MEETING
STATE OF CALIFORNIA
LANDS COMMISSION

SANTA MONICA CIVIC AUDITORIUM
EAST WING
1855 MAIN STREET
SANTA MONICA, CALIFORNIA

TUESDAY, OCTOBER 14, 2014
1:07 P.M.

Reported by:
Tamoi N. Tomlinson
CSR No. 13864
APPEARANCES

COMMISSION MEMBERS:
Mr. John Chiang, State Controller, Chairperson, represented by Mr. Alan Gordon
Mr. Gavin Newsom, Lieutenant Governor, also 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. Colin Connor, Assistant Chief, Land Management Division
Ms. Kathryn Colson, Staff Attorney CA State Lands
Ms. Jennifer DeLeon, Environmental Planning & Management Division

ATTORNEY GENERAL:
Mr. Joe Rusconi, Deputy Attorney General

ALSO PRESENT:
Mr. Ronald Krendell
Ms. M. Louise Dubos
Mr. Edward Hirsch
Ms. Carla Watson, Parks & Rec Commissioner
Ms. Nancy Kredell
Ms. Kathleen Keane
APPEARANCES CONTINUED

Mr. Jim Basham, Director of Community Development
Mr. Mel Nutter
Mr. Richard Barbazette
Mr. Ray Fortner
Mr. Eric Lenore
Mr. Edward Sellett, Project Manager Bay City Partners
Ms. Teresa Henry, District Manager CA Coastal Commission
Mr. Michael Bronfenbrenner
Mr. Doug Carstens, Attorney
Mr. John Kyles, Attorney, Plains All American Pipeline
Mr. Adrian Martinez, Staff Attorney, Earth Justice
Mr. Noel Weiss
Ms. Connie Rutter
Mr. John Miller, President, San Pedro & Peninsula
Ms. June Burlingame
Ms. Nancy Vitale, Campaign Director, Representing Mr. Goya
Ms. Kathleen Woodfield, Vice President San Pedro Peninsula
Ms. Toni Martinovich
Mr. Chuck Hart, President, San Pedro Homeowner United Coalition
Ms. Janet Gunter
Ms. Dorota Starr
Ms. Jeanne LaComba, President, Rolling Hills Riviera
Mr. Alfred
A P P E A R A N C E S C O N T I N U E D

Ms. Darlene Zavalney
Mr. Pat Nave
Mr. Kit Fox, Senior Admin. Assistant, City of Rancho Palos Verdes
Ms. C. Gonyea
Mr. Peter Burmeister
Ms. Diana Nave
Ms. Nicole Ekstrom, Representing Ecosystem Management Association Inc.
Ms. Stefanie Sekich, Surf Rider Foundation
I. OPEN SESSION

II. CONFIRMATION OF MINUTES FOR THE SPECIAL MEETING OF SEPTEMBER 2, 2014

III. EXECUTIVE OFFICER’S REPORT

Continuation of Rent Actions to be taken by the CSLC Executive Officer pursuant to the Commission’s Delegation of Authority:
Herbert H. Hooper, D.D.S. and Darlene Hooper, Co-Trustees of the 2007 Hooper Family Revocable Trust (Lessees): Continuation of rent at $443 per year for a General Lease – Recreational Use, located on sovereign land in Lake Tahoe, adjacent to 6073 North Lake Boulevard, Tahoe Vista, Placer County (PRC 4056.1)

IV. CONSENT CALENDAR C01-C104

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 PHILLIP HIROSHIMA AND JEAN HIROSHIMA, AS TRUSTEES OF THE PHILLIP HIROSHIMA AND JEAN HIROSHIMA 2003 TRUST (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in the Sacramento River, adjacent to 6508 Benham Way, near the city of Sacramento, Sacramento County; for an existing uncovered floating boat dock, gangway and two cables attached to two “deadman” on the upland. CEQA Consideration: categorical exemption. (PRC 8564.1; RA# 02814) (A 9; S 6) (Staff: G. Asimakopoulos)

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C02 (CONTINUED) ENTIRETY ON NOVEMBER 14, 2006; DALE M. WALLIS; D.V.M.; AND LEONARD HODGSON (LESSEES); DENNIS MORTON OIKLE AND HILDEGARDE HEIDI OLIVER OIKLE, DBA HEIDI’S OUTRIGGER MARINA AND SALOON (APPLICANT): Consider termination of Lease No. PRC 3934.1, a General Lease – Commercial Use, and an application for a new General Lease – Commercial Use, of sovereign land located in Three Mile Slough at Sherman Island, adjacent to 17641 Sherman Island East Levee Road, near the city of Rio Vista, Sacramento County; for an existing commercial marina. CEQA Consideration: termination – not a project; lease – categorical exemption. (PRC 3934.1; RA# 07614) (A 11; S 3) (Staff: G. Asimakopoulos)

C03 ANDREW JACKSON CODY (APPLICANT): Consider application for a General Lease – Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 3101 Garden Highway, near the city of Sacramento, Sacramento County; for an existing uncovered floating boat dock and gangway previously authorized by the Commission; and three wood pilings, a two-pile wooden dolphin, and bank protection not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 5155.1; RA# 03014) (A 7; S 6) (Staff: G. Asimakopoulos)

C04 CHRISTOPHER LANZAFAME AND NANCY D. LANZAFAME (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Spoonbill Slough, at Van Sickle Island, adjacent to 801 Van Sickle Road, near the city of Pittsburg, Solano County; for three existing uncovered floating boat docks, 12 pilings, and three gangways previously authorized by the Commission; and a 28-foot by 6-foot dock extension not previously authorized by the Commission. Categorical exemption. (PRC 4938.1; RA # 31812) (A 10; S2) (Staff: G. Asimakopoulos)
INDEX CONTINUED

C05 FREEPORT VENTURES LLC (LESSEE): Consider revision of rent to Lease No. PRC 3915.1, a General Lease – Commercial Use, of sovereign land located in the Sacramento River, in Freeport.

C05(CONTINUED) Sacramento County; for a commercial marina. Not a project. (PRC 3915.1) (A 9; S 3, 6) (Staff: V. Caldwell)

C06 151 BRANNAN ISLAND ROAD, LLC DBA LIGHTHOUSE RESTAURANT RESORT AND MARINA (LESSEE): Consider revision of rent to Lease No. PRC 5210.1, a General Lease – Commercial Use, of sovereign land located in the Mokelumne River, near the city of Isleton, Sacramento County; for a commercial marina known as Lighthouse Restaurant Resort and Marina. CEQA Consideration: not a project. (PRC 5210.1) (A 9; S 6) (Staff: V. Caldwell)

C07 RICHARD P. AMARO AND EVELYN J. AMARO, CO-TRUSTEES, OR ANY SUCCESSOR TRUSTEE, OF THE RICHARD P. AMARO AND EVELYN J. AMARO REVOCABLE LIVING TRUST DATED JUNE 17, 1993 (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Spoonbill Slough, at Van Sickle Island, adjacent to Assessor’s Parcel Number 0090-060-430, Solano County; for an existing uncovered floating boat dock, three wood pilings, and gangway not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26785; RA# 01914) (A 10; S 2) (Staff: V. Caldwell)

C08 CAPTAIN’S TABLE HOTEL, LTD (LESSEE): URBAN COMMONS RIVERSIDE BLVD., LLC (APPLICANT/SUBLESSOR); BRIGHTON MANAGEMENT LLC(SUBLESSEE): Consider termination of Lease No. PRC 8540.1, a General Lease – Commercial Use, and an application for a General Lease – Commercial and Protective Structure Use, and approval of a sublease of sovereign land located in the Sacramento River, adjacent to 4800 Riverside Boulevard, near the city of Sacramento, Sacramento County; for an existing commercial marina. CEQA Consideration: termination of lease and approval of sublease – not projects; lease – categorical exemption. (PRC 8540.1; RA# 29412) (A 9; S 6)
C09 DAVID MANNING CHODOS AND MARK CHODOS (APPLICANT): Consider application for a General Lease—Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 2181 Garden Highway, near the city of Sacramento, Sacramento County; for an existing uncovered floating boat dock, steel dolphin, two steel pilings, gangway, and bank protection not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26793; RA# 08014) (A 7; S 6) (Staff: V. Caldwell)

C10 PETER F. SNOOK AND JUDITH L. SNOOK, AS TRUSTEES OF THE SNOOK FAMILY REVOCABLE TRUST, DATED APRIL 11, 2000 (APPLICANT): Consider recission of prior authorization and application for a General Lease—Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4688 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing pier, boathouse, and two mooring buoys previously authorized by the Commission; and an existing boat lift and a sundeck with stairs not previously authorized by the Commission. Recission—not a project; lease—categorical exemption. (PRC 1617.1; RA# 24810) (A 1; S 1) (Staff: M.J. Columbus)

