate the long-standing ability of states to protect unique state waters from invasive species (Senate Bill 2094, Senator Begich). CEQA Consideration: not a project (A & S: Federal) (Staff: S. Pemberton)

C89 CALIFORNIA STATE LANDS COMMISSION (PARTY): Consider adopting a resolution honoring Professor Joseph Lawrence Sax; a seminal environmental and public trust scholar and author whose work has been foundational in the development of the public trust law. CEQA Consideration: not a project (A & S: Statewide) (Staff: S. Pemberton)

VI INFORMATIONAL

90 CALIFORNIA STATE LANDS COMMISSION (APPLICANT): Staff Report on the monitoring of possible subsidence, Long Beach Unit, Wilmington Oil Field, Los Angeles County. CEQA Consideration: not applicable (W 16001, W 10442) (A 70; S 33, 34) (Staff: R. B. Greenwood)
VII REGULAR CALENDAR

91 VENOCO, INC. (APPLICANT): Consider certification of a Final Environmental Impact Report (State Clearinghouse No. 2005061013); adoption of Findings, Statement of Overriding Considerations, and Mitigation Monitoring Program; and the Revised PRC 421 Recommissioning Project on State Oil and Gas Lease No. PRC 421.1, by Venoco, Inc., Santa Barbara County. (PRC 421.1) (A 37; S 19) (Staff: S. Curran, E. Gillies, S. Blackmon, J. Rader) 25

92 CALIFORNIA STATE LANDS COMMISSION (INFORMATIONAL): Legislative report providing information about state and federal bills that are relevant to the California State Lands Commission. CEQA Consideration: not applicable (A & S: Statewide) (Staff: S. Pemberton, M. Moser) 126

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PROCEEDINGS

ACTING CHAIRPERSON GORDON: Being 1:00 o'clock, I call this meeting of the State Lands Commission to order. All the representatives of the Commission are present. I'm Alan Gordon representing State Controller John Chiang. To my right, I'm joined by Kevin Schmidt, who I'd like to welcome to the Commission as a new representative for the Lieutenant Governor Gavin Newsom, and Eraina Ortega representing the Department of Finance to my left.

For the benefit of those in the audience, the State Lands Commission manages State property interests in over five million acres of land, including mineral interests. Specifically, the Commission has jurisdiction in filled and unfilled tide and submerged lands, navigable waterways and State school lands.

The Commission also has responsibility for the prevention of oil spills at marine oil terminals and offshore oil platforms and for prevention of the introduction of marine invasive species into California waters.

Today, we will hear requests and presentations concerning the leasing, management, and regulation of these public sovereign and school land property interests, and the activities occurring or proposed thereon.

I want to give you folks a little heads up,
because we're going to run the Committee a little bit
different -- the Commission a little differently today.
We are shortly going to adjourn into closed session where
we need to discuss legal matters before the Commission.
I'm not quite sure how that long -- that long it will
take. We will have to clear the room for us to do that --
Jennifer.

EXECUTIVE OFFICER LUCCHESI: Actually, we don't
need to clear the room.

ACTING CHAIRPERSON GORDON: We don't need to
clear the room

EXECUTIVE OFFICER LUCCHESI: We will clear the
room to go to a different room.

ACTING CHAIRPERSON GORDON: Oh, we will clear the
room. I have been instructed that I'm wrong.
(Laughter.)

ACTING CHAIRPERSON GORDON: So you folks -- off
to a good start All of you folks will be able to keep your
seats. We will leave the room for closed session, and we
are going to do that now.

All right. Let's go.
(Off record: 1:02 PM)
(Thereupon the meeting recessed into
closed session.)
(Thereupon the meeting reconvened open session.)
ACTING CHAIRPERSON GORDON: Find a seat.

Ms. Lucchesi, is there anything to report from closed session?

EXECUTIVE OFFICER LUCCHESI: Yes. The Commission has authorized the Attorney General's office and Commission staff to appeal the trial court's decision in Defend our Waterfront versus the State Lands Commission.

That's it.

ACTING CHAIRPERSON GORDON: All right. Next item of business will be the adoption of the minutes from the Commission's meeting of February 21st, 2014. May I have a motion to approve the minutes, please.

ACTING COMMISSIONER ORTEGA: So moved.

ACTING COMMISSIONER SCHMIDT: Second.

ACTING CHAIRPERSON GORDON: We've got a motion and a second.

All those in favor?

(Ayes.)

ACTING CHAIRPERSON GORDON: Okay. Minutes are unanimously adopted.

Next order of business the Executive Officer's report.

Ms. Lucchesi.

EXECUTIVE OFFICER LUCCHESI: Yes. Good afternoon
Commissioners. I have a number of items I want to update you on, so in the interests in time -- in time -- with the interest of time, I will jump right into it.

First, I wanted to report that the California Nevada Chapter of the American Fisheries Society recently recognized two Commission staff members, former Assistant Executive Officer and current retired annuitant Mr. Jim Trout, and Senior Staff Attorney Pam Griggs for their work and contributions to fisheries conservation through the Bolsa Chica Wetlands and Fisheries Restoration Project.

Next I want to update the Commission on our various information services projects. First, under the direction of the Lieutenant Governor, Commission staff has introduced a new budget transparency tool available to the public. The budget information went live on March 27th, and is accessible online via a link posted on the Commission's website. OpenGov is a cloud-based software platform that allows governments to communicate fiscal information in a visual, easy-to-use manner that provides up-to-date and historical perspectives on budgets. All Commission expenditures and revenues for the past five years are displayed allowing the public access -- the public to access the detailed information that's nearly impossible to find in ordinary budget documents currently available. The Commission is the first State level entity
to employ this citizen access platform.

Second, I wanted to update the Commission on our new lease database. The State lease information database is in production and has gone through three monthly billing cycles. The software provides staff with readily access to information on all surface leases and has improved efficiency and flexibility in the billing process.

Staff are currently implementing features to improve workflow and track major events in the lifecycle of leases, such as rent reviews, lease expiration and payment delinquency to ensure timely processing of documents and receipt of revenues.

Finally, the Commission staff has also initiated a GIS initiative to facilitate increase accessibility of geographic information via the development of a centralized digital library of information. This centralized library known as an enterprise GIS would serve as a valuable resource to State Lands staff for reference, analysis, and decision-making purposes. Additionally, a subset of that information may be available for public information and outreach.

The Enterprise GIS will also have the ability to interface with other enterprise information systems augmenting non-spatial data to help drive decisions and
provide more comprehensive reporting.

Staff is going to be conducting a comprehensive
business analysis on each of the State Lands Divisions to
fully understand the business processes that could
possibly be affected by this Enterprise GIS system,
capturing the potential financial and human resource
requirements of multiple implementation scenarios. We
will also be building a network of GIS partners outside
the Commission to foster relationships and contribute to
the statewide GIS initiatives.

Next, I want to report on the revenues that the
Commission has generated thus far in the fiscal year.
Tideland revenue receipts through March 31st are in excess
of $353 million. Revenues to the general fund are in
excess of $343 million with three months to go in the
fiscal year. This is attributable to higher than
expected oil prices, and a less than anticipated
production decline curve. The original estimate in the
Governor's January budget was $324 million for the entire
year.

Overall, the Commission's revenues from all
sources are approaching $375 million through March 30th.
We expect to reach well over the $450 million mark by
fiscal end -- fiscal year end.

I would also like to note that the oil trust
fund, the set aside basically for the eventual abandonment
of the Long Beach Oil Field has reached its cap of $300
million -- it's Legislately set cap of $300 million.

Based on our February meeting, I had told the
Commission that I would report back to the Commission on
our efforts to simplify our recreational pier and dock
leases, as well as look to streamline and simplify our
application process for those leases.

The Legal Division has been working to create a
shorter, easier-to-understand Section 3 general provision
section for our leases, for our private recreational
docks, piers, and buoys. This has been a challenge to do
without sacrificing any of the safeguards needed to
protect the State. However, staff is making progress, and
upon proper review by senior management, we will be
implementing these changes in the near future. So far
what I'm told is we are reducing the length of these
leases by anywhere between 30 and 50 percent.

Going forward, we are also considering creating a
separate, shorter, more simple lease application process
for these same kinds of private recreational facilities.
That will help facilitate our relationship with the public
who used the State's property for these types of purposes.

Finally -- and if I could get my PowerPoint on
the -- oh, great.
(Thereupon an overhead presentation was presented as follows.)

EXECUTIVE OFFICER LUCCHESI: I wanted to just update the Commission and the public on the current actions of staff in relation to our Hazard Removal Program within Santa Barbara County.

The Commission maintains an ongoing program to remove coastal hazards. The Commission staff coordinates through responsible parties the planning and field activities for the removal of dangerous remnants of corroded coastal structures, piers, wells, and pilings to eliminate, the extent possible, the hazards these remnants located in the surf zone present to the public.

An inventory conducted this mid-1980's identified over 400 individual hazards on lands within the Commission's jurisdiction. The hazards that were identified as posing the very highest risk have been removed.

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EXECUTIVE OFFICER LUCCHESI: Also, between August 1997 and March of 1998, through a program called the Subsea Well Abandonment and Rig Sharing, the Commission brought together a group of six oil and gas companies to abandon a total of 23 subsea wells and remove the associated well heads and flow lines in California State.
waters is the Santa Barbara Channel. A follow-up project also paved by the oil companies removed all ocean floor debris identified as associated with prior oil and gas operations.

In 2001, an additional 24 hazard sites in which hazards were previously hidden were identified through site inspection. In 2002, the Commission staff procured all the necessary permits for removal of hazards from these 24 sites. And in 2008, the Commission staff was successful in securing funding of 700,000 under the Coastal Impact Assistance Program established by the federal Energy Policy Act of 2005.

Several of the hazards have since been removed including the most recent efforts by Commission staff, spending approximately 680,000 from this grant money. There are still many hazards that have not been removed, and the remaining money of $20,000 is not enough to remove these hazards. The Commission estimates an additional $900,000 will be required to remove all the hazards from the currently known locations.

The staff is aggressively trying to seek these funds through budget augmentation processes, and/or possible grants through the federal and other State agencies.

What I want to focus on today is our partnership
and cooperation with the City of Goleta in removing a significant amount of hazards in Santa Barbara Channel within the area of the City of Goleta.

Recent storms during the first week of March 2014 caused approximately 15 to 20 feet of sand erosion from various sites between Haskell Beach and Devereux Slough along the Santa Barbara coast. The sand erosion exposed several hazards, including steel, link, or tie rods and cables, steel H-piles, railroad irons, wooden pilings, sheet pilings, and metal rebar surrounding old abandoned wells.

Also, several hundred feet of existing wooden seawall along the beach above the mean high tide line, but within the City of Goleta's jurisdiction was broken due to storms, and the broken debris was deposited on the beach.

Due to the nesting and breeding season of some federally listed species, including the Snowy Plover, the existing permits that the Commission had restricted working in these areas to a period between September 15th and February 15th. So we were out of our general permit time period to do any work out there.

However, due to the immediate threat of public safety from the exposed hazards, which needed immediate removal, the Commission staff coordinated with various agencies, and was successful in obtaining emergency
permits from the California Coastal Commission, the U.S. Army Corps of Engineers, and State Water Resources. In addition, access permits were obtained from all upland owners.

Due to favorable tidal conditions, the beach hazard removal work from various sites started on Monday, March 24th and continued through Friday, April 11th. The beach hazards removal work was stopped due to unfavorable tidal conditions and a depletion of our grant money. During this three-week period, a total of $180,000 was spend in removing the following hazards listed on this slide without any safety pollution or permit incidences.

I just want to take a moment to look at the statistics in the work that the Commission did in cooperation with the City of Goleta to remove a significant amount of hazards from beach area surf zones and beach areas that the public uses daily.

In the meanwhile, the City of Goleta requested us to help -- requested our help using our permits and our contractor to clean up the broken seawall debris from the beach sites -- from various beach sites. The city staff obtained the necessary authorization from their city council and the mayor allocating sufficient money for beach clean-up activities.

Under the agreement between the city and the
State Lands Commission, the Commission staff was able to remove about 100 tons of wooden debris from the beach and portions of the broken seawall at an approximate cost of $60,000.

I can't overstate enough the partnership that was developed between State Lands staff, the City of Goleta, Coastal Commission staff, the Army Corps staff and everybody that really came together over this period of time to clean up these sites from these hazards. And I'll just walk through some of the before and after pictures I think that will speak volumes to the amount of work that was done.

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EXECUTIVE OFFICER LUCCHESI: So we'll just walk through different sites within the City of Goleta and other sites surrounding the city of the structures that were removed, some of the steel H-piles being excavated.

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EXECUTIVE OFFICER LUCCHESI: Some of the remnant pier structures being excavated and the after.

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EXECUTIVE OFFICER LUCCHESI: This is an incredibly important work that the Commission does in partnership with our sister State agencies, as well as the City of Goleta, UC Santa Barbara and others to enhance
access, enhance the environment within Public Trust Lands
and immediately adjacent to it.

EXECUTIVE OFFICER LUCCHESI: We had our
engineering staff Palani and Chandra at the site almost
daily overseeing the work. And it lasted for about three
weeks. It was incredibly intensive, but obviously well
worth it.

EXECUTIVE OFFICER LUCCHESI: Again, I think this
is probably really telling the amount of wooden debris
that accumulated during the storm and then the removal, so
that the public can then use that area of the beach.

And that concludes my Executive Officer's report.
Thank you.

ACTING CHAIRPERSON GORDON: Thank you, Jennifer.
Mr. Meier, can you please, for the audience's
edification, describe the voting rules of the Commission,
so everybody will understand why votes are only two as
opposed to three.

CHIEF COUNSEL MEIER: Yes. If there are no
Constitutional officers present, only one of the
alternates representing the two Constitutional officers
can vote, so that -- the representative for Finance can always vote. So the decision is made -- one of the two representatives will have to abstain. So there's -- all votes here will have to be limited to two of the representatives here.

ACTING CHAIRPERSON GORDON: And the reason for that is I don't want anybody -- if I don't vote or Mr. Schmidt doesn't vote, don't assume we are for or against whatever is going on. We just have -- we've got to abstain.

CHIEF COUNSEL MEIER: And this is as per provision of the Government Code.

ACTING CHAIRPERSON GORDON: Thank you, sir.

Next order of business will be adoption of the consent calendar.

Ms. Lucchesi, please.

EXECUTIVE OFFICER LUCCHESI: Yes. C-39, C-48, C-50, C-74, C-82 through C-88 are all removed from the agenda, and will be considered at a later time.

Items C-70 and C-80 are moved from the consent agenda to the regular agenda because we have received comment slips for people that want to speak on those items. I will just note -- notice that we have two speaker slips for C-67, but they do state that only if there is opposition to this item. I do not -- I have not
received additional speaker slips in opposition for that item. So unless we hear differently from the audience, we're going to keep C-67 on the consent calendar.

   ACTING CHAIRPERSON GORDON: All right. Is there anyone in the audience who wishes to speak on any item that is on the consent calendar?
   If not, may I have a motion?

   ACTING COMMISSIONER ORTEGA: I will move the consent calendar.

   ACTING CHAIRPERSON GORDON: Oh, there is someone.

   EXECUTIVE OFFICER LUCCHESI: I moved C-79 and C-80 to the regular calendar.

   ACTING CHAIRPERSON GORDON: Seventy-nine or -- Okay. You had said 70.

   EXECUTIVE OFFICER LUCCHESI: Let me repeat. How about if I repeat for the record?

   ACTING CHAIRPERSON GORDON: Yeah. Okay.

   EXECUTIVE OFFICER LUCCHESI: All right. First I will list the items that are moved from the agenda calendar to be heard at a later date. So C-39, C-48, C-50, C-74, C-82 through C-88 are all removed from the consent agenda and the entire agenda to be heard at a later date.

   C-79 and C-80 are both the two Redondo Beach items. Those are moved from the consent agenda to the
regular agenda to be heard because people want to speak on those two items.

I had identified C-67, because we did receive two speaker cards, but those are in support of the item. We have not received any opposition to those items, so -- to that item, so that's going to stay on consent.

ACTING CHAIRPERSON GORDON: Okay. Then I need --
then I'm looking for a motion for the consent calendar minus items 39, 48, 50, 74, 82 to 88, all of which will be put on at a future date, and items 79 and 80, which will be on the regular calendar today.

ACTING COMMISSIONER ORTEGA: So moved.

ACTING COMMISSIONER SCHMIDT: Second.

ACTING CHAIRPERSON GORDON: All those in favor?

(Ayes.)

ACTING CHAIRPERSON GORDON: That vote is out two to nothing.

All right. Procedurally, let me tell people in the audience where we're going to go here okay. I am going to start -- we're going to go a little bit out of order today. We are going to start with the folks from -- it sounds like -- looks like Rancho Palos Verdes, which -- who want to speak, which would normally be the public comment period. We're then going to go to the regular calendar. And there are a lot of people who want to speak...
on Redondo Beach. There's a lot of people who want to speak with regard to the lease in Santa Barbara. So as part of the regular calendar, we will then go to Santa Barbara, followed by Redondo Beach, and then we'll go back to public comment at the end of the day.

Okay. So I want that to be very clear. So we're going to start with the folks from Rancho Palos Verdes. I don't know why that keeps escaping me, and I would like all of you to -- when you come up to speak, state your name. There is a time limit. It is three minutes. Please, I would like all of you to stick to it. There are a lot of people in the audience today. We'd like you to respect your fellow citizens who wish to speak. And it will be a very, very, very long day if people continue to go -- try to go over.