C11 COUNTY OF LASSEN (APPLICANT): Consider application for a General Lease—Public Agency Use of sovereign land located in Eagle Lake, adjacent to Assessor’s Parcel Number 077-080-35, near the city of Susanville, Lassen County; for an existing breakwater. CEQA Consideration: categorical exemption. (PRC 3297.9; RA# 27913) (A 1; S 1) (Staff: M.J. Columbus)

C12 RICHARD WALLACE MYERS (LESSEE); KAREN A. BESHAK, AS TRUSTEE OF THE KAREN A. BESHAK FAMILY TRUST, DATED APRIL 1, 2011 (APPLICANT): Consider termination of Lease No. PRC 8715.9, a Recreational Pier Lease; and an application for a General Lease—Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 3061 Garden Highway, near the city of Sacramento, Sacramento County; for.
C12 (CONTINUE) an existing uncovered single-berth floating boat dock, gangway, and three pilings previously authorized by the Commission, and an existing boat lift, utility conduits, and bank protection not previously authorized by the Commission. CEQA Consideration: termination - not a project; lease - categorical exemption. (PRC 8715.1; RA# 24813) (A 7; S 6) (Staff: M.J. Columbus)

C13 TAHOE MARINA OWNERS’ ASSOCIATION (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 270 North Lake Boulevard, near Tahoe City, Placer County; for an existing pier, 10 mooring buoys, and one marker buoy previously authorized by the Commission; and an existing storage building and one marker buoy not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 8559.1; RA# 10213) (A 1; S 1) (Staff: M.J. Columbus)

C14 TRUCKEE-DONNER RECREATION AND PARK DISTRICT (LESSEE): Consider application for an amendment to Permit No. PRC 4916.9, a General Permit – Public Agency Use, of sovereign land located in Donner Lake, adjacent to Donner Pass Road, near the town of Truckee, Nevada County; to include the proposed construction of a floating boat dock. CEQA Consideration: categorical exemption. (PRC 4916.9; RA# 07814) (A 1; S 1) (Staff: M. J. Columbus)

C15 GEORGE STANLEY LANGSTON AND BETTY LEA LANGSTON AS TRUSTEES OF THE LANGSTON FAMILY TRUST OF 1990, U.D.T. DATED SEPTEMBER 28, 1990 (LESSEES): Consider amendment to Lease No. PRC 5558.1, a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8503 Meeks Bay Avenue, near Tahoma, El Dorado County; for an existing pier, three mooring buoys on two contiguous littoral Parcels, and boat hoist. Not a project. (PRC 5558.1; RA# 34012) (A 5; S 1) (Staff: M.J. Columbus)

C16 CARRION L.P., A CALIFORNIA LIMITED PARTNERSHIP.
INDEX CONTINUED

C16(CONTINUE) (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 184 Rim Drive, near Tahoe Vista, Placer County; for two existing mooring buoys. CEQA Consideration: categorical exemption. (PRC 8509.1; RA# 14613) (A 1; S 1) (Staff: M.J. Columbus)

C17 MARGIE LOCKWOOD, TRUSTEE OF THE MARGIE LOCKWOOD LIVING TRUST DATED OCTOBER 26, 2005 (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 200 Rim Drive, near Tahoe Vista, Placer County; for two existing mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26740; RA# 14713) (A 1; S 1) (Staff: M.J. Columbus)

C18 CHERRYVALE HOLDINGS, LLC, A LOUISIANA LIMITED LIABILITY COMPANY (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 6229 North Lake Boulevard, near Tahoe Vista, Placer County; for two existing mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26741; RA# 14513) (A 1; S 1) (Staff: M.J. Columbus)

C19 SONOMA–MARIN AREA RAIL TRANSIT (APPLICANT): Consider application for a General Lease – Public Agency Use, of sovereign land located in San Antonio Creek, adjacent to Assessor’s Parcel Number 125-160-14, near the city of Novato, Marin County, for the Mira Monte Marina Wetlands Restoration Project. CEQA Consideration: Mitigated Negative Declaration, adopted by Sonoma–Marin Area Rail Transit, State Clearinghouse No. 2014052039, and adoption of a Mitigation and Monitoring Program. (W 26774; RA# 26613) (A 10; S 2) (Staff: M.J. Columbus)

C20 GLENN–COLUSA IRRIGATION DISTRICT (APPLICANT):
I N D E X  C O N T I N U E D

C20(CONTINUE) consider an application for a General Lease – Public Agency Use, of sovereign land located in the Sacramento River, adjacent to 1601 Bechelli Lane, city of Redding, Shasta County; for the redistribution of gravel material to restore and maintain a channel for restoration of spawning habitats for native and protected fish. CEQA Consideration: Mitigated Negative Declaration, adopted by the Glenn-Colusa Irrigation District, State Clearinghouse No. 2014082028, and adoption of a Mitigation and Monitoring Program. (W 26789; RA# 04514) (A 1; S 1) (Staff: W. Hall)

C21 WEST SACRAMENTO AREA FLOOD CONTROL AGENCY (APPLICANT): Consider an application for General Lease – Public Agency Use, of sovereign land located in the Sacramento River, adjacent to 1120 Riverbank Road, city of West Sacramento, Yolo County; for erosion repair, bank protection and fish habitat restoration. CEQA Consideration: Mitigated Negative Declaration, adopted by the West Sacramento Area Flood Control Agency, State Clearinghouse No. 2014032085, and adoption of a Mitigation and Monitoring Program. (W 26782; RA# 01314) (A 7; S 6) (Staff: W. Hall)

C22 JOHN STUMPF AND RUTH STUMPF, TRUSTEES OF THE STUMPF FAMILY TRUST (LESSEE): Consider application for amendment of Lease No. PRC 4066.1, a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 1870 North Lake Boulevard, near Tahoe City, Placer County; to authorize the replacement and extension of an existing pier with mechanized catwalk and relocation of the boat lift. CEQA Consideration: categorical exemption. (PRC 4066.1; RA #02713) (A 1; S 1) (Staff: W. Hall)

C23 RALEY’S, A CALIFORNIA CORPORATION (GRANTOR): Consider acceptance of Quitclaim Deed for sovereign Land located in the Sacramento River, Assessor’s Parcel Number 010-473-031-000, city of West Sacramento, Yolo County. Not a project. (SD2014-08-13.2) (A 8; S 4) (Staff: W. Hall)
C24 SONOMA LAND TRUST (APPLICANT): Consider application for a General Lease – Other, of sovereign land located in San Pablo Bay and Tolay Creek, adjacent to 2100 Highway 37, city of Petaluma, Sonoma County; for wetland restoration and dredging. CEQA Consideration: Environmental Impact Report/Statement, certified by the California Department of Fish and Wildlife and the U.S. Fish and Wildlife Service, State Clearinghouse No. 2007102037, and adoption of a Mitigation and Monitoring Program and Statement of Findings. (W 26786; RA# 01614) (A 10; S 3) (Staff: W. Hall)

C25 CITY OF SACRAMENTO (LESSEE): Consider correction of prior authorization of Lease No. PRC 7775.9, a General Lease – Dredging Use, of sovereign land 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. Categorical exemption. (PRC 7775.9; RA# 33312) (A 9; S 5, 9) (Staff: D. Jones)

C26 KERWIN K. KNIGHT AND JOYCE A. KNIGHT, TRUSTEES OF THE KNIGHT FAMILY TRUST, DATED MARCH 23, 1998 (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in the Sacramento River, adjacent to 3947 Garden Highway, Sacramento County; for an existing floating boat dock, two pilings, and gangway. CEQA Consideration: categorical exemption. (PRC 8565.1; RA# 26113) (A 7; S 6) (Staff: S. Kreutzburg)

C27 NIELS T. LARSEN AND SUSAN E. LARSEN (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 5046 West Lake Boulevard, near Homewood, Placer County; for two existing mooring buoys. CEQA Consideration: categorical exemption. (PRC 8575.1; RA# 17813) (A 1; S 1) (Staff: S. Kreutzburg)
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C28 BERNARD JOHN ATKINSON, TRUSTEE OF THE BERNARD
JOHN ATKINSON QUALIFIED PERSONAL RESIDENCE TRUST I,
DATED AUGUST 31, 2009; BERNARD JOHN ATKINSON,
TRUSTEE OF THE BERNARD JOHN ATKINSON QUALIFIED
PERSONAL RESIDENCE TRUST II, DATED AUGUST 31, 2009;
AND CAROL SUE ATKINSON, TRUSTEE OF THE CAROL SUE
ATKINSON QUALIFIED PERSONAL RESIDENCE TRUST I, DATED
SEPTEMBER 10, 2009; CAROL SUE ATKINSON, TRUSTEE OF
THE CAROL SUE ATKINSON QUALIFIED PERSONAL RESIDENCE
TRUST II, DATED SEPTEMBER 4, 2009. (APPLICANT):
Consider application for a General Lease –
Recreational Use, of sovereign land located in Lake
Tahoe, adjacent to 4870 North Lake Boulevard, near
Carnelian Bay, Placer County; for an existing pier
and boathouse previously authorized by the
Commission, and three existing boat lifts not
previously authorized by the Commission. CEQA
Consideration: categorical exemption. (PRC 4142.1;
RA# 28813) (A 1; S 1) (Staff: S. Kreutzburg)

C29 BARBARA EWING WALKER, TRUSTEE OF THE EWING
WALKER REVOCABLE TRUST, (APPLICANT): Consider
application for a General Lease – Recreational and
Protective Structure Use, of sovereign land located
in the Sacramento River, adjacent to 10215 Garden
Highway, near Verona, Sutter County; for an existing
uncovered floating boat dock, ramp, one 2-pile
dolphin, one piling, and bank protection. CEQA
Consideration: categorical exemption. (PRC 7786.1;
RA# 27613) (A 3; S 4) (Staff: S. Kreutzburg)

C30 WEST SHORE INVESTORS, L.P., A CALIFORNIA LIMITED
PARTNERSHIP (APPLICANT): Consider application for a
General Lease – Recreational use
Of sovereign land located in Lake Tahoe, adjacent to
4860 West Lake Boulevard, near Homewood, Placer
County; for two existing mooring buoys. CEQA
Consideration: categorical exemption. (PRC 8592.1;
RA# 25413) (A 1; S 1) (Staff: S. Kreutzburg)

C31 SHERRY T. DUMKE AS TRUSTEE OF DUMKE LAKE TAHOE
TRUST A; MICHAEL A. DUMKE AND AMY S. DUMKE AS
TRUSTEES OF THE DUMKE 2002 TRUST UID OCTOBER 1,
2002; JEFFREY R. WENDT AND MOLLY DUMKE WENDT AS.
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C31 (CONTINUE) TRUSTEES OF THE WENDT 2001 TRUST UID JUNE 23, 2001; AND DAVID P. CLARKE AND CRISTY CLARKE AS TRUSTEES OF THE 1995 DCC FAMILY TRUST UID APRIL 26, 1995 (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 1302 West Lake Boulevard, Tahoe City, Placer County; for two existing mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 24638; RA# 03514) (A 1; S 1) (Staff: S. Kreutzburg)

C32 FOUR J’S INVESTMENTS, LLC, AN IDAHO LIMITED LIABILITY CORPORATION (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4598 North Lake Boulevard, near Carnelian Bay, Placer County; for two existing mooring buoys. CEQA Consideration: Categorical exemption. (PRC 8577.1; RA# 19013) (A 1; S 1) (Staff: S. Kreutzburg)

C33 JULIE LANE GAY (LESSEE): Consider revision of rent to Lease No. PRC 8316.1, a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 181 and 185 Paradise Flat Lane, near Tahoma, El Dorado County; for an existing pier, boat lift, two mooring buoys, and one swim float. CEQA consideration: Not a project. (PRC 8316.1) (A 5; S 1) (Staff: S. Kreutzburg)

C34 JOSEPH F. DAVI, SR. AND LAURA L. WRIGHT, AS TRUSTEES OF THE DAVI WRIGHT REVOCABLE TRUST DATED NOVEMBER 30, 2009 (ASSIGNOR); JOSHUA EVANS AND NICOLE EVANS (ASSIGNEE): Consider application for the assignment of Lease No. PRC 8414.1, a General Lease – Recreational Use, of sovereign land located in Three-Mile Slough, adjacent to 18164 Sherman Island East Levee Road, near Rio Vista, Sacramento County; for an uncovered floating boat dock.
C34(CONTINUE) landing, ramp, walkway, four pilings, and a two-pile dolphin. Not a project. (PRC 8414.1; RA# 04314) (A 11; S 3) (Staff: N. Lavoie)

C35 TAHOE YACHT HARBOR, LLC (APPLICANT): Consider an application for amendment to Lease No. PRC 706.1, a General Lease – Commercial Use, of sovereign land located in Lake Tahoe, adjacent to 700 North Lake Boulevard, Tahoe City, Placer County; to include maintenance dredging. CEQA Consideration: Categorical exemption. (PRC 706.1; RA# 05214) (A 1; S 1) (Staff: N. Lee)

C36 ASPEN PINES, LLC, A NEVADA LIMITED LIABILITY COMPANY (LESSEE): Consider revision of rent to Lease No. PRC 3935.1, a General Lease – Commercial Use, of sovereign land located in Steamboat Slough, adjacent to 13415 Grand Island Road, near the town of Walnut Grove, Sacramento County; for the use and maintenance of an existing uncovered accommodation dock with an attached covered single-berth dock with landing, nine pilings, and gangway. Not a project. (PRC 3935.1) (A 11; S 5) (Staff: D. Oetzel)

C37 CPN PIPELINE COMPANY (LESSEE): Consider revision of rent to Lease No. PRC 8046.1, a General Lease – Right-of-Way Use, of sovereign land located in the Sacramento River, near the town of Robbins, Sutter and Yolo counties; for an existing 12-inch diameter steel pipeline containing an eight-inch diameter natural gas product pipeline. CEQA Consideration: not a project. (PRC 8046.1) (A 3, 4; S 3, 4) (Staff: D. Oetzel)

C38 RICHARD E. DWYER, TRUSTEE OF THE RICHARD E. DWYER TRUST AGREEMENT DATED AUGUST 30, 1991 (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 3185 West Lake Boulevard, near Homewood, Placer County; for two existing mooring buoys not previously authorized by the Commission. Categorical exemption. (W 26194; RA# 12306) (A 1; S 1) (Staff: J. Sampson)
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C39 MAURICE ANDAYA AND MARGARET ANN ANDAYA, TRUSTEES OF THE MAURICE ANDAYA AND MARGARET ANDAYA REVOCABLE LIVING TRUST DATED AUGUST 28, 2003 (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in the Napa River, adjacent to 1768 Milton Road, near the city of Napa, Napa County; for an existing floating boat dock, gangway, walkway, and five pilings. CEQA Consideration: categorical exemption. (PRC 8149.9; RA# 24910) (A 4; S 3) (Staff: J. Sampson)

C40 SOUTHERN SONOMA COUNTY RESOURCE CONSERVATION DISTRICT (APPLICANT): Consider application for a General Lease – Dredging to remove material from sovereign land located in the Petaluma River, San Pablo Bay, Sonoma Creek, Tolay Creek, North and East Branches of Tolay Creek, Napa Slough, Second Napa Slough, Third Napa Slough, Hudeman Slough, Steamboat Slough, Schell Slough, Railroad Slough, Rainbow Slough, and San Antonio Creek, Sonoma and Napa Counties; disposal of dredged material at adjacent levee crown, or at an approved U.S. Army Corps of Engineers disposal site. CEQA Consideration: Categorical exemption. (PRC 6675.9; RA# 15409) (A 2, 4, 10; S 2, 3) (Staff: J. Sampson)

C41 UNITED STATES GEOLOGICAL SURVEY (APPLICANT): Consider termination of Lease No. PRC 6980.9, a General Lease – Public Agency Use, and an application for a General Lease – Public Agency Use of sovereign land, located in the Old River, Middle River, San Joaquin River, Holland Cut, False River, South Fork Mokelumne River, North Fork Mokelumne, Little Potato Slough, Threemile Slough, Sacramento River, Sutter Slough, Steamboat Slough, Georgiana Slough, Miner Slough, Cache Slough, in Contra Costa, San Joaquin, Sacramento, Yolo, and Solano Counties; for existing water monitoring stations previously authorized by the Commission; and existing water monitoring stations not previously authorized by the Commission. CEQA Consideration: Termination – not a project; lease – categorical exemption. PRC 7650.9; RA# 20613) (A 14, 12, 7, 4, 11; S 7, 5, 6, 3) (Staff: J. Sampson)
C42 TAHOE HOUSE, LLC (LESSEE); BANKSIA INVESTORS, LLC (APPLICANT): Consider acceptance of a quitclaim deed for Lease No. PRC 8682.1, a General Lease – Recreational Use, and application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8353 Meeks Bay Avenue, near Meeks Bay, El Dorado County; for an existing pier, boat hoist, and mooring buoy. CEQA Consideration; quitclaim – not a project; lease – categorical exemption. (PRC 8682.1; RA# 8913) (A 5; S 1) (Staff: J. Sampson)