Okay. So why don't we start with public comment for the folks from Rancho Palos Verdes, please. Let's see, on Rancho, we have -- let's see these are -- this is it right here. All, right in no particular order, and you folks can work this out, why don't we start with -- oh, here we go -- Gary Ohst and we'll go from there.

EXECUTIVE OFFICER LUCCHESI: I believe Gary Ohst is speaking on Redondo Beach not Rancho Palos Verdes. I'm sorry.

ACTING CHAIRPERSON GORDON: Oh, I'm sorry. Okay.
I'm sorry. Rancho

MR. OHST: That's correct.

ACTING CHAIRPERSON GORDON: Okay. Do the Rancho folks have an -- okay. Let's go, sir.

MR. OHST: Okay. I can move it to the end if it's the Commission's desire. It doesn't matter to me.

ACTING CHAIRPERSON GORDON: Start.

MR. OHST: Okay. I'm on non-agenda items, because I had submitted a report to State Lands Commission staff discussing Redondo Beach and fiscal management issues. I'm going to limit my comments today to internal service fund charges.

What Redondo is doing is, since 2003, they've ramped up these overhead charges to their own tidelands and the State's upland -- I mean, the State's tidelands' funds and the city's uplands' funds from about two or three hundred thousand dollars a year up to a million eight a year in overhead charges. Okay. No other small boat harbor from Santa Barbara to Oceanside is anywhere near charging that much. They're still in the two, three, four hundred thousand dollar range.

And I did a report on this, tried to get somewhere with the city when I was on the Budget and Finance Commission and got nowhere. The net effect of this is they're really bleeding the State's tidelands
funds dry to the tune of a million eight a year, which is
not really supportable in any kind of financial
stewardship measure.

And the argument that I've heard from city staff
is well the State took our money. Well, a lot of those
funds is in their own uplands fund, okay? And so they're
really damaging their own harbor enterprise and its
long-term sustainability. Again, I don't want to bore the
Commission with the details, but this has really ramped up
from a couple hundred thousand a year to a million eight.

The justification for this is OMB 87, which is a
federal guideline designed to manage overhead allocations
to grant monies. Well, the grant -- managing a grant fund
is totally different from a harbor enterprise, because
there's no other monies to pay for those charges. In a
harbor enterprise, you're collecting possessory interest
property taxes, you're collecting hotel transient and
occupancy taxes. There's tax revenues being paid out of
the harbor enterprise that should go to pay for all this
city overhead. And yet, they come right around under this
OMB 87 and misapply it and trump up all these other
overhead charges.

This is unique to Redondo. I looked at Santa
Barbara, I looked at Channel Islands, I looked at Ventura
Harbor, I looked at Dana Point and Oceanside, and nobody
is doing this. So there's in your agenda packet my report on this. There's a lot of back-up material in there. The numbers don't lie. They are what they are.

So I would hope that staff takes a serious look at this, and the Commission pays attention to this, because there's a fundamental conflict of interest when you have a city council, okay, that's making financial decisions and it's supposed to be under the Tidelands Trust Agreement managing those tidelands funds for the benefit of all of California. And based on their actions, what they've been doing is managing the tidelands for the benefit of the City's own general fund, which I think is a fundamental conflict of interest. And I see the yellow light is on, so I'll wrap it up.

My recommendation of where I would like to see this go is the State Lands Commission strongly recommended the City of Redondo Beach adopt the Port District, where the people that come to work and sit in the management chairs are responsible for the port, not some project in North Redondo Beach, which is where some of these funds have gone. So thank you for listening.

ACTING CHAIRPERSON GORDON: Can you repeat your name again, sir? I'm sorry.

MR. OHST: Gary Ohst, for the record. Yes, I missed that. Thank you.
ACTING CHAIRPERSON GORDON: Let's see. Yes

ACTING COMMISSIONER SCHMIDT: It's my

understanding that somebody from the City is here?

EXECUTIVE OFFICER LUCCHESI: That's correct.

ACTING COMMISSIONER SCHMIDT: Would they like to

speak with regard to this issue?

EXECUTIVE OFFICER LUCCHESI: That is up to

Commission. If you wanted to have the city respond to

those comments or wait until the Commission considers the

two Redondo Beach items that were pulled from the agenda

to -- or pulled from consent agenda to be discussed during

the regular session. It's up to the Commission.

ACTING CHAIRPERSON GORDON: Let's do this right

now. Let's bring up the city right now.

EXECUTIVE OFFICER LUCCHESI: I believe that Pete

Carmichael from the City of Redondo Beach is here.

MR. CARMICHAEL: Good afternoon, Commissioners.

Pete Carmichael Waterfront and Economic Development

Director for the City of Redondo Beach.

As it relates to internal service funds, Mr. Ohst

is correct, I think we are looking at OMB 187. Our

Treasurer, Steve Diels, is here and he can confirm that.

I know that the State Lands Commission did an audit on

site in Redondo beach for I believe 90 days in 2004, made

several recommendations which have been followed and
implemented since that time.

Certainly if that's warranted again, we're definitely open to that. We do an audit on an annual basis by a third-party accounting firm that looks at the fairness and equitability with which we apply our internal service funds to all the enterprise funds, whether that's tidelands State money or transit money that's local return or the various sewer funds, et cetera. Those have come back with satisfactory reviews. They are being provided equitably, but -- and we can provide that. We brought a copy of that with us today. But certainly, if there's additional scope to the audit that needs to be done, we're open to doing that, much as it was done on site at our city hall in 2004.

ACTING CHAIRPERSON GORDON: All right. Let's see. Eric Lopez. City of Long Beach, Tidelands Officer, City of Long Beach. These are all of order. Okay.

EXECUTIVE OFFICER LUCCHESI: I believe Eric Lopez wanted to speak on one of the consent items, only if it was taken off of consent.

ACTING CHAIRPERSON GORDON: All right. Mr. Brand, W. Brand Council Member, District 2, Redondo Beach.

REDONDO BEACH CITY COUNCIL MEMBER BRAND: Good afternoon, Commissioners. I was here to speak primarily on Item C-79. However, I'm very familiar with Mr. Ohst's
audit of the various tidelands and the various areas along
the coast of California and benchmarking it and comparing
it to how we handle our internal service funds with the
tidelands, and he's done great work.

I mostly find that the outlier that Redondo Beach
is is concerning, that much more money is diverted from
our tidelands to our general fund than in other
communities. And I met with State Controller John Chiang
and expressed my concerns about that several years ago.
There were some -- there was an audit done. We've had our
own internal audit of internal service funds, in fact. So
much of it's been vetted. I still have concerns. Mr.
Ohst still has concerns. I think it warrants, you know, a
look.

And as far as a harbor port authority in Redondo
Beach, I don't necessarily have a big opinion about that
right now. I think for the most part we manage our
waterfront fairly well. It needs revitalizing. I'll
speak about that on the next item. I'm all for that, but
there's ways to go about it.

And certainly how the internal service funds are
handled from the tidelands going either into a project or
going into the general fund or going to fund, you know,
services and amenities for the waterfront for activities
for the residents of California, not just Redondo Beach,
is extremely important. And so I'm sure you're all well aware of that.

But I certainly think a long at how our internal service funds are related to our tideland charges is very much warranted.

ACTING CHAIRPERSON GORDON: Thank you.

Maria(sic) Guillermo.

No?

EXECUTIVE OFFICER LUCCHESI: If I may, Chair?

ACTING CHAIRPERSON GORDON: Yes.

EXECUTIVE OFFICER LUCCHESI: I believe that you might be pulling from a list of speakers that want to speak specifically on two of the staff reports C-79 and C-80. So I think that, unless you wanted to move to that -- to those particularly items -- if you wanted to talk just general public comment, I think we might need to pull from a different pile in there.

ACTING CHAIRPERSON GORDON: Okay. I'm -- yeah, these are not in order right now.

I'll tell you what, why don't we -- let's go to Item 91, which is the leases for Long Beach.

EXECUTIVE OFFICER LUCCHESI: No, for Venoco.

EXECUTIVE OFFICER LUCCHESI: It's okay.
ACTING CHAIRPERSON GORDON: Let's go to item 91 right now and give us some time to get all this stuffy in order.

EXECUTIVE OFFICER LUCCHESI: Okay. Of course.

Seth Blackmon from our Legal Division will be giving staff's presentation on this item

(Thereupon an overhead presentation was Presented as follows.)

STAFF COUNSEL BLACKMON: Good afternoon, Commissioners. My name is Seth Blackmon. I'm a staff attorney with the State Lands Commission. We have a presentation that will be coming up shortly.

STAFF COUNSEL BLACKMON: The other Item 91. That's the supplemental. Thank you.

So we'll be talking a little bit about Item 91 and the consideration of certification of a Final Environmental Impact Report, the adoption of findings, Statement of Overriding Consideration and mitigation monitoring program for the revised PRC recommissioning project on State oil and gas lease PRC 421-1. And, as you mentioned already, this is happening in Santa Barbara County, and the City of Goleta.

Do you have the clicker?

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STAFF COUNSEL BLACKMON: As a little background.
This is a visual view of the two piers that are meshed up under the Ellwood mesa just south of Haskell Beach. As you can see, on the left of either screen is pier 421-1. On the right-hand side of either screen is appear 421-2. These are the two remaining onshore piers on the coast of California for oil and gas production. And this is what's basically being considered this infrastructure.

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STAFF COUNSEL BLACKMON: A little historical overview of this location is important. PRC 421 started out as an early State lease from the Surveyor General in 1929. Once the State Lands Commission was incorporated in 1938, we subsequently renewed and extended the lease in 1949. And the lease has been in effect since that time.

It has been actively produced until 1994, when the 421-2 was shut in because of a temporary spill under 12th tee of the golf course. We'll have another visual here in a second, and at which point, the temporary shut in remained, because there was subsequent repairs that happened as well.

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STAFF COUNSEL BLACKMON: As you can see on the aerial view, again, you can see from the top the two piers that are highlighted on the bottom of the screen. The circle on the left of the screen over the yellow is
actually where the spill occurred under the 12th tee of
the Sandpiper Golf Course. You can also see in proximity
from the aerial view where the Sandpiper Golf Course
exists and where the EOF, or the Ellwood Onshore Facility,
in the City of Goleta exists.

Additional importance in terms of the historical
overview of this particular site. Again, after 1994,
Mobil did the repair of the subsequent spill from the flow
line, the six-inch flow line that flowed from 421-2 up to
a transition box or a valve box near the Ellwood Onshore
Facility.

After that time in 1997, Venoco, the current
lessee, was assigned the lease from ARCO Mobil. And as
the lessee, Venoco has undertaken a number of repairs
directed by this Commission, the first of which really
started in 19 -- or in 2000 when a methane leak was
detected by the air pollution control district in Santa
Barbara at well 421 -- 421-1 and 421-2, at which point a
routine inspection identified also additional corrosion to
the wellheads, which led to additional questions.

The Commission directed Venoco in 2000 to go
ahead and initiate a number of repairs, including wellhead
repairs, repairs to the physical infrastructure on the
piers, the seawalls, the roadway and the access itself to
the piers.
What was determined during these initial inspections was the entry into well 421 -- 421-1 and 421-2 was impractical and unsafe, because there was actually a significant amount of pressure that was pushing oil up to the surface. This pressure actually resulted in an emergency permit that Venoco secured, whereby they were able to flow oil for ten months. They flowed approximately 17,000 barrels naturally, meaning there was no artificial lift included. This was just under the natural pressure of the reservoir.

Once that flow was over, after a ten-month period, they were able to go back in and secure the wells and cap them properly in a way that they would no longer leak in the way that they had previously, as I said, because those were temporary shut-ins.

In 2004, the seawall on 421-1, the slightly northern pier, failed and repairs included a significant increase in strengthening the caissons by aiding metal support beams and concrete -- new concrete sections across the 68-foot seawall, including six inches -- or six inches -- six feet of additional caisson support on either side of the seawall. In 2010, Commission staff directed Venoco to repair the 421-2 caisson as well, and the piles supporting the pier.

In 2011, the Commission staff determined that
approximately 72 redundant pilings located on both piers 421-1 and 421-2 had become a threat to public safety, and directed Venoco to remove them.

All told, the Commission has never found the lessee or the lease to be in default. During this entire time, these repairs were part of the maintenance program for PRC 421. Consequently, PRC 421 is in full force and effect. And Venoco has contractual and vested rights to produce the lease, and we, as the lessor, have obligations as well.

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STAFF COUNSEL BLACKMON: Really quickly for a project overview. There's a lot of discussion about drilling and other things associated with this lease, which I think need some clarification. The project, as proposed, does not provide for any new drilling. It is only the resumption of production from the one well, 421-2. And if we go back again --

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STAFF COUNSEL BLACKMON: -- that's going to be the pier on the farthest right-hand side of this particular picture on the screen.

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STAFF COUNSEL BLACKMON: There is also, pursuant
that the way the EIR was structured, an agreement that
Venoco -- and a statement that Venoco submitted that it
will not use hydraulic fracturing, matrix acidization, or
acid fracture stimulation treatments at PRC 421.

I think that's critical to kind of acknowledge
that there are certain limitations that the EIR did not
look into on purpose. And if Venoco decided that they
wanted to subsequently look at simulation treatments, it
would trigger additional environmental review.

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STAFF COUNSEL BLACKMON: This is an aerial view
of the project, which I'll try and keep somewhat clean.
But again on the bottom right-hand side of the picture you
can see the pier 421-2's oil production. It's the light
blue color. Next to that is pier 421-1 in green. It says
to be removed under the current project. Pier 421-1,
which is currently a water injection well, although it's
off line. The pier on the wellhead would be removed. The
entire thing would be decommissioned and returned to its
pristine state under the project.

Pier 421-2, however, would be resumed.
Production would be resumed. There would be a work-over
of that well, and they -- the other changes would include,
as you can see sort of the dotted line, power line cables
and pipelines down the access road, snaking up under that
12th tee back to this transition -- where this valve box is at the EOF and then subsequently to the EOF, the Ellwood Onshore Facility.

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STAFF COUNSEL BLACKMON: This is a side cut of the roadway, so this is a picture of what it would look like down the access road. You'll notice that the existing six-inch pipeline would be extended to the Ellwood Onshore Facility and used as a protective sleeve for the new three-inch flow line. This is sort of an interesting concept. What Venoco proposes in this project is to not only continue to use the six-inch flow line but to then sleeve that line with additional protection, and then run a three-inch flow line inside of that to take oil from 421-2 to the Ellwood Onshore Facility. This was largely to mitigate any potential threat of a spill.

Also, you'll note that the cable is -- the power cable is changing mildly, but again this gives you a cut -- a sense of what this looks like.

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STAFF COUNSEL BLACKMON: For our purposes, the EIR overview -- obviously, this has been ongoing. The chronology that we have in the current instance is that Venoco in 2004 sent us an application for an EIR to resume 421 -- or resume production on 421. And after a lot of
work over a number of years, we got to the point where the State Lands Commission had a Draft EIR, as you'll notice, in October 16th, 2007, at which point Venoco pulled their application, due to a variety of issues, and this sat from 2008 to 2013.

In 2013, Venoco updated and amended their project to the project that's before you, which is the removal of Pier 421-1 and the resumption of production from 421-2 with oil going -- with oil being processed at the Ellwood Onshore Facility.

From that time, we've reached the current phase, where we're in the Final Environmental Impact Report, and -- for your consideration.

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STAFF COUNSEL BLACKMON: There are a number of impacts identified in EIR with this project. I think the most important to sort of talk about are the significant and unavoidable impacts. As you'll notice on the slide, there are 13 that are related to potential for oil spills, and this is a simple reality. Anything where oil production is going on over a marine environment means you're going to have significant unavoidable risks. And we have looked at those significantly in this document.

Additionally, there are three related to increased processing at the Ellwood Onshore Facility, and
safety response. And a lot of this has to do with the Ellwood Onshore Facility as a non-conforming legal use.

Additionally, the alternatives that were evaluated in the EIR, we highlight the feasible alternatives that we have here, which was actually under the vested rights theory, the oil processing on Pier 421-2, so it wouldn't have to go to the Ellwood Onshore Facility. But, of course, this would be less environmentally beneficial than the project is proposed.

The reinjection at Platform Holly, again the same sort of basic determination, and the no-project alternative were the feasible alternatives.

Those that were screened out can be seen also on the infeasible alternatives, the no-project alternative, pressure testing -- and if there are questions on that, I can elaborate -- processing PRC 421 oil at the Las Flores Canyon, drilling from the EOF, drilling from Platform Holly. And these were all screened out because they basically -- the determination in the EIR was that these infeasible projects didn't significantly lessen one or more of the impacts that the project proposed.

As a result, the State Lands Commission staff and other parties who were working on this with the joint project identified the current project as the environmentally superior alternative, and identified that
the no-project alternative was problematic because of the risk of repressurization. Not only was it infeasible because of the vested rights, but also the threat of potential repressurization of the Vaqueros formation.

We don't exactly know what's going on there. We know from empirical evidence that there has been repressurization. This is what caused the wellhead leak in 2000 and the subsequent flow, but basically additional information is needed in order to address the long-term impacts of the repressurization and how that's happening.

And our engineers have looked at this quite extensively and made the determination that the only real way to get to that end is through flowing this -- these particular -- or producing this particular well.

This is the only valve we have into this formation. This is the only place where we can kind of control and test. And as a result, there is, you know, some level of production would be necessary to get effective and accurate data regarding the pressurization of the formation.

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STAFF COUNSEL BLACKMON: The larger issues that have been raised repeatedly relative to the EIR were the vested rights issue, which has been, I think, very well looked at and determined, the project duration, the
reservoir repressurization, the processing at the PRC 421 oil at the Las Flores Canyon alternative, and as you can see, the rest of these.

And in all of these, the master responses to the EIR answer these, I believe, adequately, and we've moved forward for this final certification, which leads us to staff's recommendation for the Commission actions. These parallel exactly the requested actions in the staff report in Item 91. And I'm not going to go through all of them particularly, but basically looking for the certification and adoption -- certification of the Final EIR, adoption of the findings and the mitigation monitoring program, and then the subsequent finding, that adequate corrective measures have been taken with result -- or with respect to 421, such that resumption can begin, and the project, as it stands, move forward.

Thank you.

ACTING CHAIRPERSON GORDON: Any questions from members of the Commission?

Then let's go on with witnesses. I think I'm going to start with Steve Greig from Venoco. If Linda Krop could be ready after that. And then we will go to Jenna Driscoll, John Jay and Elisabeth Crawford in that order. Okay.

Mr. Greig.
MR. GREIG: Good afternoon, Commissioners. I'm Steve Greig with Venoco. I'm their government relations manager. I'm here to state that we support the staff's recommendation for approval of the proposed project. Since we purchased the assets from Mobil in 1997, we've been attempting to turn these -- return this well to production. And now that we're at this position, we've been trying to do that in the way that we believe is the most environmentally protective, and as the EIR demonstrates, and as the staff has recommended, that's the proposed project.

We've always held ourselves to a high standard in how we operate our facilities. And I want to assure the Commissioners that that's how we would continue to operate this facility should we be approved today.

I also want to express our appreciation for our -- the working with your staff through this process. It's been a long process and it's been our pleasure to kind of work this through with them. And more than that, I'm here to answer questions. So if you have any questions of us as the applicant or specifics on the project, I'd be happy to answer them.

ACTING CHAIRPERSON GORDON: Thank you, Mr. Greig. Why don't you stay close by while, Ms. Krop, why don't you come forward. And while you're up there, excuse my
ignorance, but what is GOO?

MS. KROP: Thank you. Excellent question. My name is Linda Krop, chief counsel with the Environmental Defense Center, appearing today on behalf of four groups, Get Oil Out, or GOO, Sierra Club Los Padres Chapter, Citizens Planning Association, and Citizens for Goleta Valley.

The EDC and our clients have been monitoring lease 421 issues since 1994, since the oil spill. And we've been working since the 1980s to phase out the Ellwood Onshore Facility. We worked to convince the county to adopt a consolidation policy for processing facilities in the 1980s and then to rezone the Ellwood Onshore Facility in 1991 to recreation.

We then worked with the county to develop an amortization, or phase-out analysis, which was completed in 2001. We supported the City of Goleta during its incorporation process, and adoption of its first general plan, which promotes termination of the EOF, and that was adopted in 2006.

So that's by way of background. We have a long history with this entire project.

Our request today is that you send back the Environmental Impact Report for further analysis and I'll explain the reasons for that. First and most important,
we need more information regarding processing options, and regarding the issue of repressurization. And we go into detail in our letter dated April 18th on both of those.

With respect to processing, the EIR finds that processing at the EOF is the environmentally superior alternative, but only by comparing that to processing at the pier. Processing at the pier results in incredible safety and environmental concerns. Everybody agrees with that.

But processing at the EOF results in very significant concerns as well. First of all, as the EIR admits, we don't even know if that's legally feasible, given the non-conforming status and given the city's general plan. So you may not want to process at the pier, you may not be able to process at the EOF.

Processing at the EOF also results in significant environmental and safety concerns. You heard about the three Class 1 impacts. The EOF is surrounded by significant public recreational and residential uses, and very important environmentally sensitive resources. And perhaps most importantly, the City of Goleta, which has to make the determination as to whether or not the EOF can be used for processing and should be used for processing, has specifically asked you to analyze the alternative of processing at Las Flores Canyon.
The city has to use your EIR. They are a responsible agency. They cannot conduct their own extra or supplemental environmental analysis. They're asking you to give them the information, so that they can make a decision on processing. We support them in that request.

Finally, with respect to repressurization just two quick points. I know I'm almost out of time. One there's no evidence that repressurization has been occurring since 2001. And, in fact, there's no evidence that production reduces pressurization, as noted in Figure 2-2 in the EIR when the pier was under production, repressurization was occurring. So there's no evidence of that link.

Thank you for your consideration, and I'm available to answer any questions.

ACTING CHAIRPERSON GORDON: Thank you, Ms. Krop.

Jenna Driscoll.

MS. DRISCOLL: Hello. My name is Jenna Driscoll. And I'm a watershed and marine program association with Santa Barbara Channelkeeper. We're a local nonprofit that works to protect the Santa Barbara Channel and its watersheds. And we're really appreciative that several of our comments and recommendations were incorporated into this Final EIR.

However, we ultimately feel that this project has
very significant adverse impacts that are just not worth
the risk. But your first decision today is to decide
whether to certify the EIR. And we want to support the
previous comments that we hope that you will include an
analysis of processing of at Las Flores.

Throughout this project's history, there have
been several groups that have requested that this
project -- or this alternative be analyzed, and it's still
lacking in the Final EIR. This is a critical alternative
that will be important information, particularly for the
City of Goleta, that has requested that this be analyzed.
Certifying the EIR without including this
analysis would undermine the intent of CEQA, which is to
give the complete information regarding the environmental
impacts of a project.

And whether or not this critical analysis is
incorporated into the EIR today, whether you decide to do
that analysis or not, we would like you to consider
denying the project, just because of its particularly
significant impacts in the intertidal zone. There are
many multiple examples of important species, critical
endangered habitat species, marine protected areas. And
it's just a significant area for recreation as well.

And we just feel that this intertidal zone with
all of its impacts -- you saw that there's a history of
infrastructure requiring several updates and continuous fixes, and that is because of its age, but also because it's in the intertidal zone. So it's just not an ideal location for this project.

So again, we strongly urge you to consider the -- including the Las Flores Canyon in the EIR today.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you, Miss.

Mr. Jay, John Jay.

MR. JAY: Good Afternoon. I'm John Jay, the director of public affairs at the Central Coast Energy Alliance. Our organization is a network of energy industry stakeholders with well over 150 members that seek to educate people on energy issues.

Venoco is a safe and prudent operator and has represented the industry well for decades. The company sets the standards internationally for the safe and efficient extraction of oil. They have received numerous awards and recognition from all levels of government. The company holds onto the cherished notion that compliance with the numerous safety regulations and environmental regulations benefits everyone.

So I'm here to advocate that your board and your Commission supports the SLC staff recommendation to approve the Venoco project as proposed, because Venoco has
a vested right to produce the lease, and the project is environmentally superior to the alternatives on the table.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you, sir.

Elisabeth Crawford, please.

MS. CRAWFORD: Thank you. I have some additional documentation that I'll hand into the record when I'm finished. Thank you.

ACTING CHAIRPERSON GORDON: Thank you.

MS. CRAWFORD: Elisabeth Crawford representing myself and lots of neighbors that wished they could be here. I'll read the comments that I'm going to produce here.

To the State Lands Commission, I strongly oppose the certification of the Venoco Pier 421 recommissioning plan due to its inadequacies in consideration of alternatives, proper and responsible hazardous materials testing, impact on surrounding sensitive wildlife and habitats, history of bad faith on the part of Venoco in fulfilling its stated and implied contractual obligations, lack of supporting data for this repressurization basis of this whole project. There is existing evidence showing no pressurization since thence. There is zero documentation showing that there is pressurization.

But especially on the basis of lack of proper
inclusive and responsible public notification and
opportunity for participation. We live in those homes
that were just off the Sandpiper Golf Course. State Lands
Commission required only a 300-foot notification radius,
which means that it got two of the golf course holes and
none of the thousands of residents who live right around
it just a few thousand feet further.

This, unfortunately, all due respect, is
emblematic of the lack of requirements placed on Venoco by
the State. And as the documentation that I will supply
shows, the vehement struggle that Venoco puts up in order
to buck the few restrictions that are placed on them.

Critical analysis and documentation has been
supplied to the State from private and public sources,
information that fills out the full picture of this
locale, this project, and its real impacts. Despite this
restriction of notice and public engagement, a petition
with 350 and more signatures were submitted opposing this
project. Above and beyond the structural inadequacies of
the FEIR, however, is the importance of the context
surrounding Venoco and the developer itself.

As my attached materials show, Venoco has a long
history a aggressive attempts to develop its oil holdings
in this region, always against the will of the
municipality and its residents. Goleta is merely the
latest city to be beset with this approach.

Despite the city's ruling that this project would violate its planning and zoning statutes, and opposes the project entirely, Venoco has issued its carrot and stick approach by offering this Commission $250,000 in beach clean-up costs and threatening to process their toxic oil sludge on our beach or on Platform Holly.

Meanwhile, their CEO declares himself "Czar of the World" on LinkedIn in. I have copies of his resume here. Venoco and his actions are in keeping with this self-evaluation. Venoco has demonstrated an extremely high legal cost to the State, they will violate royalty contracts for over a decade and nearly $10 million, then litigate it for several years until the State Lands Commission gives up. These costs are passed on to the tiny cities who are showing up here to beg you not to approve another one of these.

Please make the only protective responsible decision possible in this consideration, deny Venoco's plan to reopen this derelict oil.

And a statement to not frack is quite different from a legal, contractual obligation. They have the right, and they remind the mayor on a regular basis that they've got the right and nobody can tell them not to. I beg you. Thank you.
ACTING CHAIRPERSON GORDON: Thank you. Mr. Greig, I would note your resemblance to Rasputin, to goatee.

(Laughter.)

ACTING CHAIRPERSON GORDON: All right. What is before us today is certification of the EIR. With the city's opposition and request for an analysis of the Las Flores option, in addition to EDC and the Channelkeeper, the Controller's office is not ready to certify the EIR today. What we would prefer is that Las Flores be analyzed in addition to the nonconforming status issue having to do with EOF, which hopefully, if this were recirculated, could be done before the end of 2014, a legitimate time frame we hope. That would be our recommendation.

I need to hear from my two colleagues on the Commission.

ACTING COMMISSIONER ORTEGA: I think based on the testimony today, Department of Finance would be fine with that as well.

ACTING COMMISSIONER SCHMIDT: I would just add that maybe we address pressurization, because that's come up a few times. And maybe staff wants to talk about that now, just so we can clarify.

EXECUTIVE OFFICER LUCCHESI: If it's the
Commission's will, I would appreciate the chance to be able to talk about pressurization before the direction is actually given. If I could call upon Seth to come up here again to talk about the pressurization issue in more detail. And if needed, we can call upon our engineers to go into greater detail about that.

He couldn't have sat farther from the microphone.

(Laughter.)

STAFF COUNSEL BLACKMON: That wasn't the initial plan, but so be it.

All right. Let's just start with questions. I think that's probably the easiest place to start. So what is your concern exactly with repressurization?

ACTING COMMISSIONER SCHMIDT: I think just address the general concern with the public comment you heard.

STAFF COUNSEL BLACKMON: Sure. Okay. And I think this is where, as I was making note in my earlier presentation, there's some concern that since 2000 when the well was flowed, that there hasn't been any additional data gathered regarding the pressurization of the well. And I think what Linda Krop referred to in the -- or the Figure 2-2 of the EIR shows an inclining curve of pressurization starting in 1987 up through the 1994 shut-in.
What we do know is that, as I've already mentioned, this particular reservoir field has been produced since the 1920's. In particular, like I said, this lease actually started in 1929. At peak production, the Ellwood Field and the Vaqueros reservoir was producing approximately 49,000 barrels a day. I mean, it was a very big going concern.

That production left a void in the remaining infrastructure, the remaining formation, meaning that as the years went by, you had a gradual decline in the number of producing wells. At the same time, of course, production -- as production was decreasing, there's an increase in the natural aquifer influx based on the research that our engineers have looked at, which is causing increasing pressures within the formation or within the reservoir.

There are a number of issues I think that are important here, but that's sort of a big background picture. So think of an open formation that has been heavily, heavily produced and it's slowly refilling. There's also source rock that's producing oil in very small amounts that's below the existing formation -- or within the existing formation as well. What we're looking at here is that we know empirically -- and this is empiric evidence. We know in 2000 that when the well was being
inspected and well work was being directed, they
could -- they being the Venoco and also their operators,
who were doing the repair work -- could not safely work on
the well without first flowing the oil off of it. That's
a function of the repressurization.

From that point in time, we were not able to
accurately gauge the amount of repressurization going on.
And what I can tell you and I think that we can have one
of our engineers speak more fully to this, if you'd like,
is that there is not a way to gauge accurately the amount
of repressurization occurring without actively flowing the
well, meaning actively producing it, which is functionally
the project.

You have to produce it. Then you shut it down
in. Then you do a period of analysis on how the
pressurization builds, and then you produce it again and
you do it again. And this gets you repeat data. This is
not something where we can just sort of stick a sample
stick in and determine what the ongoing pressure is.

What we know, and I think Ms. Krop mentioned
this, is that there was repressurization occurring even
during the -- even during production. That's true.
That's absolutely true. That's not something that we're
hiding behind. And again, this is something that's
important to understand. At a point the repressurization
will reach a stasis of -- reach equilibrium with the osmotic pressure and the aquifer influx that's happening now.

The problem with that is, is we don't know what elevation that will occur at, meaning that there's water columns inside of a variety of wells that are within the Vaqueros formation. Approximately, 74 legacy wells exist out there that were abandoned in a variety of different fashions that are not -- that are not necessarily at modern day standards.

The concern is that as this particular formation repressurizes, if the repressurization, when it becomes -- when it reaches equilibrium, if the water column elevation is greater than the point at which these wellheads were cutoff, and they improper abandoned, it would allow for seepage around the well and release oil into a marine environment.

What this project, and the reason why repressurization is important, gives us is the only remaining active well in the entire formation, that's 421-2. This give us the ability to continue to test the formation, to continue to test the repressurization, and to kind of try and determine what elevation is going to be.

It also gives a secondary element, which is by
flowing off the existing oil that's there now, you reduce
the amount of oil available for seepage out of wells that
we don't have any control over, that we don't even know
where they are at present. These have been long since
abandoned, and we don't have explicit GIS locations.

So that's the real risk that we're looking at.
And like I said, this is our one opportunity, this is our
one valve into that formation through that well to do this
kind of research. But again, it's predicated upon a
production level, and not simply sort of just, like I
said, a magic stick that we're going to kind of try and
determine the pressure for.

There's a lot more to it, but I think that in the
big picture that's what's going on. And as I said, we
also address this in our master responses to the EIR. And
I feel like, you know, for transparency purposes it's
important to note that the Commission staff has never made
the determination that this project will absolutely
alleviate repressurization. We don't know that it will.
There is a possibility that pressurization will continue
to occur.

What this project does give us is the opportunity
to test that and to try and evaluate where, when this
reaches equilibrium, the different water column elevations
will be, and how we want to kind of think about dealing
with that in the fewer.

Additionally, you know, this may be a well that we would need for that purpose, because again we're not going to drill new wells and we're not going to go and try to find these other legacy wells that have been abandoned improperly that are out elsewhere in the surf.

So those are very dangerous issues. And again, if we're not able to evaluate this more fully, we can't really make a plan for the future.

ACTING CHAIRPERSON GORDON: Are there any other methods of analyzing repressurization other than the one proposed in this project?

STAFF COUNSEL BLACKMON: We can talk a little bit more with our engineers if you'd like, but in discussing this exact issue with them, not really, not getting an accurate read. And that's part of the problem I think is that you're talking about, you know, a formation that's thousands and thousands of feet below ground, and it's not -- it's not simple.

For example, if this were a water table, you can go a little bit more easily because you're not talking about the same kinds of pressures and issues, and you could test, you know, that differently, but you're going down through a lot of source rock, and you're going down into a very different geologic formation. So, you know,
there's not really a lot of alternatives. That may change in the future with technological changes, but at the present that's not necessarily the case. But if you'd like to talk to an engineer, we can bring them up.

ACTING CHAIRPERSON GORDON: If this field repressurizes and we do not have the ability to release that pressure, what -- other than -- I understand there could be seepage, which would have negative consequences for the marine environment for the beach, et cetera, what other things could happen if this field repressurizes and it's not relieved?

STAFF COUNSEL BLACKMON: I think that's honestly probably the largest threat is the release of oil into the --

ACTING CHAIRPERSON GORDON: Seepage?

STAFF COUNSEL BLACKMON: Yeah -- into the marine environment, which is the primary -- and that's also the primary significant and unavoidable impacts identified in the EIR, anyway, is the production of oil over water.

And so, you know, in the absence of understanding what this future pressurization looks like and how it's going to affect the field and having more data on that, you know, that risk exists. And that's I think how we've tried to explain this all along is that the risk is real, the risk exists, and that this is the only real way for us
to test this and make future determinations about how to, you know, deal with that repressurization and whether or not it's going to end up being a long-term risk that the State has to look into.

ACTING CHAIRPERSON GORDON: Thank you, sir. Any questions? Ms. Lucchesi.

EXECUTIVE OFFICER LUCCHESI: If I may just add to sum it up. Seth, described the issues very succinctly. It was obviously very technical. If the Commission wants to get even more technical than that, we have our engineers.