C43 DAVID MICHAEL BOWMAN, AS TRUSTEE, OR HIS SUCCESSOR, OF THE DAVID MICHAEL BOWMAN TRUST AGREEMENT DATED APRIL 13, 1989 (LESSEE): Consider application for an amendment to Lease No. PRC 1828.1, a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8401 Meeks Bay Avenue, near Meeks Bay, El Dorado County; for an existing pier, boat hoist, and two mooring buoys. CEQA Consideration: not a project. (PRC 1828.1; RA # 25713) (A 5; S 1) (Staff: M. Schroeder)

C44 BERTHA GAEHWILER AND HEIDI ANNE GAEHWILER BARBERINI, AS TRUSTEES OF THE JOHN R. GAEHWILER AND BERTHA GAEHWILER 1997 TRUST – SURVIVOR’S TRUST (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 3700 North Lake Boulevard, Carnelian Bay, Placer County; for an existing pier and two mooring buoys. CEQA Consideration: categorical exemption. (PRC 4312.1; RA# 00414) (A 1; S 1) (Staff: M. Schroeder)

C45 WINIFRED C. SMITH, TRUSTEE OF THE WINIFRED C. SMITH QUALIFIED PERSONAL RESIDENCY TRUST AND EDWARD R. SMITH, AS TRUSTEE OF THE EDWARD R. SMITH REVOCABLE TRUST U/T/D OCTOBER 31, 2006 (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4136 Ferguson Avenue, near Carnelian Bay, Placer County; for two existing mooring buoys. CEQA Consideration: categorical exemption. (PRC 8335.1; RA# 24213) (A 1; S 1) (Staff: M. Schroeder)
C46 RAVENHILL PROPERTIES, LP (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 3107 Jameson Beach Road, city of South Lake Tahoe, El Dorado County; for an existing pier and two mooring buoys. CEQA Consideration: categorical exemption. (PRC 5134.1; RA# 20913) (A 5; S 1) (Staff: M. Schroeder)

C47 TAHOE KEYS PROPERTY OWNERS ASSOCIATION (APPLICANT): Consider application for a General Lease – Dredging and Other, of sovereign land located in Lake Tahoe, at the West Channel entrance of Tahoe Keys, city of South Lake Tahoe, El Dorado County; for maintenance dredging and placement of up to 5,600 cubic yards of suitable dredge material to the Tahoe Keys beach east of the West Channel entrance. CEQA Consideration: Categorical exemption. (PRC 5331.9; RA# 04214) (5; S 1) (Staff: M. Schroeder)

C48 WOODLAND PIER, INC., A CALIFORNIA CORPORATION (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to Assessor’s Parcel Number 016-051-37, Meeks Bay, El Dorado County; for an existing pier previously authorized by the Commission; and an existing boat lift not previously authorized by the Commission. CEQA categorical exemption. (PRC 1742.1; RA# 24313) (A 5; S 1) (Staff: M. Schroeder)

C49 THOMAS P. NUNES AND THOMAS P. NUNES JR., AS TRUSTEES OF THE ATN FAMILY 1999 TRUST PURSUANT TO DECLARATION OF TRUST DATED JANUARY 1, 1999; AND ANN L. KAYE (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 3680 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing pier and two mooring buoys. CEQA Consideration: categorical exemption. (PRC 4251.1; RA# 01414) (A 1; S 1) (Staff: M. Schroeder)

C50 CHARLES H. DANA, JR. AND KATHERINE G. DANA OSTERLOH (APPLICANT): Consider application for a
C50 (CONTINUE) land located in Tomales Bay, Inverness, Marin County; for an existing pier. CEQA Consideration categorical exemption. (PRC 8483.1; RA# 21213) (A 10; S 2) (Staff: D. Simpkin)

C51 CHRISTOPHER B. MCCLUNEY, TRUSTEE OF THE CHRISTOPHER B. MCCLUNEY TRUST 1991 U/T/A DATED OCTOBER 17, 1991 (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Corte Madera Creek, Larkspur, Marin County; for an existing boat dock, ramp and two pilings. CEQA Consideration: categorical exemption. (PRC 7803.1; RA# 04014) (A 10; S 2) (Staff: D. Simpkin)

C52 ANTONY C. EVANS AND CAROL ROSS EVANS, TRUSTEES OF THE TONY AND CAROL EVANS 2000 REVOCABLE TRUST ESTABLISHED APRIL 20, 2000 (LESSEE): Consider Application for an amendment to Lease No. PRC 8368.1, a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8547 Meeks Bay Avenue, near Rubicon Bay, El Dorado County, for an existing pier, and two mooring buoys. CEQA consideration: not a project. (PRC 8368.1; RA# 01214) (A 5; S 1) (Staff: B. Terry)

C53 LAKE FOREST PIER OWNER’S ASSOCIATION, INC. (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in Lake Tahoe, adjacent to a small parcel between Assessor’s Parcel Numbers 092-142-008 and 092-142-021, Tahoe City, Placer County; for an existing pier and 13 mooring buoys previously authorized by the Commission; and an existing boat hoist not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 4499.1; RA# 24913) (A 1; S 1) (Staff: B. Terry)

C54 LAKEHOUSE MALL PROPERTY MANAGEMENT, INC. (LESSEE): Consider correction to lease commencement date in prior authorization of Lease No. PRC 5354.1, a General Lease – Commercial Use, of sovereign land located in Lake Tahoe, adjacent to 120 Grove Street, Tahoe City, Placer County; for an existing commercial pier with an Americans with.
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C54 (CONTINUE) disabilities Act lift, eight mooring buoys, and two seasonal string lines. CEQA Consideration: not a project. (PRC 5354.1) (A 1; S 1) (Staff: B. Terry)

C55 LAKESIDE PARK ASSOCIATION (LESSEE): Consider revision of rent to Lease No. PRC 5883.1, a General Lease – Commercial and Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4041 Lakeshore Boulevard, city of South Lake Tahoe, El Dorado County; for a commercial marina and a beach and swim area. CEQA Consideration: not a project. (PRC 5883.1) (A 5; S 1) (Staff: B. Terry)

C56 ARTHUR L. NARVAEZ, DBA SCHOONER'S LANDING RV PARK, MARINA, AND CAMPGROUND (APPLICANT): Consider application for a General Lease – Commercial Use, of sovereign land located in the Albion River, adjacent to Assessor's Parcel Numbers 123-060-10 and 123-060-14, Albion, Mendocino County; for an existing commercial marina consisting of a boat launch ramp, three floating docks, one landing, pilings, and bulkhead previously authorized by the Commission; and two existing fish cleaning stations not previously authorized by the Commission CEQA Consideration categorical exemption. (PRC 5414.1; RA# 28609) (A 2; S 2) (Staff: B. Terry)

C57 SUM M. SETO PROPERTIES, LLC AND JENNY P. SETO PROPERTIES, LLC (APPLICANT): Consider application for a General Lease – Commercial Use, of sovereign land located in the Albion River, adjacent to Assessor’s Parcel Number 123-170-01, near Albion, Mendocino County; for an existing commercial marina consisting of a boat launch ramp, two landings, three floating docks, and pilings previously authorized by the Commission; and two water intake pipelines not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 2164.1; RA# 07213) (A 2; S 2) (Staff: B. Terry)

C58 SEWERAGE COMMISSION-OROVILLE REGION (APPLICANT): Consider application for a General Lease – Public Agency Use, of sovereign land located in the Feather River, near the city of Oroville, Butte County; for an existing 12-inch.
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C58 (CONTINUE) diameter sewer force main pipeline attached to the State Route 162 bridge not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26696; RA# 33612) (A 3; S 4) (Staff: B. Terry)

C59 SEWERAGE COMMISSION–OROVILLE REGION (APPLICANT): Consider application for a General Lease – Public Agency Use, of sovereign land located in the Feather River, adjacent to Assessor’s Parcel Number 023-350-001, near the city of Oroville, Butte County; for an existing 27-inch inside diameter sewer outfall and diffuser not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26697; RA# 33512) (A 3; S 4) (Staff: B. Terry)

C60 CALIFORNIA TAHOE CONSERVANCY (APPLICANT): Consider revision to prior Commission authorization to clarify the lease commencement date and to allow for fencing of a parcel of land located at 3339 Lake Tahoe Boulevard, in South Lake Tahoe, El Dorado County, previously authorized to be acquired through use of Kapiloff Land Bank Funds. CEQA Consideration: categorical exemption. (PRC 9286.9) (A 5; S 1) (Staff: K. Colson, B. Terry)

CENTRAL REGION

C61 DAVID E. PHILLIPS AND SHIRLEY D. PHILLIPS (LESSEE); EMILIO BECERRA– LOPEZ AND ADRIANA MARQUEZ–BECERRA (APPLICANT): Consider termination of Lease No. 7461.1, a General Lease – Recreational Use, and an application for a General Lease – Recreational Use, of sovereign land located in the Calaveras River, adjacent to 2975 Calariva Drive, San Joaquin County; for an existing uncovered floating boat dock, boathouse, gangway, and four pilings. CEQA Consideration: termination – not a project; lease – categorical exemption. (PRC 7461.1; RA# 28313) (A 13; S 5) (Staff: S. Kreutzburg)

C62 MCIMETRO ACCESS TRANSMISSION SERVICES LLC (LESSEE): Consider revision of rent to Lease No. PRC 7950.1, a General Lease – Right-of-Way Use, of.
C62 (CONTINUE) sovereign land located in the Calaveras River, near the city of Stockton, San Joaquin County; for a four-inch diameter high-density polyethylene conduit containing three 1¼-inch diameter fiber optic cables. CEQA Consideration: not a project. (PRC 7950.1) (A 13; S 5) (Staff: N. Lavoie)

C63 COMCAST OF CALIFORNIA XII, LLC (APPLICANT): Consider application for a General Lease – Right-of-Way Use, of sovereign land located in the Tuolumne River, adjacent to Assessor’s Parcel Numbers 017-021-001, 037-037-001, 017-026-023, and 056-026-032, city of Modesto, Stanislaus County; for an existing fiber-optic communication cable not previously authorized by the Commission. CEQA Consideration: Categorical exemption. (W 26736; RA# 09913) (A 26; S 5, 12, 14) (Staff: B. Terry)

SOUTHERN REGION

C64 JOHN ANTHONY TESORIERO AND KIMBERLY JOAN TESORIERO, TRUSTEES OF THE JOHN AND KIMBERLY TESORIERO FAMILY TRUST (LESSEE): Consider application for an amendment to Lease No. PRC 8996.9, a General Lease – Recreational and Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1134 Beach Drive, city of Needles, San Bernardino County; to authorize additional existing improvements; construction of an aluminum stairway, walkway, gangway with railing and floating boat dock; and revise the rent accordingly. CEQA Consideration: categorical exemption. (PRC 8996.1) (A 33; S 18) (Staff: R. Collins)

C65 MICHAEL SHUTT AND CHRISTINE D. SHUTT, AS TRUSTEES, OR ANY SUCCESSOR TRUSTEE, UNDER THAT CERTAIN DECLARATION OF TRUST NAMED MICHAEL SHUTT AND CHRISTINE D. SHUTT FAMILY TRUST, CREATED BY MICHAEL SHUTT AND CHRISTINE D. SHUTT, AS TRUSTORS, DATED SEPTEMBER 8, 2006 (LESSEE): Consider application for an amendment to Lease No. PRC 9039.1, a General Lease – Recreational and Protective Structure Use, of sovereign land.
C65 (CONTINUE) located. In the Colorado River, adjacent to 1170 Beach Drive, city of Needles, San Bernardino County; to authorize additional existing improvements; construction of a landing, aluminum gangway with railing, and floating boat dock; and revise the annual rent accordingly. CEQA Consideration: categorical exemption. (PRC 9039.1; RA# 03214) (A 33; S 18) (Staff: R. Collins)

C66 TODD Y. KING AND SHAREEN M. KING, TRUSTEES OF THE TODD AND SHAREEN KING LIVING TRUST, DATED JULY 30, 2009 (LESSEES): Consider application for an Amendment to Lease No. PRC 9121.1, a General Lease – Recreational and Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1166 Beach Drive, city of Needles, San Bernardino County; to allow for the construction of an aluminum gangway with railing, a floating walkway, and boat dock; and revise the annual rent accordingly. CEQA Consideration: categorical exemption. (PRC 9121.1; RA# 03814) (A 33; S 18) (Staff: R. Collins)

C67 MARK A. BANTLE, JR. AND JENNIFER K. BANTLE AND JOSEPH E. BROWN AND EVELYN M. BROWN, TRUSTEES OF THE JOSEPH E. BROWN AND EVELYN M. BROWN FAMILY TRUST (LESSEE): Consider application for an amendment to Lease No. PRC 9135.1, a General Lease – Recreational and Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1154 Beach Drive, city of Needles, San Bernardino County; to allow for construction of an aluminum gangway with railing, floating walkway and boat dock; and revise the annual rent accordingly. CEQA Consideration: categorical exemption. (PRC 9135.1; RA# 11213) (A 33; S 18) (Staff: R. Collins)

C68 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 (LESSEE): Consider application for an amendment to Lease No. PRC 9282.1, 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; to allow for construction of an aluminum gangway with railing and a floating boat.
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C68 (CONTINUE) Dock; and revise the rent accordingly. CEQA Consideration: categorical exemption. (PRC 9282.1; RA# 03714) (A 33; S 18) (Staff: R. Collins)

C69 COUNTY OF SANTA BARBARA SHERIFF’S DEPARTMENT (LESSEE): Consider termination of Lease No. PRC 7819.9, a General Lease – Public Agency Use of sovereign land located in the Burton Mesa Ecological Reserve, near the city of Lompoc, Santa Barbara County for an equestrian training center. Not a project. (PRC 7819.9) (A 35; S 19) (Staff: R. Collins)

C70 FREEPORT-MCMORAN OIL & GAS, LLC (LESSEE): Consider revision of rent to Lease No. PRC 6911.1, a General Lease – Right-of-Way Use, of 33.288 acres of land located in the Pacific Ocean, near Point Pedernales, offshore of the city of Lompoc, Santa Barbara County; for a 4.1-inch diameter power cable, a 20-inch diameter crude oil pipeline, an 8.625-inch diameter gas pipeline, and an 8.625-inch diameter wastewater pipeline serving Platform Irene. CEQA Consideration: not a project. (PRC 6911.1) (A 35; S 19) (Staff: R. Collins)

C71 CITY OF ENCINITAS (APPLICANT): Consider application for a General Lease – Public Agency Use, of sovereign land located in the Pacific Ocean, in the city of Encinitas, San Diego County, for the deposition of up to a maximum of 117,000 cubic yards (cy) of sand annually at Batiquitos Beach, and up to a maximum of 105,000 cy of sand annually at Moonlight State Beach under the City of Encinitas Opportunistic Beach Fill Program previously authorized by the Commission; and the deposition of up to a maximum of 132,000 cy of sand annually at Leucadia State Beach, and up to a maximum of 101,000 cy of sand annually at Cardiff State Beach under the same program, but not previously authorized by the Commission. CEQA Consideration; Mitigated Negative Declaration, adopted by the City of Encinitas, State Clearinghouse No. 2013111057, and adoption of a Mitigation and Monitoring Program. (PRC 8817.9; RA# 34712) (A 76; S 38) (Staff: K. Foster)

C72 PETER V. SPERLING AND STEPHANIE G. SPERLING, TRUSTEES OF THE 1461 EDGECLIFF LANE TRUST U/D/T
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C73(CONTINUE) general Lease – Protective Structure Use, of.

C72(CONTINUE) sovereign land located in the Pacific Ocean, near the city of Santa Barbara, Santa Barbara County; for an existing rock riprap shoreline protective structure adjacent to 1461 Edgecliff Lane. CEQA Categorical exemption. (PRC6822.1; RA# 08613) (A 37; S 19) (Staff: K. Foster)

C73 SAN DIEGO UNIFIED PORT DISTRICT (LESSEE):
Consider application for an encumbrance agreement by Sunroad Harbor Island as sublessee under Lease No. PRC 8876.1, a General Lease – Commercial Use of sovereign land within San Diego Bay, in the City of San Diego, San Diego County; for a portion of a floating barge and appurtenant structures to be used as a restaurant facility. CEQA Consideration: not a project. (PRC 8876.1; RA# 26813) (A 78; S 39) (Staff: K. Foster)

C74 DAVID JAY WINKLER AND SHERRY LYNN WINKLER, TRUSTEES OF THE WINKLER TRUST DATED JUNE 5, 1991 (LESSEE): Consider an application for amendment to Lease No. PRC 7789.1, a General Lease – Protective Structure Use, of sovereign land located in the Pacific Ocean adjacent to 521 Pacific Avenue, city of Solana Beach, San Diego County; to revise the Lease Premises and associated annual rent. CEQA Consideration: not a project. (PRC 7789.1) (A 78; S 39) (Staff: K. Foster)

C75 MICHAEL S. MORRIS, TRUSTEE OF THE WILLIAM S. BANNASCH LIVING TRUST DATED AUGUST 30, 2002 (APPLICANT): Consider application for a General Lease – Protective Structure Use, of sovereign land located in the Pacific Ocean, adjacent to 523-525 Pacific Avenue, in the city of Solana Beach, San Diego County; for the removal of one seacave/notch fill, the expansion, use and maintenance of an existing seacave/notch fill, and the use and maintenance of a portion of an existing seawall. CEQA Consideration: California Coastal Commission Coastal Development Permit No. 6-13-0948. (PRC 7128.1; RA# 29212) (A 78; S 39) (Staff: K. Foster)
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C76(CONTINUE) MELTON L. BACON AND KATHERINE L. BACON, TRUSTEES OF THE MELTON BACON AND KATHERINE L.