But I think in sum, setting aside the issue of Venoco's vested rights, contractual rights to produce, whether or not there's pressurization or not, setting that aside, the bottom line is it's very difficult, if not impossible, to measure pressurization without actually producing the field, so -- and I do want to also address non-conforming use issue.

That was addressed in the EIR under the land use section in great detail. Depending on the Commission's direction, in terms of including the Las Flores Canyon alternative, we can also take a second look at that analysis or that discussion in the EIR to ensure that it's full and comprehensive. But I just want to assure the
Commission that that issue was addressed specifically in the EIR.

ACTING CHAIRPERSON GORDON: Okay. Ms. Krop, could you come back, please?

Are there any issues -- as you've understand the discussion here, is this adequate to address the concerns that you have as -- in reanalysis in the EIR?

MS. KROP: No.

ACTING CHAIRPERSON GORDON: Okay. What issues haven't we addressed?

MS. KROP: Going back to the processing and repressurization or additional to that?

ACTING CHAIRPERSON GORDON: Let's go in addition, because we've -- I think we've addressed the processing issue, and we will look at it.

MS. KROP: Okay. Great. Thank you.

The other issues that we referenced in our comment letter deal with impacts to the coastal biological resources. And our specific concerns were that with respect to greenhouse gases emissions, we appreciated the EIR's analysis of the impacts and the threshold. It seemed pretty clear from the EIR that it was feasible to mitigate those emissions, but the mitigation measures were vague and thus unenforceable. So we'd like to see a little bit more teeth put into that which I think would be
very easy to do.

And then with respect to the biological -- other biological resources, we were concerned about the potential use dispersants in oil spill response and impacts to wetlands. I think those were our only other remaining issues, and I think that they could be addressed fairly comprehensively and easily.

ACTING CHAIRPERSON GORDON: Okay. Mr. Greig, do you have any response to that? I'm just trying to be sure that staff has their arms around the issues that we are dealing with right here.

MR. GREIG: Thank you, Mr. Commissioner. No, not really other than to say that if it's the Commissioner's desire -- Commission's desire to send the EIR back for additional review that Venoco would support that. We understand it's in our best interests to have a document that's -- that is adequate and addresses the issues.

ACTING CHAIRPERSON GORDON: Thank you, sir.

All right. Ms. Lucchesi, then let me sum up. So we're going not going to certify the today. We've all agreed on that. We are going to go back and look at the Las Flores Canyon processing issue. We are going to look at the pressurization issue. I think you guys have covered it fairly comprehensively, but take a second look at it and make sure you've covered the issues that were
raised today.

The same thing with the preexisting use conditions with regard to EOF, and the GH -- the greenhouse gas mitigation issues.

If we can do that, and hopefully bring it back before the -- the EIR before the Commission after being recirculated, before the end of -- before the end of 2014, that would be wonderful, fully understanding that sometimes these things are not doable, that there are additional variables that will come up that will postpone it. But that is, I believe, the wish of the Commission today.

Other of my colleagues have any comments?

With that, I would like to thank everybody who came here with regard to Item 99, the PRC lease. Thank you it's been very informative.

ACTING COMMISSIONER ORTEGA: Item 91.

ACTING CHAIRPERSON GORDON: What?

ACTING COMMISSIONER ORTEGA: Ninety-one.

ACTING CHAIRPERSON GORDON: Oh, 91. I'm sorry. That's it. Item 91. I'm having problems with numbers today for some reason. Thank you, everybody. We are now going to move on to Items 79 and 80 having to do with Redondo Beach.

Staff presentation, please.
PUBLIC LAND MANAGEMENT SPECIALIST BOGGIANO: Good afternoon, Commissioners. The City of Redondo beach is trustee of sovereign tide and submerged lands granted by the legislature pursuant to Chapter 57 statutes of 1915 and as amended by Chapter 1555 Statutes of 1971.

The city's granting statute requires the Commission to approve expenditures of $250,000 or more. The city is asking the Commission to consider approving a tidelands expenditure of approximately $92,000 annually for a period not to exceed 13 years.

The following is a brief background on the proposed expenditure. The Redondo Beach City Council approved an asset management plan for the waterfront in 2007. This document serves as a blueprint for the City's waterfront revitalization efforts. One of the central strategies in the plan is the acquisition of underperforming leasehold properties in the pier and harbor area to facilitate the highest and best use of the city's waterfront.

This includes upgraded public infrastructure as well as enhancements to connectivity and improved access to coastal resources. In 2011, the city identified three
leaseholds as targets for acquisition and upgrade, the pier plaza, international boardwalk, and Redondo Beach marina. In 2012, the city purchased the international boardwalk and pier plaza leaseholds, which are both entirely located on city-owned upland property. Also, in 2012, the city negotiated an option agreement providing for the future purchase of the marina leasehold from leaseholder Decron Properties. The city is now proposing to exercise their option and purchase the leasehold interested before the May 15th, 2014 deadline.

Similar to the other two leaseholds, the marina property has not had significant meaningfully reinvestment in a generation. The site holds significant potential for revitalization and reconnection to the waterfront.

The Redondo Beach marina leasehold is located in a pivotal geographic location as it connects the pier and harbor areas. The 13-acre site is primarily situated on city upland's property, but encompasses approximately two acres with the tidelands grant to the city. And we actually had a slide here that shows the boundary.

(Thereupon an overhead presentation was presented as follows.)

ACTING CHAIRPERSON GORDON: That's a good slide.

(Laughter.)

PUBLIC LAND MANAGEMENT SPECIALIST BOGGIANO:
There we go. D is the marina. A is a leasehold that was acquired in the 1980's. B is the pier plaza leasehold, and C is international boardwalk leasehold. Those were both acquired in 2012.

The property has had many opportunities for public enjoyment of the waterfront, including the 58 slip marina, long stretches of shoreline, a sportfishing pier, and access to the main waterfront arteriole Harbor Drive. In its current configuration, the leasehold does not make highest and best use of these resources. Several waterfront walkways and coastal access paths are blocked by storage. The pathways from the south and north provide poor access to the pier. And the property does not currently offer convenient reception to regional boaters.

The ground rent payment to the tidelands trust has averaged $92,000 over the past five years. Following the acquisition of the leasehold, the ground lease would terminate but the subleases would remain in effect. Based on a pro forma cash flow using the last five years of operating history, the net operating income from the leaseholds covers the debt service required for the transaction. After the proposed financing, $92,000 is the annual tidelands investment being proposed by the city for a maximum of 13 years.

Through ownership of the leasehold, the city will
be able to facilitate investment, promote the long term
highest and best use of the property, and make
improvements that will enhance access and enjoyment of the
waterfront.

Pete Carmichael from the city of Redondo Beach
and I are available to answer any questions.

Thank you.

ACTING CHAIRPERSON GORDON: Mr. Ohst. A return
engagement, sir.

MR. OHST: Yes, indeed. Gary Ohst, stakeholder
in Redondo Beach, and former budget and finance
commissioner.

This is premature to approve this today. You
heard the quick story, but the devil is in the details.
The city has had split votes on proceeding with this large
development. And there's a feasibility study under
contract for the whole thing, and this is just one piece
of it. That feasibility study isn't going to be completed
until July at the soonest.

Now, they've had a quoted unquote appraisal done
for this parcel, but no one has seen it. Staff is
proclaiming in words that this transaction will break-even
based on net operating income.

Well, anybody who manages commercial real estate
knows that net operating income is not cash flow. There's
a lot of costs that come in after NOI that staff hasn't
even -- leasing commissions, tenant improvements, capital
maintenance items. This is a waterfront property by salt
water. It's very expensive to maintain. Staff has not
put any numbers on the table. We don't know how far in
the hole this thing really goes. All they have is a
verbal statement NOI. Well, where is it?

A deal this big, a $20 million transaction needs
to have details, and we just don't have them today. It's
putting the cart before the horse to purchase this
leasehold before they've even had the feasibility study on
the whole project done.

Staff has mentioned highest and best use. Yes,
there's zoning. Yes, there's density. But having zone
and density is completely different from having an
occupied building. And there's lots of density all over
town that's not occupied and never built because there's
no demand for it. So having a feasibility study is a
critical component before we go off and spend $12 million
on a leasehold, which interestingly enough, last
transacted about six years ago at the peak of the real
estate market for nine million.

So how did it all of a sudden jump so much in a
soft market? There's no answers to that question. So
again, no one has seen this appraiser's report of the
assumptions behind it.

So I would caution the Lands Commission once again on what the City of Redondo Beach does here. I think this is premature to approve this today until we have all the details, not the least of which as part of this 100 percent financing has a balloon payment in it, okay?

So if you approve this transaction with these payments going, you know, from the tideland's funds, you're also indirectly signing up for your share of a balloon payment at the end of the 13 years. That's not even discussed in the staff report. So there are some big unanswered questions here. My recommendation would be to delay this until we have more details from staff on exactly what they mean by NOI, and really how far negative does this really go beyond the 92,000.

And that concludes my comments.

Thank you.

ACTING CHAIRPERSON GORDON: Mr. Brand.

REDONDO BEACH CITY COUNCIL MEMBER BRAND: Good evening again, Commissioners. I was for this in the beginning. In fact, as Council Member in this district in Redondo Beach, I supported the purchase of the two previous leaseholds. They're a repurchase. We're buying them back in an effort to revitalize our waterfront and
have better control.

And so when this particular lease was brought to me, I thought it was a great idea. And I looked to staff to explain to us how financially we could work this out. And frankly, I was led to believe that it was going to be cash neutral, as you heard from your presenter and your staff. And I came to find out it was nothing of the sort. That, in fact, we're going to lose over $300,000 in ground rent when we buy it back from the leaseholder -- the $300,000 a year.

There is a big balloon payment, so that if you look at the monthly payment, yearly payment, sure it may come close to being cash neutral, not taking into account, of course, what Mr. Ohst just mentioned, capital improvements that we would have to maintain, but with the balloon payment, if you factored that in, again, it would not even be close.

So as a result, I ended up opposing this. There was an appraisal done. I've seen it. It's probably subject to a public records request. I think you guys should look at it before you approve this. You are partners in this deal. I feel like it's -- you know, it's going down the road of a rubber stamp, and I think you need to take a closer look at this. After seeing the appraiser -- appraisal myself -- and I must tell you, I am
the one vote who opposed this, but I am the councilman in
this district and I've been there for five years, and I
did support the others. So in doing your due diligence, I
really, really encourage you to look closely at the
details of it. And I do also recommend that you give this
some time.

I think that would be the prudent thing to do.

As for -- I mean, I really -- as for this to increase
costal access, and, you know, that there's blockage
somehow of the waterfront, I mean, I would tell you that
this is a very active waterfront. We've got five
restaurants already on this lease. Five restaurants. We
have a boat hoist on this lease. A lot of opportunity --
we have a new hand launch on this lease. We have guest
moorings coming in.

So there's a lot of, lot of access already there.
Yes, absolutely, it needs revitalizing, and I'm all for
that, but you're signing up for the project and the
financing. And while I agree that we need to repurchase
this, there's a price to it. There's absolutely a price
to this. And, you know, your staff doesn't mention the
balloon payment in their report, right? And they are
thinking what I was thinking not long ago that this was
cash flow neutral, and it's just not.

So I'm recommending that you take a look at the
appraisal at a minimum before you approve this.

ACTING CHAIRPERSON GORDON: Mr. Brand, it was indicated that there was no feasibility study done on this project. Did you request one on the -- as a member of the council?

REDONDO BEACH CITY COUNCIL MEMBER BRAND: Yeah, there were a couple of inaccuracies that have been mentioned. Yes, I did. And there was a feasibility study done, as the developer said. They're results driven, and there were a lot of flaws in it. And it was completed last November, and he concluded that this was -- 487,000 square foot development was going to be a huge success on the waterfront of Redondo Beach.

ACTING CHAIRPERSON GORDON: The developer himself did the feasibility study?

REDONDO BEACH CITY COUNCIL MEMBER BRAND: Yeah, he paid for it, and the guy had done work for them before. So as the -- Fred Bruning, the president of CenterCal himself said these are results driven and often, you know, cooked, so to speak --

ACTING CHAIRPERSON GORDON: Okay.

REDONDO BEACH CITY COUNCIL MEMBER BRAND: -- for lack of a better word. But we are considering our own feasibility study, our own independent feasibility study. And we have a Request for Proposals out right now. And
when those come back to us, we will be considering whether to fund that or not. And that was a split vote even to go that far, because me personally I agree with Fred Bruning they're just results driven anyway.

ACTING CHAIRPERSON GORDON: Thank you, sir.

REDONDO BEACH CITY COUNCIL MEMBER BRAND: I hope you'll take some time on this one.

ACTING CHAIRPERSON GORDON: Thank you.

Mr. Money. Jess Money, followed by Steven Diels, and Marcie Williams -- Marcie Guillermo, I'm sorry. Pete Carmichael and Melanie Cohen in that order

Mr. Diels. I'm sorry. Mr. Money. I'm sorry.

MR. MONEY: Yes. For the record, Jess Money. Afternoon, Commissioners.

The proposal before you today is the latest episode in Redondo Beach's long-sorted history of deceiving the State Lands Commission and misusing tidelands funds. They are here with a looming deadline of May 15th to exercise the option, because simply they want to get you pregnant.

(Laughter.)

MR. MONEY: They want to get you in with some skin in the game, so they can come back to you later with more.

First, the city proposes to buyout and
underperforming leasehold, but they're going to replace it
with an even bigger massive underperforming leasehold.
How do I know it's going to underperform? One of the --
one element of the proposed agreement allows the new
developer to use the property for 30 years rent free if
the property does not hit certain net income and return on
investment targets.

Now, we all know that companies can go to Wall
Street and show billions in profits and turn around to
taxing authorities and show losses. This is what
accountants are hired to do.

Second, just days ago, the city became aware that
in addition to the $1,196,000 involved in the 13 years of
$92,000 payments here, there's the little matter of a $4.5
million balloon payment due at the end of this lease
buyout.

Now, here's a little background on Redondo and
the tidelands. In the sixties, they built an illegal
condo development in the harbor that the State legislature
had to retroactively legalize. In 2005, they claimed
almost 12 million in tidelands funds, but couldn't afford
a working boat for the harbor patrol. So a group of
citizens asked the Lands Commission to do an audit.

What did they discover?
That in 1988, the city had requested use of $3.5
million of tidelands funds to buy an upland property for a parking structure. The top level of that parking structure was going to be a public picnic area, grass, umbrellas, picnic benches. Instead of 3.5 million, the city took five million without notifying the Lands Commission. Then they enclosed the top level of the parking structure and entered in a long-term lease with Gold's Gym for a 55,000 square foot facility with 2,200 members, which up until recently, those members took up most of those parking spots in the parking structure before Gold's went belly-up, okay?

The city also entered into an agreement with Standard Parking to run the parking structure for $1,000 a month for 50 years with no escalators at all, okay? That's only part of it.

If you'll indulge me a little longer, I can give you a couple more pieces.

ACTING CHAIRPERSON GORDON: Take another minute.

MR. MONEY: Okay. Thank you. The city only made payments on the money from the tidelands funds for 13 months back in the eighties before they stopped doing it. By the time this audit was conducted, that five million was now almost six million in accrued interest. In a negotiated settlement with the city, they made good by giving two city properties to the uplands to be developed
for the benefit of the tidelands. Those properties
nothing has happened on.

Redondo's interaction with the State Lands
Commission, the discharge of its city obligations, and its
efforts to develop the tidelands area can be summed up
thusly, deceit and deception, sweetheart development
deals, and manifest incompetence on a biblical scale.

ACTING CHAIRPERSON GORDON: Thank you, sir.
We've got a czar and biblical actions here.

(Laughter.)

ACTING CHAIRPERSON GORDON: I wasn't expecting
quite a historical day.

Mr. Diels.

MR. DIELS: Thank you very much. My name is
Steven Diels. I am a resident of Redondo Beach. I also
am the elected City Treasurer. And I could speak on two
items tonight, if you would allow me to do that right now.
Otherwise, I'll come back for the other opportunity to
speak.

We're confusing a couple of things here. There's
the CenterCal project, which is part of our overall
waterfront development, and there's also the strategic
plan by which the city is executing the plan to acquire
these leaseholds.

I would like to point out that a feasibility
study was done regarding the CenterCal project. I think this is the one that Mr. Brand was referring to. And it was paid for by the developer at the request of the city council. And it did, by the way, come up with very positive results for the overall project.

As a resident and a voter in Redondo Beach, I would like to just simply ask the question, when does a vote of the people count? Redondo Beach has adopted ballot box zoning. And as a result, we voted on Measure G to revitalize Redondo Beach waterfront consistent with the Coastal Commission in November 2010 with Measure G, as I said.

The city is simply executing its strategic plan to meet the voter approved guidelines in that measure. Acquiring this lease is prudent, it has value, and will ultimately lead to a more public access and cleaner coastal environments.

And I would -- I support this, and I would let you know that many of the people speaking here tonight were opponents of Measure G at that time. And I would request that the State Lands Commission not be part of and end-around of our voter approved process and the City of Redondo Beach that has been approved by the Coastal Commission as well.

I can speak on the other item, which has to do
with the audits.

ACTING CHAIRPERSON GORDON: Why don't you speak
to that also.

MR. DIELS: Okay. So while I'm here, I did bring
along copies of our City of Redondo Beach internal service
funds audit for the year ended June 30th, 2013, and also
an audit on our city enterprise funds, both of which have
been questioned today. I came here originally simply to
make these part of your packet, and then to try to open a
dialogue with you on the issue of what is fiscally
responsible, financially prudent, and transparent
government.

We have been auditing the enterprise funds and
the internal service funds separately from -- or in
addition to our regular city audits. And, you know, if
there's something more you want, we'd like to engage in
that dialogue, but we have nothing to hide. And we did an
earlier audit for which I do not have a copy of that
was -- that tested our policies and our methodology. And
these audits that I have for you here today simply
demonstrate that the methodology has been equally
distributed across all funds.

Okay.

ACTING CHAIRPERSON GORDON: Thank you, sir.

MR. DIELS: Thank you.
ACTING COMMISSIONER SCHMIDT: Can I ask a question?

ACTING CHAIRPERSON GORDON: Yes. Hold on.

ACTING COMMISSIONER SCHMIDT: With regard to the feasibility study, was the contractor or consultant that did that chosen by the city or by the developer?

MR. DIELS: You know, I was city council member for eight years, and I was off the council during the period of time of that selection. I don't know the details. I am now the elected City Treasurer, but maybe Pete Carmichael could give you the specific details.

ACTING CHAIRPERSON GORDON: Marcie Guillermo.

MS. GUILLERMO: Good afternoon, Commissioners. My name is Marcie Guillermo. I'm a resident of Redondo Beach. I've been a resident of Redondo Beach for the past 15 years. I have also been attending every single meeting of the city council and the harbor commission budget and finance commission on a regular basis. And I have -- and I'm learning and I have learned a lot.

In regards to this project, I'm opposed for you to approve it the way it is until further information is provided to you and really be well analyzed. It was to my surprise that the appraisal was not made available to the public, not even to the city council as the appraisal was available one day prior to the meeting.
And in regards to how well they manage the assets, I have a lot to -- I have a lot that I would like to improve, and I would like your participation on that as well.

The fact that we're going to pay 12 and a half million for that leasehold, it's way too much based on what the previous master holdlease(sic) has paid for it, and without seeing the appraisal. Furthermore, I disagree with the statements by Mister -- the current city treasurer, because that is an active front -- waterfront from the harbor.

I also -- I do agree, and I echo the concerns of Mr. Gary Ohst, Mr. Bill Brand, and Jess Money. I am not familiar with Measure A, not back then, but I'm familiar now, because I'm doing a lot of reading. And I believe that the voters were deceptive(sic) when they were being informed about that measure. The city uses all these approved laws to just build and overbuild and overbuild, and we don't see the consequences coming down the line.

For that reason, I would really appreciate you oppose until further information is made available to the public and to you as well.

And that's all I have for Item 79.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you, Ms.
Guillermo. Did you wish to speak on Item 80 as well?

MS. GUILLERMO: Yes.

ACTING CHAIRPERSON GORDON: Why don't you continue.

EXECUTIVE OFFICER LUCCHESI: Well, actually if I may just make a suggestion?

ACTING CHAIRPERSON GORDON: Yes.

EXECUTIVE OFFICER LUCCHESI: Because both items need to have a separate vote by the Commission on, it's better to take each item up separately, have public comment on those items separately.

MS. GUILLERMO: I do have some comments for public -- you know, during the non-agenda item.

ACTING CHAIRPERSON GORDON: On the non-agenda piece, why don't -- we'll come back to that later. We're going do finish Item 79 right now, and then we'll come back to Item 80 and later go to public comment.

Next witness would be Pete Carmichael, Waterfront and Economic Development Director, City of Redondo Beach.

MR. CARMICHAEL: Good afternoon again, Commissioners. Pete Carmichael with the City of Redondo Beach. First, let me just distinguish a couple things. On the agenda tonight is the acquisition of the Redondo Beach marina leasehold. Separate and apart from that acquisition is a plan that is just starting the CEQA
process, which is a redevelopment of the waterfront with a developer by the name of CenterCal Properties.

As you know with, CEQA we're at the front end of that. It's likely and 18-month EIR. That may or may not happen. It depends on what we learn through the EIR assess. Additionally, we don't have a lease written up either. The Commission is a consulting agency on the EIR, and certainly the lease will come back to the Commission for approval, if and when that project does, in fact, move forward.

The acquisition that we're talking about here is really part of a revitalization and part of a strategy to incentivize private investment, whether that's CenterCal or anybody else. The feasibility study that was mentioned earlier did come back last fall. It was paid for by the developer through a reimbursement agreement with the city. The EIR will be through a reimbursement agreement as well. The City selected the consultant. We're in the process of engaging another feasibility study to double that, just the assurance that we got from the first one.

I will say that the results were positive for the proposed CenterCal project with rents well in excess of the rents we're receiving down there today. And that gets back to the acquisition. Really, this is a site that's got a very defendant landlord that
we've been doing business with since 2008. They bought
the property for 10.7 million in 2008. I think indirectly
it was quoted as nine million earlier. It was 10.7
million in 2008. They've been very difficult to deal
with. They have not effectuated any of the revitalization
that was promised at their purchase. The site is marked
by low rents. Retail getting in the neighborhood of $1.25
a square foot. High turnover. If you look at the
PowerPoint map again, it's about a 13-acre site, and about
nine or ten of those acres an asphalt parking lot right on
the ocean's edge.

Since the point when it was purchased in 2008, as
Mr. Diels mentioned earlier, the city has passed a new
zoning ordinance for the waterfront. That provides some
certainty and some additional density to when it was
purchased six years ago.

The city is in significant heed of infrastructure
improvement, as we've talked at length with with your
staff. This site is an opportunity for not only
facilitating highest and best use, rebuilding, staging,
and contingency areas for that infrastructure rebuild, as
well as environmental remediation.

We've identified this site as a significant point
source for dirty water given the sheet runoff from that
large expansive asphalt parking lot.
If I can speak just a minute to the financing, and then I'll wrap up. I know I'm running out of time here. The city purchased two of the other leaseholds, B and C, as labeled there in 2012. Since purchasing those, we've doubled the occupancy and significantly improved the properties.

At that time, there was also the negotiation for an option to purchase this leasehold. The $12 million purchase price was agreed upon. The financing was arranged with a balloon payment very deliberatively. That's a common transaction structure for commercial real estate. It keeps our holding costs low, because we payoff less principal during the ownership period. And the intention is always to bring in private sector investment and it gives us the opportunity to either, A, refinance or, B, bring in the private sector to pay that balloon payment between now and likely the next three to five years when we move through an EIR process, but as long as 13 if we need that much time to make the transaction happen.

With that, I'm in a bit of an awkward spot here speaking on half of the majority of the council, but happy to answer any questions you have. And I think really the bottom line here is it's a transaction that allows us to revitalize the waterfront at a purchase price that was
negotiated, a financing structure that makes sense, and really a purchase that's separate and apart from any additional development plan that may come and would be subject to your approval at a later date.

ACTING CHAIRPERSON GORDON: Thank you, sir. Melanie Cohen, please.

MS. COHEN: Good afternoon. My name is Melanie Cohen. I'm a resident of Redondo Beach, also president of the South Bay Parkland Conservancy. I'm not as well versed in the history of the property and the financing of the property, but I found out about this by an email, and I called and spoke to Mr. Boggiano and he explained to me, "Oh, we are just okaying authorizing expenditures, not okaying what's being built there".

I get that. However, it seems to me, based upon what I've heard here today, that the CenterCal project is not being mentioned like it should be, as the -- as -- after eight public meetings, it has turned out to be 487,000 feet of retail and development. The city is not being truthful to you when they're saying, oh, we need more access, there's this, there's that. Sure that can always be approved, and yes, I want the pier area to be developed. I really do. I want it to be a beautiful showcase, so we can have tourism and we can have people come to use the harbor more and to enjoy everything.
But I think this is premature. To allow the city to have this money right now is not prudent. There isn't enough information out there. And I absolutely welcome Mr. Carmichael's second EIR that is not attached to the developer to see what the feasibility of this development is.

So please, please do not allow this today. I know I speak for myself and hundreds of people who have paid attention to many other issues in the city. And sometimes the city, although they really want to do what's right for them, and they feel -- well, we feel it's right, so it should be right for most of my constituents, they don't ask all the constituents or include all of the constituents. So that's why I'm standing here today.

I'm a little nervous, because it's pretty intense for me, but I appreciate your time. Thank you very much. Please don't allow this at this time.

ACTING CHAIRPERSON GORDON: Thank you, Ms. Cohen. Any comments by other members?

ACTING COMMISSIONER ORTEGA: If I could just ask staff whether Ms. Lucchesi, or Reid too -- there are two questions I have. One is to really focus this back on what the issue is before the State Lands Commission. I feel like we've heard a lot issues about the type of development and local issues in Redondo Beach, and I'm not
sure that's really what is before us or within our
purview, so that's the first question.

And then the second question is just specifically
on the reference to this balloon payment, which maybe
perhaps is something that we should hear more about. Just
because the staff didn't mention it, it doesn't mean it
wasn't considered, so I'd like to make that clarification
as well.

EXECUTIVE OFFICER LUCCHESI: All right. I can
start and then Reid you can fill-in as necessary. I think
it would be helpful if we could pull that slide up again, 
please.

The City of Redondo Beach holds and manages State
sovereign tidelands pursuant to a grant by the
legislature. What this means is the City holds fee title
and has a responsibility to manage these lands on behalf
of the State. The State Lands Commission does not have
any leases in this area. It does not own any property in
this area. The City of Redondo Beach owns the property
subject to a legislative grant.

So those -- the terms of those grants, those
statute really dictate what the Commission's oversight
authority is, and also what its specific approval
authority is with regards to expenditures. The City of
Redondo Beach is one of a handful of grants that requires
the Commission to review certain expenditures over a
certain amount. That -- and the City of Redondo Beach
it's $250,000.

But that comes with constraints. We have -- the
Commission has 90 days to review -- from the submittal of
that proposed expenditure 90 days to review and determine
whether that expenditure is consistent with the grant.
That is what is before the Commission in its very limited
form.

And I just want to point back to the slide real
quick. That yellow dotted line is actually the upland
property boundary of the grant. So everything waterward
or to the lower half of the screen is within the grant.
Everything above or landward of that yellow dotted line is
city owned uplands, not within the grant, not under the
Commission's oversight jurisdiction.

So when we're talking about area D and the marina
leasehold and how much the city is expending to buyout
that leasehold, it's important to recognize that the
tidelands funds that are being pledged to buy that out is
only $92,000 a year, and it only can -- pertains to that
area waterward of the yellow dotted line portion of the
leasehold.

Two acres. Thank you, Mark.

So with that said, the staff works closely with
the city to review all the documentation that backs up their request to expend this money. We reviewed with the city, the methodology, and assumptions for the appraisal to come up with the value of the leasehold. It's important to note that the city is purchasing this leasehold, but that it will still make money, $92,000 a year, from the sublet leases that will be used to pay that debt service.

What else do I want to say about that?

In terms of the balloon payment, I will hand that over to Reid, but I appreciate the question, Commissioner Ortega, because it's our -- the Commission's discretion and oversight over this particular item is limited, pursuant to the granting statutes, as well as to the entire project.

PUBLIC LAND MANAGEMENT SPECIALIST BOGGIANO: And regarding the balloon payment, the Commission's only -- or staff is only requesting approval for the $92,000 annually for 13 years. So any monies that would go from the tidelands trust to the balloon payment would have to be a separate expenditure. That would have to be approved by the Commission.

EXECUTIVE OFFICER LUCCHESI: Meaning that will come back to the Commission for your consideration.

ACTING COMMISSIONER ORTEGA: Okay. Thank you.
And just a comment. I think with that explanation of the Commission's limited role here, much of the comment that we heard is directed at the wrong venue. It's -- you know, if there are concerns about the kind of development going on, they're both local issues to resolve, and potentially, you know, legislative issues about what the grant itself says. It's not within the Commission's purview to weigh-in on some of the issues that were raised today.

ACTING CHAIRPERSON GORDON: Okay. To that end, the Controller has issues regarding the use of the tidelands funds for what appear to be ongoing city budgetary expenses not related to the grant. For that reason, we are not ready today to vote for the expenditure of the $92,000, so we will not be voting for it on Item 79. I don't know how my colleagues are going to vote, but we will abstain from that vote.

ACTING COMMISSIONER ORTEGA: I would move approval of Item 79.

ACTING COMMISSIONER SCHMIDT: I'll second that.

ACTING CHAIRPERSON GORDON: Okay. We've got a motion and a second.

All those in favor?

(Ayes.)

ACTING CHAIRPERSON GORDON: All right. I'd like
to move on to Item 80 also having to do with the City of Redondo Beach.

   And this particular issue --

EXECUTIVE OFFICER LUCCHESI: Staff Member Reid Boggiano will give the staff's presentation for this item as well. And according to my speaker slips, I have three public comments on this.

ACTING CHAIRPERSON GORDON: And who are they?
I've got them kind of all -- 79 and 80.

EXECUTIVE OFFICER LUCCHESI: Of course, I know.
Pete Carmichael with the city, Marcie Guillermo, and Melanie Cohen.

PUBLIC LAND MANAGEMENT SPECIALIST BOGGIANO: As has been previously discussed, the city of Redondo Beach has been engaged in a comprehensive revitalization of its waterfront. This city's local coastal plan, certified by California Coastal Commission in 2009, requires the construction of a public boat launch facility as a prerequisite for the proposed redevelopment project.

   A city-owned site located within the granted lands boundary at 230 Portofino Way in King Harbor has been identified as a potential location for the facility. The building on site is currently leased to Joe's Crab Shack restaurant with 16 years remaining on the lease.

The city and the developer are in negotiations
with the Restaurant for relocation to another site in the waterfront area. The proposed expenditure of approximately $600,000 of tidelands revenue will be used to fund the pre-construction engineering work for the pre -- for the proposed boat ramp facility.

Pursuant to the city's granting statute, the Commission has 90 days to notify the city that the capital improvement project is not authorized. Based on the information provided by the city, staff does not find the proposed expenditure to be inconsistent with the city's granting statutes.

The public boat ramp facility would greatly improve low cost coastal access to boaters and stimulate economic activity at the nearby marinas, hotels, restaurants, and retail establishments located within the granted lands -- granted and submerged lands -- granted tide and submerged lands.

ACTING CHAIRPERSON GORDON: Okay.

MS. COHEN: Hi. While I greatly agree again that we do need a boat ramp. It's sorely needed in a harbor area, and one where you can drive in and drive out. I am a little nervous about where they want to put it. It's right next to our seaside lagoon. And the amount of traffic going to that area, let alone the amount of people
going in and out with these boats would damage the air, water, everything around where people would be walking and biking and hiking and all of that. So I don't think this is the exact best spot for it.

The other issue is the way that C-80 is written, it's like a blanket explanation of yes, you can go ahead and do this and we'll give you the money. Well, I looked at some of the other issues that were on the agenda as well. And if you look at C-77 for the City of Long Beach, they list the expenditures exactly, telling you they're going to use this for this much. For instance, on page five it says that you can spend the particular amount of money for each project.

Well, I don't see that here. And as the State tidelands Commission, you're very, very good about taking care of the money. So I would suggest that you do not pass this as well, until it is absolutely shown to you exactly how it's going to be spent, where it's going to be spent.

Thank you so much.

ACTING CHAIRPERSON GORDON: Thank you.

Mr. Carmichael.

MR. CARMICHAEL: Good afternoon again, Commissioners. This item, as has been mentioned, is a boat ramp. A little bit of background. We have an
approved local coastal program with the California Coastal Commission. It was certified in 2009, I believe. And one of the pre-conditions for any landside development in that LCP is the construction of a public access boat ramp.

With that in mind, we've worked to find a location. We've identified several potential options. This one being the most feasible. We just concluded a study that I think is in your packet that Moffatt & Nichol did, a coastal engineering firm that we've used for several projects in the waterfront. And they did sort of a very quick feasibility on this location, is it possible, and what would it cost?

It came back that it is a feasible location. They identified the full costs, and they identified $600,000 as the cost to do the additional engineering required to have it shovel ready, so to speak.

That feasibility study was a prerequisite for a grant application that we submitted about two weeks ago to the State Department of Boating and Waterways. We've walked the site with representatives from State DBW. They feel very strongly about the site as a candidate for grant funding. There's no guarantees. We'll know probably this summer whether or not we're awarded the funds. If we are, then we would be able to reimburse the tidelands the $600,000 that we're asking for today.
Subject to both their approval and our ability to move Joe's Crab Shack, we would then refund the tidelands expenditure. There's no guarantees, but early feedback from the Department of Boating and Waterways has been positive.

So what we're asking for is $600,000 as laid out in the feasibility study is the line item cost for the full engineering to get to construction drawings. We have a good shot at being able to reverse -- to reimburse the tidelands through a grant application. But nonetheless, we think it's a very important project as does the Coastal Commission. And we think through the work of Moffatt & Nichol, they've identified a spot for it that's feasible.

ACTING CHAIRPERSON GORDON: Thank you.

Ms. Guillermo.

MS. GUILLERMO: Good afternoon. Marcie Guillermo, resident of Redondo Beach. I'm here before you to oppose the approval of lending the money to the city in the amount of 600,000. And the reason is this, the city is asking the California State Lands Commission to borrow 600,000 from the tidelands trust for pre-work for the boat ramp. I'm not opposed to the boat ramp.

My question is, why doesn't the city borrow the money from the city general fund? After all, the city has already benefited from tidelands funds. Remember the 3.5
million that they initially got from the tidelands, plus the interest. So that's the main reason I'm opposing.

And the second reason I'm opposing, at this time, is because this is like Mister -- the director of development said, it's a good shot that we're going to get the grant. If we don't, then the tidelands will not see the money. And that's what I'm opposing to this item.