C76(CONTINUE) BACON FAMILY TRUST (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in the Main Channel of Huntington Harbour, adjacent to 16572 Somerset Lane, Huntington Beach, Orange County; for an existing boat dock, access ramp, and cantilevered deck. CEQA Consideration: categorical exemption. (PRC 3168.1; RA# 02014) (A 72; S 34) (Staff: A. Franzoia)

C77 BAYLESS CONLEY AND JANET D. CONLEY (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in the Midway Channel of Huntington Harbour, adjacent to 3452 Gilbert Drive, Huntington Beach, Orange County; for an existing boat dock and access ramp. CEQA Consideration: categorical exemption. (PRC 3251.1; RA# 00914) (A 72; S 34) (Staff: A. Franzoia)

C78 JANE P. KING (APPLICANT): Consider application for a General Lease – Recreational Use, of sovereign land located in the Main Channel of Huntington Harbour, adjacent to 16662 Somerset Lane, Huntington Beach, Orange County; for an existing boat dock and access ramp. CEQA Consideration: categorical exemption. (PRC 3243.1; RA# 00814) (A 72; S 34) (Staff: A. Franzoia)

C79 CYNTHIA D. WILLIAMS AND NICHOLAS DIBENEDETTO, TRUSTEES OF THE WILLIAMS-DIBENEDETTO TRUST, DATED JULY 30, 2008 (LESSEE): Consider revision of rent to Lease No. PRC 5749.1, a General Lease – Recreational Use, of sovereign land located in Huntington Harbour, adjacent to 16632 Coral Cay Lane, city of Huntington Beach, Orange County; for an existing boat dock, access ramp, and cantilevered deck. CEQA Consideration: not a project. (PRC 5749.1) (A 72; S 34) (Staff: D. Oetzel)

C80 CALIFORNIA STATE LANDS COMMISSION AND CALIFORNIA COASTAL COMMISSION (PARTIES): Consider acceptance of one offer to dedicate lateral public
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C80(CONTINUE) access easement over land adjacent to State tidelands in the city of Malibu, 28126 Pacific Coast Highway, Los Angeles County. CEQA Consideration: not a project. (W 24665) (A 50; S 27) (Staff: D. Simpkin)

C81 ELSIE SUE PIERSON, CO-TRUSTEE OF THE PIERSON FAMILY TRUST, UDT DATED MARCH 25, 2004 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the Main Channel of Huntington Harbour, adjacent to 16522 Somerset Lane, Huntington Beach, Orange County; for use and maintenance of a boat dock, access ramp, and cantilevered deck. CEQA Consideration: categorical exemption. (PRC 3166.1; RA# 02414) (A 72; S 34)(Staff: D. Simpkin)

C82 CALIFORNIA DEPARTMENT OF TRANSPORTATION (APPLICANT): Consider application for a right-of-way map pursuant to Section 101.5 of the Streets and Highways Code, of sovereign land located in the San Elijo Lagoon, city of Encinitas, San Diego County; for a right-of-way including the replacement of an existing bridge. CEQA Consideration Environmental Impact Report/Statement, certified by the California Department of Transportation, District 11, State Clearinghouse No. 2004101076, and adoption of a Mitigation and Monitoring Program and Statement of Findings. (PRC 9148.9; RA# 24413) (A 76; S 38, 39) (Staff: D. Simpkin)

SCHOOL LANDS

C83 JOHN BARNUM (APPLICANT): Consider application for a General Lease - Grazing Use, of State indemnity school land, located in portions of Sections 11, 12, 13, and 14, Township 26 North, Range 16 East MDM and Sections 6 and 7, Township 26 North, Range 17 East, MDM, near Herlong, Lassen County; for livestock grazing and existing fencing. CEQA Consideration; categorical exemption. (PRC 6823.2; RA# 17313) (A 1; S 1) (Staff: C. Hudson)
C84 EL PASO NATURAL GAS COMPANY (LESSEE): Consider revision of rent to Lease No. PRC 7527.2, a General Lease – Right-of-Way Use, of State indemnity school land located in portions of Sections 26 and 27, Township 9 North, Range 2 East, SBM, southeast of Barstow, San Bernardino County; for an existing 30-inch diameter natural gas pipeline, known as Line No. 1903. CEQA Consideration: not a project. (PRC 7527.2) (A 33; S 18) (Staff: C. Hudson)

C85 PLUMAS-SIERRA RURAL ELECTRIC COOPERATIVE, INC. (APPLICANT): Consider application for a General Lease – Right-of-Way Use, of State school land located in a portion of Section 36, Township 24 North, Range 17 East, MDM, near the town of Doyle, Lassen County; for an existing overhead 7.2 kilovolt (kV) distribution line and overhead 69 kV transmission line, an overhead fiber-optic cable, approximately seven wood poles and an access road. CEQA Consideration; categorical exemption. (PRC 7458.2; RA# 26313) (A 1; S 1) (Staff: C. Hudson)

C86 CALNEV PIPE LINE, LLC (LESSEE): Consider revision of rent to Lease No. PRC 2702.2, a General Lease – Right-of-Way Use, on two parcels of State school land located in portions of Track 37, 16 North, Range 11 East and Section 16, Township 16 North, Range 13 East, SBM, near Valley Wells, San Bernardino County, for an existing 8-inch diameter underground petroleum pipeline and an existing 14-inch diameter underground petroleum pipeline. CEQA Consideration: not a project. (PRC 2702.2) (A 33; S 18) (Staff: C. Hudson)

C87 JOHN MATLEY & SON (LESSEE): Consider revision of rent to Lease No. PRC 5531.2, a General Lease – Grazing Use, of State school land located in portions of Section 16, Township 25 North, Range 15 East and Section 36, Township 26 North, Range 15 East, MDM, near the town of Doyle, Plumas County; for cattle grazing. CEQA Consideration; Not a project. (PRC 5531.2) (A 1; S 1) (Staff: C. Hudson)

C88 CITIZENS TELECOMMUNICATIONS COMPANY OF CALIFORNIA INC. (LESSEE): Consider revision of rent to Lease No. PRC 8145.2, a General Lease – Right-of-Way Use, of State school land located in.
C88(CONTINUE) A portion of Section 16, Township North, Range 5 East, MDM, near the unincorporated town of Burney, Shasta County; for an existing aerial fiber-optic cable and wood poles. CEQA Consideration; Not a project. (PRC 8145.2) (A 1; S 1) (Staff: C. Hudson)

C89 QUESTAR SOUTHERN TRAILS PIPELINE (LESSEE): Consider revision of rent to Lease No. PRC 8255.2, a General Lease – Right-of-Way Use, of State school land on four parcels located in portions of Section 16, Township 9 North, Range 21 East; Section 36, Township 9 North, Range 20 East; Section 16, Township 8 North, Range East; and Section 16, Township 7 North, Range 18 East, SBM, near Twentynine Palms, San Bernardino County; for an existing underground 16-inch diameter natural gas pipeline and one cathodic protection unit. CEQA Consideration: not a project.(PRC 8255.2) (A 33; S 18) (Staff: C. Hudson)

C90 GEYSERS POWER COMPANY, LLC (LESSEE): Consider revision of rent to Lease No. PRC 6793.2, a General Lease – Right-of-Way Use, of State indemnity school land located in a portion of Section 6, Township 11 North, Range 8 West MDM, east of Cloverdale, Lake County; for an existing above-ground 12-inch diameter steam pipeline and an unpaved access road. CEQA Consideration: not a project.(PRC 6793.2) (A 1; S 2) (Staff: C. Hudson)