Now, can I go on the record for the public comments section, because that will tie it up why I don't feel comfortable at this time to have the city to have that kind of money?

EXECUTIVE OFFICER LUCCHESI: That would be fine.

ACTING CHAIRPERSON GORDON: That would be fine.

Yeah, why don't you finish that.

MS. GUILLERMO: Okay. This is in regards to the Redondo Beach King Harbor tidelands fund loan. It started in 2 -- February 28, 1993, when the California State Lands Commission approved 3.5 million loan for the deposition of the land for additional parking and landscape area for the King Harbor. That was Item number 17.

This parking structure is primarily used by the hotel guests. And on top of the parking structure a Gold's Gym was built. I have been a regular of that gym for over 13 years, until all of a sudden they filed for Chapter 7 bankruptcy. Yes, Chapter 7, not Chapter 11.
That was my time to think about that.

Many of the members were sad for a couple of reasons. A lot of them lost money. And right now they are trying to get it back. The operator was signing new members even the night before that gym closed.

And the second reason is the area where the Jim gym is located is surrounded by a lot of condominiums and other residential and business structures, so it has -- it serves a purpose for the community.

In doing my research, I learned a lot. The gym pays the rent to the hotel. The hotel pays the city a flat $12,000 a year -- yes, a year -- for over 29,000 square footage. The city is -- the site is available for lease right now, and the agent is asking $2 per square footage. That is $58,000 a month, yes, $58,000 a month, which translates to almost $700,000 a year.

For that same reason, I'm opposed to, at this time, grant that $600,000 loan to the city to go ahead with the pre-work for the boat ramp.

What really concerns me the most is the fact that the city council did not listen to the residents when asked to assume responsibility for its actions, as it pertains to the loan repayment, nor listened to the harbor commission's recommendation to deal with this problem. The harbor commission's recommendation just wanted to have
a joint meeting between the budget and finance commission and the harbor commission to deal with this problem and explore alternatives.

But what did they do -- what did the city do? They rush to approve the ordinance and eliminating the loan. The city attorneys said it was a time sensitive matter, which I disagree. Furthermore, the agenda -- the item on the agenda was not properly agendized, which I believe it is a violation of the Brown Act under the rules.

I would like -- I would still like to have a joint meeting between the two commissions regarding this loan and would request the California State Lands Commission request the city to do so and certify this with the community and with your Board.

I believe the harbor commission, the voters, and the residents deserve a little respect and consideration. What do you think or how do you feel about that after all? The California State Lands Commission forgave the loan. Thank you very much.

ACTING CHAIRPERSON GORDON: Comments by either one of my colleagues.

ACTING COMMISSIONER SCHMIDT: Yeah. Why are we taking this up before they secure the space? Could we not wait on this until they get the tenant moved from Joe's
Crab Shack? We're authorizing $600,000 for pre-construction and engineering on a site that hasn't been secured yet.

EXECUTIVE OFFICER LUCCHESI: We had -- pursuant the granting, this Commission has 90 days from the time the city, the grantee, submits the proposed expenditure. They submitted this on their proposed expenditure on March 31st. So we can -- the Commission cannot delay indefinitely consideration of this. It has 90 days to make that determination on whether the proposed expenditure is consistent with the grant or not.

So that's one of the -- that is the reason why we bring it to the Commission so quickly is because we're under a time consideration for that.

I will note that just to kind of back up and take a bigger picture look at this, is the city is required to -- the revenue that it generates on Public Trust Lands are required to be spent on Public Trust Lands.

There have been various references to the tidelands loaning the city money or somehow the State Lands Commission giving the city this money. This is not State Lands Commission money. It's not general fund money. This is tidelands revenues that were generated from the grant to be spent back on the grant, which is exactly what this proposal is doing. It's spending money
on pre-construction work for a boat ramp to be located on
granted lands within the City of Redondo Beach.

In terms of the feasibility or the exact
location, the legislature has granted these lands, along
with 79 other grantees in the State, the management
responsibility to make those decisions. That's why they
own this property in fee subject to the trust. The
Commission doesn't necessarily get into the day-to-day
management of these lands, and, in fact, doesn't really
have the ability to do that.

So the question before the Commission is does
this -- does this expenditure, is it consistent with the
terms of the granting statute? The expenditure of
pre- -- for pre-construction engineering work for a boat
ramp is consistent with the Public Trust and the City of
Redondo Beach's granting statutes.

ACTING CHAIRPERSON GORDON: Ms. Lucchesi, what
was the last -- there have been numerous issues raised
here with regard to how the City of Redondo Beach has
utilized the trust funds.

EXECUTIVE OFFICER LUCCHESI: Yes.

ACTING CHAIRPERSON GORDON: When was the last
time that the Commission did an audit of those
expenditures?

EXECUTIVE OFFICER LUCCHESI: The last time the
Commission reviewed the city's financial records of its grant was between the years 2004 and 2006. I believe it was mentioned previously by a member of the public. That was at the direction of the Controller.

The staff presented its findings over two meetings to the Commission. And the end result was that the Commission and the City of Redondo Beach entered into an MOU to address those handful of issues that weren't necessarily in violation of the grant, except for maybe one issue, which was the Gold's Gym and the use of State -- of State granted lands by a gym.

But we -- the Commission authorized an MOU with the city to set out the framework by which to address all of those issues. We are still in the process of addressing some of the outstanding issues, including the resolution of the Gold's Gym issue as a land use, not necessarily the bankruptcy. That's out of the Commission's jurisdiction.

ACTING CHAIRPERSON GORDON: So that's eight years ago, 2006. Do we have a standard time frame during which we go back and reaudit these grants?

EXECUTIVE OFFICER LUCCHESI: No.

ACTING CHAIRPERSON GORDON: We don't.

EXECUTIVE OFFICER LUCCHESI: No, we don't have -- we do not have any set schedule for auditing our grants.
It is within the jurisdiction of the Commission to conduct an audit or a financial review of our grantees. There are approximately 80 grantees in the state, ranging not only from the City of Redondo Beach, but the Port of Los Angeles, Oakland, San Diego, all the way to larger city -- coastal cities like Newport, that sort of thing.

Frankly, the Commission does not have the staff to conduct regular audits of our grantees. We do have an audit team located in our Long Beach office. They are focused on auditing those leases the Commission issues directly, those revenue generating leases, primarily focused on oil and gas leasing.

ACTING CHAIRPERSON GORDON: Okay. Here is what I would propose. I'm going to abstain again on this one. Enough issues have been raised by the public to me as to how the city is expending the tide revenues that I'm not comfortable voting for them. What I would like to do, based on the last caveat you gave me, I would frankly like to see an audit and financial review of the city's use of tide revenues.

However, recognizing the limitations we have in our auditing staff, rather than asking my colleagues to go on that direction, what I would recommend instead would be that you review the feasibility of audit staff conducting that review, whether we have the resources to do it. If
we don't, we do have Department of Finance here, and maybe at some point in time in the future, we would ask for more audit resources to get there.

(Laughter.)

ACTING CHAIRPERSON GORDON: Not to put my colleague on the spot.

ACTING COMMISSIONER ORTEGA: Well, I might ask what resources the Controller has with all the Controller's audit authority that exists.

(Laughter.)

ACTING CHAIRPERSON GORDON: They are out all over the State as we speak, but, yeah, I think enough issues have been raised for my concerns.

ACTING COMMISSIONER ORTEGA: I'll move approval of item C-80.

ACTING CHAIRPERSON GORDON: Okay. We have a motion to approve the expenditure of 600,000 -- of up to $600,000 for pre-construction and engineering work for the proposed boat ramp in Redondo Beach.

ACTING COMMISSIONER SCHMIDT: I'll second that with the understand that you're going to come back to us regarding a feasibility of auditing the tideland funds for Redondo Beach.

ACTING CHAIRPERSON GORDON: Okay. We have a motion and a second.
All those in favor?

(Ayes.)

ACTING CHAIRPERSON GORDON: The Controller abstains.

Okay. That is -- those are Items 79 and 80.

What I propose at this point is we have a fairly large number of people here under public comment to speak with regard to Rancho Palos Verdes. I would like to move to that -- to public comment at this point and deal with that issue, as we have about 12 or 13 people I think in the audience. So let us go there.

So, Ms. Lucchesi.

EXECUTIVE OFFICER LUCCHESI: Yes, I don't have any objections to that. I just want to identify that we still have one more regular item, which is an informational report, no action, just information.

ACTING CHAIRPERSON GORDON: I'm aware of that. As much as the public wants to hear our informational report on legislation, staff is stuck here anyway.

(Laughter.)

ACTING CHAIRPERSON GORDON: So we're going to let staff wait awhile to do that, and we are going to accommodate the public right now.

That would be the Rancho Palos Verdes folks. Why don't all of you who want the sneak on this come to the
front row right now, so -- and then we can kind of sort out a direction, because I really can't get a sense of who needs to speak first or last on this one.

So why don't you all come up right up here, all of you who wish to speak on this issue, and we will go there. So let's see --

EXECUTIVE OFFICER LUCCHESI: And if I may, Chair, just before we start public comment on this, I want to apologize for the confusion earlier. We have a much large -- a much greater number of public commenters this time than we're used to dealing with on a number of different subjects and I just want to let you know that we will improve that for the next time, but I think it's also a testament to the fact that the statewide public likes the State Lands Commission to travel and to be in different areas of the state, so that the members of the public can address the Commission directly.

ACTING CHAIRPERSON GORDON: And I'd just like to -- your staff didn't screw up. The papers came up. I got them out of order. It was completely my fault still I guess jet lagged from England last week. So it's really not -- it's not the State Lands Commission staff's fault at all.

EXECUTIVE OFFICER LUCCHESI: We will be better organized though next time.
ACTING CHAIRPERSON GORDON: And so will I. So why don't we move -- why don't we start with Mr. Weiss for no other reason than he's been sending me lots of emails and I recognize his name. So let's go with Mr. Weiss on Rancho Palos Verdes.

MR. WEISS: Thank you. And now you recognize my face and I yours. I appreciate your consideration, Mr. Gordon and other members of the Commission.

My name is Noel Weiss, and I'm basically here to advocate for the Commission setting, as an agenda item, the review -- and it's kind of interesting, I guess -- I'm glad we're not talking about Redondo Beach here. But nevertheless, there is a -- there's a tidelands trust asset, an after-acquired tidelands trust asset, consisting of railroad frontage off of -- on Gaffey Street. It was acquired from the Alameda Corridor Transportation Authority between '94 and '97.

It facilitates the transport of butane from this Rancho facility that holds 25 million gallons of butane in two 12.5 million gallon tanks. The potential for harm and danger is obvious, but there are issues relating to compensation. There are issues related to whether there's been fair consideration. There are issues relating to whether or not it's even an appropriate use in light of the fact that the particular facility and the butane lost
its nexus to the port by virtue of the fact that the pipeline, which originally connected the port to Berth 120, which did export, got cutoff in the mid-2000s basically.

So for all intents and purposes, there's no connection that is perceived, and yet the butane travels through the port as if the port is just a land bridge basically for its purpose. Meanwhile the Rancho facility itself as we've learned from FERC documents, Federal Energy Regulatory documents -- Commission documents is as a going concern -- as an independent going concern financially insolvent. It's had to basically borrow $49 million, or take $49 million, to be subsidized to the tune of $49 million from other Plains All American entities.

The rent on this facility, of $1,200 a month for an adjacent rail spur is basically not even paid by Rancho. It's paid by another Plains entity, Plains LP Marketing out of some bank account in Ohio, Van Vert, Ohio.

The bottom line is that there is significant concern, which will be expressed by the community here, relative to the possible misuse of this asset, the lack of financial fair consideration coming to the Commission for the use of it, an evaluation particularly of this PHL agreement, the agreement between the Port and the
shortline railroad that services of the facility.

   All of these issues need to be evaluated, because if, in fact, it's an unneeded tidelands trust asset, then at that point, it really puts the State on the line, because God forbid there should be a problem or an accident or some difficulty, then the State, at that point, is looking at a serious liability. And obviously we have other known tidelands trust assets that need to be protected here, the assets of the port, and whether the port is properly weighing the cost benefits here needs to be evaluated.

   And honestly, the use of this forum as a public forum to have openness an transparency and a discussion about this and to draw the principals out, including Rancho, is most appropriate. And it's precisely what the tidelands -- I mean, what the State Lands Commission is supposed to do. And we appreciate your consideration of our request.

   Thank you very much.

   ACTING CHAIRPERSON GORDON: Thank you, Mr. Weiss. Bonnie Christensen, please.

   MS. CHRISTENSEN: Thank you, and good afternoon, Commissioners.

   ACTING CHAIRPERSON GORDON: Mona Sutton will be next.
MS. CHRISTENSEN: The tidelands trust, as I understand it, is to benefit all of the people not a commercial entity as it is doing now, and as Noel has said, I won't go over that.

Tabor Avenue School lives -- is within 1,200 feet of this facility. When we asked for the risk management plan, they said, oh, only 500 people -- if a tank should explode, which is a flash, only 500 people would be harmed/killed.

So we asked about Tabor Avenue School. And within this perimeter of 1,200 feet is Mary Star High School, is the William J. Johnston High School, is the Christensen Science Center, and my home. Well, my home is a half mile from it. We built that in 1962. And none of we would be harmed.

And then they said that you can't count the schools, because they're not really residents. We can only count residents of those that would be harmed, I say killed. We -- also, there's a domino effect. Sharing a fence is Phillips 66. If one flash goes, so does Phillips 66, so goes Kaiser Hospital. And with the first flash LAPD Harbor Division is gone, as well as our new fire station just a half mile from there. That is accurate.

And so we implore you to please investigate whether the port has misused the tidelands trust for the
benefit of a commercial entity. And gee, this is -- I've really got more time here. I usually go a lot longer, right?

But I think it is important. The pupils are important of these schools. There's over 1,500 houses. It goes through a residential district just across the street from them. And I think it was either three or four years ago on Memorial Day weekend when there was a derailment just a mile down the road and we were lucky. We were very lucky, because you have heard of the derailments of this type of thing exploding and people have to be evacuated.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you.

Ms. Sutton followed by Janet Gunter.

MS. SUTTON: Good afternoon. And I'm Mona Sutton. I am a stakeholder, property holder, as well as a business owner. I own a restaurant in San Pedro on Gaffey Street that is under question in regard to the misused tidelands trust assets. And we -- I represent many, many stakeholders as I stand here today in front of you that are very, very concerned about the issue of these tanks and the movement of the propane.

So I will implore you to please look into this and investigate. There are really, really a lot of us
that are very scared of this being there as well as for
you to take up the misuse.

So thank you very much for your time.

ACTING CHAIRPERSON GORDON: Thank you, Ms.
Sutton.

Ms. Gunter followed by Connie Rutter.

MS. GUNTER: Good afternoon. First, I just
wanted to say that there were a lot of people here that
actually had to leave. We had over 25 people here from
San Pedro and Rancho Palos Verdes. This issue -- as you
know, we've raised this issue for a lot of years based on
the safety of the facility itself. It was brought in
under the Nixon administration. It was given exemptions.
It was put in an earthquake rupture zone. The rupture
zone has a 7.2, 7.3 magnitude potential, the tanks are
built without permits for L.A. city to a seismic
substandard of 5.5 to 6.0.

When you compare this facility with other like
facilities in energy comes to mind in Northern California
or Central California, they have a blast radius of 3.6
miles from a single ten million gallon tank, while this
facility is using a lesser formula that's offered by the
EPA that they have been able to say it's got a 0.5, one
half mile, radius of impact.

Well, we know that's not true. If you look at
these photos you're going to see that there was a rail car accident that we have photos of in March of 2012. This was just as the grade school was letting out their students. There was no warning system. They have been cited by EPA. They are still out of compliance. It's a -- there was an article today about West Texas, and they're talking about the tar sands fuel that's moving across our country that's exploding everywhere.

The reason why crude oil has become explosive is because there's a modicum of butane or propane infused into it, so that it dilutes that thick tar sands. This stuff is pure butane propane running through the ports daily -- running through the ports daily, 200 billion annual industry from the ports of L.A. and Long Beach. And their insurance, the question is what is the insurance? The other question is where is the comprehensive risk analysis?

We want you to agendize this. We want State Lands to investigate it. We think that there should be some type of audit that shows you gives you the responsibility of protecting the public, and really protecting the ports. That's your duty.

Thank you. We would appreciate it.

ACTING CHAIRPERSON GORDON: Thank you, ma'am.

Ms. Rutter followed by Neil Saaty.
MS. RUTTER: I'm Connie Rutter. And I have had close to 30 years experience working in the oil industry, but the last 20 years of it was as a computer -- or computer -- environmental consultant. And so I'm familiar with the oil industry and with this particular substance, which is called liquefied petroleum gas, which is propane and butane.

At the Rancho facility, what they have stored mostly is butane. And both LP -- both propane and butane exist as gases and are made liquid for ease of handling. They're made liquid either by cooling them down refrigerating them or pressurizing them.

But the point is, their natural state is to be a gas. And when they go from being -- so if any gets out, it will either almost instantly become a gas or become a gas quickly. The propane will become a gas instantly. Butane will take a little bit longer. And the act of becoming a gas from the liquid state, it increases more than 200 times in volume, which creates a type of vapor explosion. If you can picture what would happen with this room all of a sudden needed 200 times as much space, it would blowout the walls blowout and blow us out.