C91 CELTIC ENERGY CORPORATION (APPLICANT): Consider six applications for a General Lease – Data Collection Use, of State school lands and indemnity school land located in Sections 13, 23 and 24, Township 20 South, Range 37 East; Section 16, Township 24 South, Range 38 East; MDM, Inyo County, Section 28, Township North, Range 13 West and Section 32, Township 10 North, Range 12 West, SBM, Kern County; Section 16, Township 31 South, Range 34 East, MDM, Kern County, and Section 16, Township 17 South, Range 8 East, SBM, San Diego County; for the installation, operation, and maintenance of six wind energy monitoring stations. CEQA Consideration Statutory exemption. (W 26441, W 26442, W 26443, W 26444; RA# 01710, 01810, 02010, 02110, 01910.
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C91 (CONTINUE) 01610) (A 26, 33, 34; S 8 16) (Staff: J. Porter)

C92 OSKI ENERGY, LLC (APPLICANT): Consider authorizing acceptance of a quitclaim for Lease No. PRC 8959.2, a General Lease – Right-of-Way Use, of State Indemnity school lands located in Sections 19, 30 and 31, Township 12 North, Range 8 West, and Sections 11, 12, 13, 14, 15, 23, 24, 25 and 26, Township 12 North, Range 9 West, MDM, east of Cloverdale, Lake and Mendocino counties; for the use and maintenance of one existing access road. CEQA Consideration: not a project. (PRC 8959.2) (A 1; S 2) (Staff: J. Porter)

MINERAL RESOURCES MANAGEMENT

C93 CALIFORNIA STATE LANDS COMMISSION: Consider approval of qualifying miles for Subventions for fiscal year 2014-2015, to Cities of Carpinteria, Huntington Beach, Seal Beach, and Long Beach; Ventura, Santa Barbara, Orange, and Los Angeles Counties. CEQA Consideration not a project. (W 4848.1, W 4848.3, W 4848.4, W 4848.5, W 4848.6, W 4848.8) (A 37, 70, 72, 74; S 19, 34, 37) (Staff: N. Heda, D. Brown)

C94 RONALD JAMES MARTIN (APPLICANT): Consider application for a prospecting permit for minerals other than oil, gas, geothermal resources, and sand and gravel on State school lands, Kern County. CEQA Consideration: categorical exemption. (W 40975; RA# 23213) (A 34; S 18) (Staff: V. Perez)

C95 GAHAGAN AND BRYANT ASSOCIATES, INC. (APPLICANT): Consider a Non-Exclusive Geophysical Survey Permit on tide and submerged lands under the jurisdiction of the California State Lands Commission. CEQA Consideration: Mitigated Negative Declaration, State Clearinghouse No. 2013072021, and re-adoption of a Mitigation Monitoring Program. (W 6005.147, RA# 05914) (A & S: Statewide) (Staff: R. B. Greenwood, K. Keen)

C96 VENOCO, INC. (ASSIGNOR) AND VINTAGE PETROLEUM, LLC (ASSIGNEE): Consider: 1) an assignment of 100.
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C96(CONTINUE) percent of Venoco, Inc.’s interest in Oil and Gas Lease Nos. PRC 735.1 and PRC 3314.1 to Vintage Petroleum, LLC; 2) consent to the acceptance of the change in the Parental Guaranty to the newly formed California Resources Corporation, Montalvo Oil Field, Ventura County. CEQA Consideration: not a project. (PRC 735.1, PRC 3314.1; RA# 06414) (A 37; S 19)(Staff: N. Saito)

C97 ROYALE ENERGY, INC. (APPLICANT): Consider acceptance of the full Quitclaim Deed of a Negotiated Subsurface (no surface use) Oil and Gas Lease No. PRC 8572.1, Steamboat and Sutter Sloughs, Sacramento and Solano Counties. CEQA Consideration: not a project. (PRC 8572.1) (A 11; S 3) (Staff: N. Heda)

MARINE FACILITIES – NO ITEMS

ADMINISTRATION

C98 TUOLUMNE IVER PRESERVATION TRUST AND CALIFORNIA STATE LANDS COMMISSION (PARTIES): Consider a request for authority for the Executive Officer to enter into an agreement with the Tuolumne River Preservation Trust for Phase 2 of the Dennett Dam Removal Project located on sovereign land within the lower Tuolumne River, city of Modesto, Stanislaus County. CEQA Consideration: not a project. (A 21; S 12) (Staff: G. Kato, A. Abeleda)

LEGAL – NO ITEMS

KAPILOFF LAND BANK TRUST ACTIONS – NO ITEMS

EXTERNAL AFFAIRS

GRANTED LANDS

C99 CITY OF LOS ANGELES (APPLICANT): Consider a proposed resolution of the City Council of the City of Los Angeles, pursuant to Public Resources Code section 7060, to enter into an agreement for oil exploration in the Wilmington Oil Field located.
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C99 (CONTINUE) within legislatively granted sovereign
land in the City of San Pedro, Los Angeles Counties.
CEQA Consideration not a project. (G 05-04) (A 70; S
28, 35) (Staff: R. Boggiano)

C100 CITY OF PITTSBURG (APPLICANT): Consider a
record of survey and legal description depicting the
location and extent of the state owned sovereign
tide and submerged lands legislatively granted to
the City of Pittsburg, Contra Costa County. CEQA
Consideration not a project. (G 02-03) (A 11; S
7) (Staff: R. Boggiano)

C101 CALIFORNIA DEPARTMENT OF PARKS AND RECREATION,
THE OFFICE OF COMMUNITY INVESTMENT AND
INFRASTRUCTURE (SUCCESSOR AGENCY TO THE SAN
FRANCISCO REDEVELOPMENT AGENCY), THE CITY AND COUNTY
OF SAN FRANCISCO, THE PORT OF SAN FRANCISCO AND THE
CALIFORNIA STATE LANDS COMMISSION (PARTIES):
Consider the Record of Survey and legal descriptions
for the second closing of the Hunters Point
Shipyard/Candlestick Point Title Settlement, Public
Trust Exchange and Boundary Line Agreement and
related parcel boundary adjustments, concerning land
within Candlestick Point and the former Hunters
Point Naval Shipyard, City and County of San
Francisco. CEQA Consideration: Not a project. (AD
557; W 26279; G11-00.7, G11-01) (A 17; S 11) (Staff:
J. Porter, K. Colson)

C102 TREASURE ISLAND DEVELOPMENT AUTHORITY AND THE
CALIFORNIA STATE LANDS COMMISSION (PARTIES):
Consider the rescission of prior approval and
approval of a revised Compromise Title Settlement
and Land Exchange Agreement between the State of
California, acting by and through the State Lands
Commission and the Treasure Island Development
Authority involving certain lands located on
Treasure Island and Yerba Buena Island, San
Francisco Bay, City and County of San Francisco.
CEQA Consideration: statutory exemption. (AD 599; W
25115; G11-02) (A 17; S 11) (Staff: S. Scheiber, K.
Colson, R. Boggiano, E. Page)

C103 CITY OF LONG BEACH (APPLICANT): Review the
proposed expenditure of tideland oil revenues, in.
INDEX CONTINUED

C103 (CONTINUE) an amount not to exceed $2,550,729 by the City of Long Beach for one capital improvement project 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)

C104 SAN DIEGO UNIFIED PORT DISTRICT (APPLICANT): Review the proposed expenditure of tidelands funds, in an amount not to exceed $300,000, by the San Diego Unified Port District for a capital improvement project located on or adjacent to legislatively granted sovereign land in the City of San Diego, San Diego County. CEQA Consideration: Not a project. (G 10-08) (A 80; S 40) (Staff: R. Boggiano)

LEGISLATION AND RESOLUTIONS – NO ITEMS

V. INFORMATIONAL

105 CALIFORNIA STATE LANDS COMMISSION: Legislative report providing information and a status update concerning state and federal legislation relevant to the California State Lands Commission. CEQA Consideration: not applicable. (A & S: Statewide) (Staff: S. Pemberton, M. Moser)

106 THE FOLLOWING ITEM IS INFORMATIONAL ONLY AND MAY BE DISCUSSED AND ACTED UPON IN A CLOSED SESSION. CONFERENCE WITH REAL PROPERTY NEGOTIATORS: Instructions to negotiators regarding entering into a new lease of state land for the Broad Beach restoration Project, City of Malibu, Los Angeles County. Negotiating parties: Broad Beach Geologic Hazard Abatement District, State Lands Commission: Under negotiation: price and terms. CEQA Consideration: not applicable.