So just knowing that it's there, so you have to think how can it be handled safely? And so the safety things that you might think of are water. Water doesn't
work. As you know, oil floats on water. If you tried to
use water -- they do use water in case some gets out to
cool the other tanks hoping that they won't explode.

But the biggest thing is the impound basin, which
if you remember what you saw in a picture, they have to
have an impound basin, which is like a diked area, which
is supposed to be sized to hold one of those butane tanks,
12 and a half million gallons as a liquid. Just picture,
if the butane gets out of those thanks, because it's going
to increase as it vaporizes, it will increase more than
200 times. The impound basin will hold the butane less
than one percent of the butane as it vaporizes.

Another property of butane and propane are that
they are heavier than air. Therefore, if they get out,
they will not dissipate. They'll vaporize, but they will
follow -- they're heavier than air, so they'll follow the
gravity of the land and move down Gaffey Street, move
down -- there's a storm drain that goes right to the port,
so move down into the port. It will find a source of
ignition in all probability. There are five sources of
ignition on site, and any passing car can serve as a
source of ignition. And so you first would have the vapor
explosion, and then you would have the fire explosion.

The point about it is, you can feel safe with
things that are dangerous because you know there are
safeguards. But what we relied on for the safeguard
doesn't work. So if there is a release, you've got a
problem. There's nowhere to go. There's no fallback.
That's that.

ACTING CHAIRPERSON GORDON: Thank you, ma'am.
Mr. Neil Saaty followed by John Goya.

MR. SAATY: Hi. My name is Neil Saaty. I'm a
resident of San Pedro -- sorry. My name is Neil Saaty.
I'm a resident of San Pedro of California.

Rancho LPG pays as I understand $1,200 or $1,500
a month to the Port of Los Angeles for use of its property
to transfer liquid propane and liquid butane from their
storage tanks to rail cars and to transport those fuels
through port property.

The Los Angeles Fire Department since the 1990s
was given the responsibility to investigate possible
hazards, and to identify possible mitigation measures for
the Rancho LPG's operations and transport of these fuels
through the port property and through the rest of Los
Angeles.

Unfortunately, no funding accompanied this
responsibility, so none of this has been done. And were
it to be done, just specific to the activities -- their
activities on port property, which would be the transfer
of the fuels to the rail cars and the transport fuel port
property, clearly $1,200 to $1,500 month is woefully inadequate.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you, sir. Mr. Goya.

Oops.

MS. GUNTER: Mr. Goya had to leave. He is actually the candidate for the Assembly District in the port area. He said -- and he was -- professionally he's a chemical engineer. He's extremely concerned about this. He said he'll put a formal letter in the mail to you.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you very much. Let's see, it looks like Sofia Quinones followed by Nadine Diaz.

MS. QUINONES: Good afternoon, commissioners. I want to thank Janet and the other residents of San Pedro, who invited me into their community a few years ago. And I couldn't believe this facility was built so close to so many homes. And when I started looking into what was going on, everyone now has to inherit this. You know, I saw the city council meetings, I saw how the elected official who represents the area was not even involved in the decision, so -- and you look at institutional memory, because of, you know, term limits, you can look at it now
with a new pair of eyes.

And so that's what we ask of you, to be stewards of the land. This is a very dangerous facility. Although the City of Los Angeles, you know, has oversight. You know, when women talk, we look at things differently. Right now in the City of Los Angeles there are 18 seats available for office and there's only one woman elected. That says a lot.

You know, the stewardship of our city is in trouble. And I think as a country we're in trouble when you have parties -- politicians paying more attention to special interests, big money than the residents.

And so I think you have the responsibility. I ask that you uphold our constitutional rights, our civil rights, our lives and do your job. That's simply what we're asking that you do, that you do your job, that you look at this location, and you say, you know, is there a danger?

And then is an environmental activist, you know, as a Sierra Club Angeles Chapter, we always look at, well, who's the lead agency to oversee this? And recently, we had a hearing where we're looking at environmental justice, and even people within the agency, and you could look at here in the federal government, when people within agencies try to help you, and they are retaliated against,
when they are harassed, when they are discriminated
against, because of pushback, because of special interest,
and they can't even -- I mean, they're being threatened.
They don't -- you know, they can't get promoted, because
they want to speak on behalf of the people because of
political backlash and retaliation. We can't even hold,
you know, our agencies in high regard, because they're in
fear of retaliation, and these are environmental agencies.

So there's a lot of problems in our State, but I
hope that one of your goals is to be stewards of the land,
to also look at our economic interests. The port is very
big. I think you should audit the port.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you, Ms.
Quinones. Ms. Diaz, followed by Kathleen Woodfield.

MS. DIAZ: Good afternoon, Commissioners. My
name is Nadine Diaz. I have a lengthy submission so I'm
only going to read excerpts from it.

Again, my name is Nadine Diaz, and a I'm fourth
generation Angeleno, who is running for LA City Council
District 14. I am a health and community advocate and
have been involved in land-use issues throughout the city
and the county for the past 26 years. I have two degrees
from the University of Southern California, and have been
employed at USC for the past 23 years.
Since '94, I have been a researcher and part of a medical team involved in epidemiological and urological research investigating cancer, asthma, diabetes, and currently Alzheimer's disease.

My other professional responsibilities include representing the Southern California region of the international --

ACTING CHAIRPERSON GORDON: Ms. Diaz, I'm going to interrupt you for a second. Please talk to the issue. We really can't do campaign speeches here, okay?

MS. DIAZ: Great. I will get to the issue.

Okay. Thank you.

You might ask why does the siting of Rancho LPG in San Pedro affect me? Because, one, we have all seen the increase of explosions involving liquid gas products and other chemical products around the United States.

Second, the Port of L.A. is an economic engine for the city and the county of L.A. The City of L.A. has a conflict of interest regarding Rancho LPG facilities in San Pedro. The city granted CEQA emergency exemption permit for this facility, at that time, was known as Petrolane. There was no emergency. There was just back-room business deals as usual regarding the port.

There are appears to be a long history of submission by the City of L.A. in fear that a condemnation
proceeding would cost the city too much money. This was the wrong approach. There also appears to be a long history of minimizing the potential danger of an explosion. Fifty-one million pounds of butane are stored. The company risk management plan foresees in radius of 0.5 miles, with an estimated residential population of 772.

For propane, a potential vapor cloud fire with a release of 3,200 pounds with an endpoint of 0.10 with no residential population affected. The maximum amount of butane can be stored on site is 120 million pounds. For propane, the maximum amount that can be stored is 640,000 pounds.

I implore you as an environmentalist, as a stakeholder of the City of L.A. -- I live in the City of L.A., but this is going to affect the entire city, San Pedro, Long Beach, Los Angeles, et cetera.

So where is the value to the community?

The essential question is whether the risk created is so unusual, either because of its magnitude or because of the circumstances surrounding it as to justify the imposition of strict liability from the harm that results even though it is carried out on with all the reasonable care.

The magnitude of storage at the Petrolane storage facility over 23 million gallons is like no other.
Previous LPG explosions at other facilities should be a wake-up call to all of you in regards to the disaster that looms before the community. An earthquake and subsequent explosion would leave nothing left for the harbor.

ACTING CHAIRPERSON GORDON: Thank you, Ms. Diaz.

MS. DIAZ: Thank you. And I implore you to do your due diligence and support the people of the City of Los Angeles and San Pedro, Long Beach, and throughout the County of L.A.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you.

Ms. Woodfield followed by Anthony Patchett.

And then a quick question before you start, I have two folks here, June Burlingame Smith -- I actually have three, John Winkler -- it is two -- who indicate that they wish to speak public comment on the Port of L.A. Is this on this issue?

MS. BURLINGAME-SMITH: Yes.

MR. WINKLER: Yes.

ACTING CHAIRPERSON GORDON: Okay. All right.

I'm going to put you in this pile also.

All right. Thank you.

MS. WOODFIELD: Good afternoon. I want to thank you for being here. I know that Jennifer Lucchesi brought up the issue that we really do need you here in the port
area. We have a lot of issues obviously that are overwhelming sometimes, and it's nice to have the opportunity to bring our issues forward to you. So thank you for being. I'm the Vice President of the San Pedro and Peninsula Homeowners Coalition.

And so therefore, I represent homeowners and residents who live in the San Pedro area, where this Rancho facility is located. And so I'm pleased that somebody brought -- one of the speakers brought up the issue of environmental justice, because as a resident of -- I'm sorry, do I need to wait for --

ACTING CHAIRPERSON GORDON: No, no. I'm sorry. Can you see if the building managers can turn down the air. It is literally a meat locker up here. It's freezing. See if there's somebody who can do something about this. I'm sorry. We'll give you a little more time.

MS. WOODFIELD: Okay. Thank you. As a resident of this harbor area, and knowing that our issues are so overwhelming and monumental, I can't help but notice your agenda, which has recreational project after recreational project after -- I have to tell you it's heart breaking, because we have a beautiful area too, but what we're seeing instead is that our recreational access is being taken from us, and instead we're getting industrial uses
that put us at risk. And I don't think there's any one
that is as large as this one, as far as potential. Of
course, we have air quality risks and all of that, but
this one has the potential to wipe us out.

So we really would like the same considerations
and protections that the rest of the State, the rest of
the individuals of this State get from you. So we are
asking for that.

And the other thing is that, you know, through
our activism over the years with the Port of Los Angeles,
we've won some lawsuits and some settlements. And we have
found that there's a great deal of scrutiny from State
Lands when we go to spend that community as a mitigation
for the public for the community. We are asking that the
same scrutiny be given to this facility. This facility --

ACTING CHAIRPERSON GORDON: Ms. Woodfield, I have
a request for you, which has somewhat puzzled me since
this issue was brought to me. This is primarily -- I
mean, we may have some issues -- the State Lands has some
jurisdiction, and we'll talk about that in a bit. But
it's primarily a City of Los Angeles issue. The State has
delegated to the city whatever permits may be necessary.
CalEPA has -- I have looked. There are no permits
required for this facility from anybody at CalEPA.

Are there no bonding requirements or financial
assurance requirements that the City of Los Angeles has
imposed as part of their CUPA process on this facility?

MR. WEISS: Correct.

ACTING CHAIRPERSON GORDON: Nothing?

MR. WEISS: Nothing.

ACTING CHAIRPERSON GORDON: All right. Thank you.

MR. WEISS: And that's -- the financial insolvency aspect is why that's so critical.

ACTING CHAIRPERSON GORDON: Yeah. Okay. Go forward. I'm sorry.

MS. WOODFIELD: I just want to clarify when I say this facility, it's sort of a broad statement. That the nexus or the opportunity for you to take action is through the rail relationship that the port has pretty much given to this private facility, which has, at this point, no operational relationship to the port other than that rail and moving its product through the port through port lands in order to get it to the end destination, which is another private industry that has also no relationship to the port.

So when I say we would like your scrutiny on this industrial facility to be equal to the -- or better than the scrutiny we were given as a community for our mitigation requests, that is what I'm referring to.
And with that, I'll end it. Thank you very much.

ACTING CHAIRPERSON GORDON: Thank you, Ms. Woodfield.

Mr. Patchett.

MR. PATCHETT: Good afternoon. My name is Anthony Patchett. I'm a retired assistant head deputy district attorney of the environmental crimes division and a former special assistant. I've served under 11 district attorneys in four counties. I've been involved with this case since Janet Gunter asked me a few years ago.

When I was the assistant head deputy of the D.A.'s office, if I would have known about this case, I would have found an injunction to shut it down as ultra hazardous activity. The issue before you is whether or not there is an improper use of State tidelands property? And if you go on the website for the Port of Los Angeles and it talks about the uses, one of the uses they say that's impermissible is for a commercial activity. That the commercial activity should be put on another location. And what I'm really saying is that this location should be closed down, and it should be moved. The problem being is that when this location came in and you talk about the City of Los Angeles problem, there's a real conflict with the City of L.A., because they're the fools and they're the blunders that made all of this happen,
because when you talk about CEQA, there was no CEQA involved in this issue. There was nothing. It came in as a CEQA exception as an emergency. There was no emergency here. All it was, it was the typical San Pedro back door. And that's what's happened here is that you've had an issue that's gone on, and everybody says well, my goodness, they're there. Well, the thing is to me fraud vitiates consent. And the thing is when -- there was no public hearings for this when it started in the seventies. It came in under a guise and moved in and nobody knew about it, and nobody knew the real dangers.

Now, that we've seen the explosions that have happened throughout our country and throughout this world, it's time too wake up, it's time to have common sense, and it's time to say we shouldn't do this. The city of L.A., under the rail permit, underwrites Rancho LPG, so that if there is a problem, the city of L.A. says, "Oh, well, we're going to insure you".

The big thing is insurance. They've been playing hide the ball all this time. Rancho will not tell us what insurance they have. If you look at most policies, maybe it's $300,000. Is that enough to compensate somebody? If you look at the potential explosion here, it's a radius of over eight miles.

Why am I concerned? Because I live in Glendale
and this is in San Pedro. It's going to affect everybody. It is the economic engine, and it's something where people should wake up and take notice.

Thank you very much.

ACTING CHAIRPERSON GORDON: Thank you, sir.

June Burlingame Smith, please followed by John Winkler.

MS. BURLINGAME-SMITH: Thank you. Thank you for listening to our concerns. I am a resident of San Pedro. I live at the south end of town, so I'm about four miles away from this facility. And I've also been active with the Port of Los Angeles as its chair of its Community Advisory Committee, so I have some familiarity with the State Lands Commission and its role and its oversight of our lands, and I appreciate what you do.

I think the central issue here, of course, it's been mentioned several times, but I just want to reemphasize it, is the word "nexus". The port loves to use the word "nexus" against the community. They use it in all kinds of opportunities to say why they cannot do this, and why they can't mitigate that, and why they can't.

And yet, here we have a nexus that they declare for a commercial property. They shut down the pipeline where they had the LNG ships come in and they had to close
down the harbor. They had to close down the whole channel whenever those boats would come in, and -- because it was not economically feasible to continue to run this kind of operation and because they said it was too dangerous.

All right. So you have the facility. It's not on their property. Yes, it's city property, and yes, the city has done what it's done and you know what that is, but the port -- I think we're going to you, because we're saying we are desperate. We are absolutely desperate. We've gone to the EPA. We've had hearings. We've gone to the councilman. We've gone to the congresswoman. The councilman has put three proposals into the city council which have gone nowhere.

I wonder why?

And the Congress comes in and says, well, the EPA says this and that, and nobody is responsible. It's like this.

I think that you are one of our last best hopes, really. And I would plead to you to concentrate on that word nexus, because the port is lying again to you. And as I say, as a former chair of the Community Advisory Committee, I know of which I speak.

ACTING CHAIRPERSON GORDON: Thank you, ma'am.

Mr. Winkler.

MR. WINKLER: Yeah. Good afternoon. John
Winkler, and I'm a resident of San Pedro.

As a homeowner and a concerned citizen, my request is that the State Lands Commission investigate whether the Port of Los Angeles has misused tidelands trust assets by allowing rail tracks fronting Gaffey Street in San Pedro owned by the port to be used to transport millions of gallons of butane and propane over the -- and through the port property.

There is the question of legality of the port allowing the use of the port rail facilities, which are tidelands trust assets for the Rancho's private commercial gain. There's also concerns about propane and butane, which are very flammable and highly explosive, which can have serious consequences if there is an accident, natural disaster, or a foreign or domestic terrorist attack.

As guardians of our Public Trust and our safety, we appreciate your oversight on this issue.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you, sir. Comments by other of my colleagues?

This is public comments. Obviously there is no legal action we can take today, other than to agendize this for the future. Let me see if I can summarize this for my colleagues. We have a very dangerous preexisting facility located among a residential area with a huge
potential blast area.

As far as we know, they don't have proper financial assurance or liability for anything to go wrong, which would frankly be of little calming influence for the folks who would be near it, if something went. We've already seen a gas pipe blowup in Burlingame and what the damage that did in a district that a senator I worked for used to represent.

What I think I would like to do, with my colleagues' consent, would be agendize this for our next hearing with the staff to identify what actions are possible for the State Lands Commission to take with regard to this, specifically to look at the issue of the improper use of State tidelands for a railroad link for a commercial purpose, whether that is legal, what the potential State liability might be. I regret this is an after-granted trust asset. There is, as I understand, limited case law in this area, though there is a non-Supreme Court case that may shed some light on where the courts might go, but clearly not dispositive.

And then finally, with a look at what -- well, I guess I will say this, what can we do? If the Commission were to act, what legal actions could we take if we were to step into this issue, which unfortunately should be taken care of at the City of Los Angeles, should be taken
care of at the port. But apparently, from what I can see from the folks who are before us, they have pretty much pursued those remedies as far as they can, both at the community level, the political level, and the legal level. So let's look at this for next time and see what issues we might be able to address at the State Lands Commission.

(Applause.)

ACTING CHAIRPERSON GORDON: Ms. Lucchesi.

EXECUTIVE OFFICER LUCCHESI: We would be happy to agendize this for our next meeting, provide information and a report to the Commission on this. Just for the audience sake and the public watching, our next Commission meeting is scheduled for sometime in June. We have not set a date yet, but that meeting will also be in Sacramento. So just to let the public know.

ACTING CHAIRPERSON GORDON: This is -- just so you guys will understand, if you look around the room, other than those of you sitting over here, everybody else in this room is State Lands staff, with a possible -- with a few minor exceptions, most of these folks have had to travel down here from Sacramento. Your tax dollars pay for their airfare and all of the other things that are entailed. This is the first out-of-Sacramento meeting we have had in two years, three years.
EXECUTIVE OFFICER LUCCHESI: Three years.

ACTING CHAIRPERSON GORDON: It's been awhile. We had one in San Francisco, which we could obviously all drive to from Sacramento, but Southern California it's very expensive for us to come down here. We have been -- the Governor -- both Governors, both of -- the current Governor and the last one have had restrictions on travel for State employees. Watching the budget, unfortunately this is what happens. We are limited to our home base.

And I do apologize, seeing -- as you saw the confusion today, we have not been used to this many folks from the public showing up, and it's unfortunate that we don't have the opportunity to hear from the public more often.

With that -- so we will agendize this next time. Do these -- these hearings are available online. You can watch them if you can't afford to get to Sacramento or don't have the time to get to Sacramento, but you can -- in fact, we have in the past set up remote locations for people who wish to testify. And I think if this issue -- Mr. Weiss, I am going to task you with the responsibility of finding out how many folks would wish to testify on this issue at the next hearing.

If we have a critical mass, we may need to set up a remote location here in Los Angeles so folks can provide testimony. We have done that before, and I think that is
probably the fiscally feasible and responsible way for us
to deal with future hearings.

Ms. Lucchesi, anything else on this issue?

EXECUTIVE OFFICER LUCCHESI: Of course, we'd be
happy to set up a remote location, but I would also
encourage those members of the public who wish to provide
testimony to also provide it -- there -- they are also
able to provide it in written form via email or letters.
And I would encourage that as well.

ACTING CHAIRPERSON GORDON: Very good. All
right. We are now going to return to agendized items.
Our next order of business would be Item number 92, which
is an informational legislative report about State and
federal bills that are relevant to the State Lands
Commission.

I can't believe all you folks in the public are
going to leave. This is a really exciting topic. The
staff is going to be horribly depressed if you guys don't
stay and listen to this.

But anyway, thank you very much for taking time
out from you day and we appreciate it.

Thank you very much.

Sheri, all yours.

EXECUTIVE OFFICER LUCCHESI: I will just add that
we still have public comment after this.
ACTING CHAIRPERSON GORDON: Yes, I'm aware. We will go back to public comment after this.

EXECUTIVE OFFICER LUCCHESI: Just for those in the audience so that they're aware.

ACTING CHAIRPERSON GORDON: Is everybody -- how many of our people of the public do we have here?

One, two. Okay. We've got two people left from the public, and everybody else here is staff.

All right. You're up.

EXTERNAL AFFAIRS DIVISION CHIEF PEMBERTON: Thank you. Sheri Pemberton.

This is just an informational update about State and federal legislation that's relevant to the Commission. And staff is currently monitoring about 22 bills that impact the Commission, seven of which are recommended for a position by the Commission, and those are discussed in separate calendar items.

So the bills in the legislative update are just organized by category based on the Divisions of the Commission. And I'll just kind of quickly walk you through those areas in the bills.

In Granted Public Trust Lands, there's two bills that are sponsored by grantees, the City of Eureka and the City of Martinez. The Eureka legislation would eliminate a payment obligation from the City of Eureka tidelands
trust to the State for a long-ago loan that's been fully repaid. And the Martinez legislation would streamline several existing grants and include the city's marina into the new grant.

The marina is in disrepair and has been struggling for decades, so the legislation is intended to help revitalize the marina and may get successful. And Commission staff is working with both of those authors and committee staff on those bills.

And then also under Granted Public Trust Lands is AB 2764, which is an omnibus committee bill authored by the Assembly Natural Resources Committee. And that contains several non-controversial changes to Government and Public Resources Code to help the Commission in its management of public lands.

And then also under sovereign and school lands, there are several bills that indirectly impact the Commission, because they involve access to public lands and the health and safety of marine waters, such as AB 2392 by Assembly Member Gatto and SB 27 on Senator Padilla to help reduce plastic waste in the ocean and State waterways. And then also SB 968 by Senator Hill that's intended to restore public access to Martin's Beach in San Mateo County.

There's also of note is SB 1289 by Senator
Fuller. That's proposed to be amended to require the Commission to make available to the Department of Parks and Recreation seven parcels of State-owned land for off-highway vehicle recreation.

In Marine Facilities, the two bills that are in the report are intended to address projected increases in movement of oil into California by rail rather than by ship or barge, which is just an emerging issue that the Commission staff has been following.

And then under Mineral Resources Management, the legislation in that category involves fracking and well stimulation techniques. AB 2420 and SB 1132. SB 1132 by Senator Mitchell, would just ban fracking until its proven safe.

And then the last category in the update involves sea level rise and climate change. And in that regard, Commission staff has been working with legislative offices and other agencies on efforts -- statewide efforts to plan for sea level rise and facilitate climate change. So just the two noteworthy bills there are legislation by Assembly Member Gordon and by Senator Hancock to help the State prepare for sea level rise.

One bill just seeks to create a centralized database of information on sea level rise to help facilitate efficiency and reduce redundancy. And the
second bill by Senator Hancock requires the San Francisco Bay Conservation and Development Commission to create a sea level rise resilient strategy for the bay.

Other bills in this category previously sought to use tideland oil revenue to fund climate change, but that language was amended out, and those bills now do something else. That's AB 2035 by Assembly Member Gordon and SB 1217 by Senator Leno.

The last bill to highlight is federal legislation by Senator Begich that would preempt the State's ability to protect their waters from invasive species introductions by establishing one nationwide standard for regulating incidental vessel discharges, which would undue the Commission's Marine Invasive Species Program.

So staff will continue to monitor these bills and work with legislative offices on the language and any amendments, and then continue to provide updates throughout the year.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you, Ms. Pemberton.

I believe that closed -- that is the last of the issues we have on our agenda. We now move to public comment.

Again, Ms. Tania Solé from Redwood City. You
came all the way down here. There isn't a Southern California Redwood City, is there? This is Bay Area Redwood City, I assuming?

    MS. SOLÉ: It is.

    ACTING CHAIRPERSON GORDON: Okay.

    MS. SOLÉ: Hello, Commissioners. I'm Tania Solé a floating homeowner. My floating home is located on Redwood Creek on California State Lands granted to the City of Redwood City. There have been floating homes and house boats on Redwood Creek for about 50 years.

    It appears that back in 2005, the City of Redwood City approached State Lands about formally legalizing the community's existence, but nothing came of it.

    This time around, the City of Redwood City has created a task force to envision the future of an area that includes the granted lands on Redwood Creek. This inner harbor task force includes representatives of the various stakeholder groups, including a State Lands representative.

    The State Lands representative is Sheri Pemberton. And as such, she was asked by the city to give them a letter regarding any jurisdictional issues that might arise. On February 25th, Ms. Pemberton emailed what has been explained to me was an informational letter advising the city that Public Trust land doctrine does not
allow for liveaboards, and that therefore the city should
look at correcting this violation by moving the homes off
of granted lands.

The city is now using this letter to threaten the
residents. We were pleased to hear Ms. Pemberton's
alternate, Ms. Shelli Haaf, at the last inner harbor
meeting allow that a transition period is something she
could support.

I am here today for a couple of reasons. First,
I wanted to make sure that the Commissioners are aware of
what is going on. Secondly, given that the State Lands
seems to have been aware of the existence of the community
at least since 2005, it would be reasonable to request
that the Commissioners work with the city and the
residents to find a long-term solution that would allow
the community to stay where it is, comparable to what has
been done in Sandy Beach in Viejo(sic) and other floating
communities in the Bay Area.

The reality is that the San Francisco BCDC has
had a policy of essentially grandfathering communities
such as ours. In addition, things are changing, not only
locally, but also globally. Sea level rise in particular
comes to mind. I realize that your support for SB 1184
has been taken off of the consent calendar. Nonetheless,
the reality is that our current land-use laws need to be
An adaptation plan to sea level rise that consists of either bulldozing existing structures, building up all the land, or erecting barriers through levees is not a plan, certainly not a sustainable long-term plan.

In addition, we have existing codes that among other outdated practices are using ambulatory boundaries as jurisdictional boundaries. While originally implemented as a way of dealing with moving riparian borders in a timed sea level rise, they are resulting in effect of takings of private property. Floating homes could be -- are and could be a part of the solution.

To conclude, we at Docktown would really appreciate the Commission's help in working with the City of Redwood City -- and, yes, if this were in the north, there would be other people here with me -- to formalize the permanent nature of our community in such a way that residents can also enjoy the benefits of long-term multi-decade leases, such as other floating communities on the bay currently enjoy.

If the first step is for us to agendize Docktown, then please do so.

Thank you.

ACTING CHAIRPERSON GORDON: Thank you, ma'am.
Ms. Lucchesi, do you have any comment with regard to this issue?

EXECUTIVE OFFICER LUCCHESI: Only that we have been involved in the task force at the request of the city. The area that she is talking about, Docktown, is on State Public Trust Lands that were legislatively granted to the City of Redwood City.

The Commission with -- based on the advice and support of the Attorney General's office have taken a long-standing position that residential use of Public Trust Lands is not an appropriate use. It's not consistent with the Public Trust Doctrine or with the various granting statutes that dictate the uses of these types of lands.

Primarily, the reasoning behind that is that these are public -- this is public property set aside for the statewide public. And in terms of types of uses, residential use of public property is the most exclusive type of use of public property, basically eliminating the public's use of this property.

We have -- like I was saying, have a long history of trying to preserve these lands for the statewide public. We also understand that with grants, we don't have any direct leasing authority over these types of lands. Our role, as an oversight agency over these
grants, is to provide advice and to work with our grantees in complying with the terms of their granting statutes and the law, and the Public Trust Doctrine. And that's what we are endeavoring to do through this task force.

ACTING CHAIRPERSON GORDON: Didn't we make an exception for this use in the long running, which was the something Harbor -- Ed's Harbor --

EXECUTIVE OFFICER LUCCHESI: Pete's Harbor.

ACTING CHAIRPERSON GORDON: Pete's Harbor. There we go.

EXECUTIVE OFFICER LUCCHESI: Pete's Harbor is its own unique animal. That is separate from this Docktown area, both in terms of who actually owns the land and the legislature's direction.

Pete's Harbor was land --

ACTING CHAIRPERSON GORDON: That's right. They're a separate statute.

EXECUTIVE OFFICER LUCCHESI: There was a specific statute directing the Commission on the terms it could issue leases for.

ACTING CHAIRPERSON GORDON: So while recognizing the Attorney General's opinion that residential use is not a desired use of trust lands, do we -- as I understood your comment, we don't necessarily get it -- we don't weigh in if specific granting authorities decide to
utilize that or do we?

EXECUTIVE OFFICER LUCCHESI: No, so we do, because we have a job as the State Lands Commission to ensure that our grantees are complying with the terms of their grants and with the Public Trust Doctrine and with the State Constitution.

So the State Lands Commission does have a duty to provide oversight over these grantees. What we don't do is we don't issue leases. We don't typically issue approvals for specific projects. As we notice with the City of Redondo Beach, there are certain terms in the granting statute that does require the Commission's involvement, but generally speaking the Commission is not in the middle of the day-to-day management of these lands.

I think it's important to note -- and this will actually come out in kind of report that we provide to the Commission on the Port of Los Angeles, but in terms of the enforcement authority of the Commission over these grants, that is fairly limited. Unless the granting statute provides otherwise, the Commission has generally three -- my mouth is getting tired -- three options when it comes to grantees.

One is to work with the grantees to find a solution, so that they are in compliance with their grant and the Public Trust.
ACTING CHAIRPERSON GORDON: And that is what we're doing with the City of Redwood City right now.

EXECUTIVE OFFICER LUCCHESI: That is what we're doing right now.

The other two options are we can file a report with the legislature, because as we've mentioned, these are grants by the legislature. The legislature always has the ability to revoke that grant, and basically take back these lands from the local government, which would then bring it into our jurisdiction for direct leasing.

The third option is the -- with the support and the representation of the Attorney General's office is file litigation against our grantee for violation of the granting statute and/or the Public Trust Doctrine.

ACTING CHAIRPERSON GORDON: Let me take this to a slightly different level. I sit on several boards that deal with below market rate housing in California. We have a great housing crisis going on in this State, particularly for affordable housing.

As I understand a lot of these floating communities are fairly reasonably priced, where people who might not be able to afford to live in the different communities that these things are located in have places to live. But if the cities, et cetera, or if this were to be in response somewhat to climate change and rising tides
and other issues to be a policy of the State to allow
these communities or frankly support them in the future,
we're going to need changes in statutes to do that,
because right now this use is essentially prohibited under
State law.

EXECUTIVE OFFICER LUCCHESI: Yes, that's correct.
And the legislature can always weigh in on this, but
that -- it doesn't just end there. The Public Trust
Doctrine is a common law doctrine that evolves as the
public's need changes. The courts can always come in and
say, sorry legislature, you are acting outside of your
scope, that these are public lands, and they cannot be put
to that use. So it's always subject to judicial review,
and primarily that's how this doctrine has evolved over
the decades, over the century --

ACTING CHAIRPERSON GORDON: Millennium actually.

EXECUTIVE OFFICER LUCCHESI: Yes, millennium.

Yes. So, you know, I would just cautions that
this -- that these lands are not just governed by statute,
but they are governed by the common law public trust.

ACTING CHAIRPERSON GORDON: At this point, is
there anything that we need to do? Is there anything to
be agendized? I gather there is an ongoing process with
the City of Redwood City that we are involved in. Is
there anything that needs to be done in the short term
with regard to this?

EXECUTIVE OFFICER LUCCHESI: From staff's perspective, no, we think we're working very well and we have an open dialogue with the city as well as the constituents, and we're attending task force meetings. However, you know, if it's the will of the Commission, we can always agendize this topic for any meeting in the future, if additional issues come up.

ACTING CHAIRPERSON GORDON: I'm not seeing any issues that I need addressed at this point.

My colleagues?

No. All right. Thank you for traveling.

Next, Mr. Clark. You've been waiting patiently all day.

MR. CLARK: Good afternoon. Thank you. My name is Ed Clark for the record. I live in Huntington Beach, the Huntington Harbor area. I have brought with me packages, one for the record and one for each of you. My goal here today is to ask you to just revisit this particular issue.

The State Lands Commission has filed a lawsuit against me for trespassing to remove my docks out of Huntington Harbor, based on a dispute because I won't remove a tiki bar that's made out of a surf board, a portable hot tub, and a gazebo.
This Commission --

ACTING COMMISSIONER SCHMIDT: Sorry to interrupt, can we start the clock. Can we have it on?

MR. CLARK: This Commissioners approved litigation against me for the dispute referencing the unauthorized facilities. The Attorney General's office took that to another level and sued me for trespassing and is threatening me to remove all my docks.

So what I've done with you is I've brought you some stuff to take back with you. And I'm asking you to revisit it. I've taken -- I've attached as Exhibit A a letter from Jennifer Rosenfeld from the State Attorney General's office identifying the issue is -- revolves strictly as a result of the California Code of Regulations.

I've given you another Exhibit B that identifies 16 other facilities in the State of California in direct contradiction to the California Code of Regulations, so it's not really a law if it's meant to be a law.

The State Attorney's -- as Exhibit D, there's an internal document to the State -- California State Lands Commission that identifies that this lease actually commenced prior to the hearing in June of 2011. It identifies the start date, who the leasee was, so that the complaint for trespass is strictly over the issue of
whether the lease exists or not and how can you not have a lease when it's in place, checks have been cashed for over a three-year period.

So I'm optimistic that reasonable minds will take a look at this and review it, revisit it, and possibly ask your attorneys the question really what is the gain from this litigation, in the event there's no money that's going to -- there's no economic advantage. The State Attorney General's office has documented there are no safety issues, there are no environmental issues, so I just can't -- for the life of me can't figure out what this complaint is over and what there is to gain from it.

And I think if the role was reversed, and if you folks were standing in my shoes, and you spent $2.3 million on a home that has exclusive rights to a wharfage area over, under, and below the water to have somebody sitting in a cubicle say you can't have something just don't make sense to me, if there's not a law that governs it, if there's not anything that specifically states you can't have that there. There's nothing. And nobody will answer the question. We've not gotten it through discovery.

And so I'm here today to ask you to ask that of your people. And I will share with you the State Lands Commission, all the employees that I worked with
throughout this process were amazing until I got to Curtis Fossum and all of a sudden he put the brakes on and this thing unraveled.

So I'm just about done. So I just want to ask again for reasonable minds to take a look at this, put yourself in my shoes, and ask yourself if you paid this kind of money for this property with exclusive rights to a wharfage area, and you went to the City of Huntington Beach and paid -- and got permits, and paid 30 grand in improvement and it got signed off, why 10 years later, this is a problem for somebody, especially when you take a look -- in one of the exhibits, you'll see pictures of all the other facilities that I identified, you'll see pictures of my house, and you can see it surely isn't a hazard to anybody.

And again, I appreciate your time, appreciate you guys coming all the way down here. And please take a look at this and see if there's anything you can do with it for me.

ACTING CHAIRPERSON GORDON: Thank you, sir.

Ms. Lucchesi, what is the next order of business.

EXECUTIVE OFFICER LUCCHESI: I believe that ends public comment.

ACTING CHAIRPERSON GORDON: Anybody else in the audience that wishes to testify?
Any of the Commissioners have any questions?
With that, I believe we are in adjournment.
(Thereupon the California State Lands
Commission meeting adjourned at 4:40 PM)
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 meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of May, 2014.

JAMES F. PETERS, CSR, RPR
Certified Shorthand Reporter
License No. 10063