VI. REGULAR CALENDAR

107 CALIFORNIA STATE LANDS COMMISSION (PARTY): Consider a request for authority to approve the budget, as submitted by the successful bidder, for.
INDEX CONTINUED

107 (CONTINUE) A study to examine the feasibility of shore-based reception and treatment facilities for the management of discharged ballast water in California. CEQA Consideration: not a project. (W 9777.234, W 9777.290, W 9777.295, C2013-13) (A & S: Statewide) (Staff: C. Brown, N. Dobroski, L. Kovary, D. Brown); REMOVED FROM AGENDA

108 BAY CITY PARTNERS LLC AND STATE LANDS COMMISSION (PARTIES): Consider a Compromise Title Settlement and Land Exchange Agreement involving certain interests in land located adjacent to and in the San Gabriel River, and along First Street and Marina Drive, City of Seal Beach, California. (APNs: 043-171-02, 043-172-07 (portions), 043-172-08, 043-172-12, and 043-172-13). CEQA Consideration: statutory exemption; Addendum prepared by State Lands Commission and related Environmental Impact Report certified by City of Seal Beach, State Clearinghouse No. 2011061018. (W 26609) (A 72; S 34) (Staff: R. Collins, K. Colson); 5

109 PORT OF LOS ANGELES (GRANTEE): Consider supplemental information involving an existing revocable permit issued by the Port of Los Angeles to Rancho LPG Holdings LLC for use of a railroad spur located within the legislative grant to the Port of Los Angeles, in the City of Los Angeles, Los Angeles County. CEQA Consideration: Not a project. (G 05-04) (A 70; S 28, 35) (Staff: R. Boggiano, K. Colson, S. Scheiber); 57

110 CALIFORNIA STATE LANDS COMMISSION (INFORMATIONAL): Low Energy Offshore Geophysical Permit Program One-Year Program Implementation Report, including recommendations for Program administration and summary of the geophysical activities that have occurred under the updated Program since its adoption by the Commission on September 20, 2013. CEQA Consideration: not applicable. (W 30177) (A & S: Statewide) (Staff: R. B. Greenwood, J. DeLeon, J. Fabel); 108

VII. PUBLIC COMMENT
VIII. COMMISSIONERS’ COMMENTS
IX. CLOSED SESSION: AT ANY TIME DURING THE MEETING THE
INDEX CONTINUED

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):
   California State Lands Commission v. City and County of San Francisco
   United States v. California (1965) 381 U.S. 139, No. 5 Original
   Paint Co. et al.
   Sealiff Beach Colony Homeowners Association v. State of California et al.
   State of California, acting by and through the State Lands Commission v. Singer
   Lands Commission et al
   The Melton Bacon and Katherine L. Bacon Family
   Trust et al. v. California State Lands Commission,
I N D E X C O N T I N U E D

City of Huntington Beach

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

San Francisco Baykeeper v. State Lands Commission

San Francisco Baykeeper v. State Lands Commission

City of Los Angeles v. Great Basin Unified Air Pollution Control District et al.

City of Los Angeles v. California Air Resources Board et al.


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.

1. Provide instructions to negotiators regarding entering into a new lease of state land for the Broad Beach Restoration Project, City of Malibu, Los Angeles County. Negotiating parties: Broad Beach Geologic Hazard Abatement District, State Lands Commission; Under negotiation: price and terms.

C. OTHER MATTERS

THE COMMISSION MAY ALSO CONSIDER PERSONNEL ACTIONS TO APPOINT, EMPLOY, OR DISMISS A PUBLIC EMPLOYEE AS PROVIDED IN GOVERNMENT C
PROCEEDINGS

ACTING CHAIRPERSON GORDON: I call this meeting of the State Lands Commission to order. All the representatives and commissioners are present. My name is Alan Gordon representing State Controller John Chiang. I'm joined to by Lieutenant Governor representative, Kevin Smith, and Eraina Ortega, representative of the Department of Finance.

For the benefit of those in the audience, the State Lands manages State property interest in over 5 million acres of land, including mineral interests. Specifically, the commission has jurisdiction in filled and unfilled tide and submerged land, navigable waterways and State school lands. 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 the waters of California.

Today we'll hear request and presentations concerning the leasing, management, and regulations of public lands. Both public sovereign and school land properties interest and the activities occurring and propose thereon. First item of business will be the adoption of the minutes from the commissions teleconference meeting of September 2nd, 2014.
May I have a motion to approve the minutes, please?

DEPUTY ATTORNEY GENERAL RUSCONI: Commissioner Gordon, I just want to remind everybody we have two alternates today. So only one can vote on any particular item.

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

(Ayes.)

All those opposed? Motion is adopted.

Next order of business is the Executive Officer's report. Ms. Lucchesi, may we have that report, please.

EXECUTIVE OFFICERLUCCHESI: Good afternoon, Commissioners, I just have two items to report on. The first is just a status update on the Desert Renewable Energy Conservation Plan involving State lands in the Southern California Desert. On September 10th, 2014, commission staff submitted an application as a participant in the DRECP for Federal and State incidental take permit pursuant to Federal and State and endanger species laws. Submittal of this application was authorized by the commission at its September 2013 meeting. If the DRECP and permits are eventually approved, these permits would allow the commission to streamline its leasing of school lands for DRECP compliant projects located in designated
development areas.

An important milestone on the DRECP planning process was reached on September 26th when the draft DRECP EIR/EIS was released for public review and comment. Interested parties can download and view the documents, learn how to comment, and learn when and where public meetings will be held by visiting DRECP.org.

The DRECP preparers have also developed an interactive mapping application that allows users to review the geophysical data and models used to develop the DRECP called the DRECP gateway. The gateway is an exciting and innovative use of mapping technology that increases public involvement and facilitates agency disclosure and transparency.

Public workshops for the draft DRECP and EIR/EIS will be held in late October and early November, and the comment period will end on January 9th, 2015. Second, I wanted to just acknowledge a very successful Prevention First, 2014 conference that the State Lands Commission put on last week in Long Beach. This is an onshore and offshore pollution prevention symposium and technology exhibition. The State Lands Commission, as I mentioned, Prevention First Conference was really a huge success. The conference brings together experts and professionals from academia industry, and government from around the
country to share information and introduce concepts and pollution prevention.

The general session included remarks from Captain Tom Collin, Augsburg Administrator, and Long Beach Major, Robert Garcia. And panelist discussions included topics such as current topics in oil and gas development, rail transport of crude oil, mode temps compliance, pipeline safety, and marine invasive species. We had over a hundred attendees at this conference last week. And I want to acknowledge and extend an enormous thank you to our two largest division chiefs in Long Beach. Our Marine Facilities Division Chief, Laura Kovary, her staff, and also Mineral Resources Management Division Chief, Marina Voskanian and her staff for organizing such an amazing conference on behalf of the State Lands Commission and that concludes my report. Thank you.

ACTING CHAIRPERSON GORDON: Next order of business will be the adoption of the consent calendar. Ms. Lucchesi, can you please indicate which items, if any, have been removed from the calendar?

JENNIFER LUCCHESI: Item C23, C40, C50, C64, C68, C99, C104 and regular item 107 are removed from the agenda and will be considered at a later time. One second, and we do have a request to speak in support of Calendar Item 47. So I'm not sure if we want to ask
Mr. Toaz if he wants to speak, even if it's going to stay on the consent agenda. I'm not quite sure.

ACTING CHAIRPERSON GORDON: Mr. Toaz?

MR. TOAZ: I would like to say something.

ACTING CHAIRPERSON GORDON: Come forward please.

EXECUTIVE OFFICER LUCCHESI: Actually --

ACTING CHAIRPERSON GORDON: Let's vote on it.

EXECUTIVE OFFICER LUCCHESI: Yes. So we'll remove C47 from the consent agenda and move it to the regular agenda. And that looks like it's it.

ACTING CHAIRPERSON GORDON: Is there anyone in the audience who wish to speak on an item on the consent calendar? No? If not, we'll now proceed to a vote on the consent calendar. Do we have a motion, please? We have a motion from Ms. Ortega and a second from Mr. Schmidt. All those in favor?

(Ayes.)

It passes two to nothing.

Next order of business will be the regular calendar. Item 108 is to consider a compromise title settlement and land exchange agreement involving certain interest in land located adjacent to and in the San Gabriel River in the City of Seal Beach.

May we have the staff presentation, please.

MS. COLSON: Good afternoon, Commissioners. My
name is Kathryn Colson, Staff Attorney at the State Lands Commission, and I'll be giving the staff presentation of Item 108, the Proposed Compromise Title Settlement Land Exchange Agreement involving certain interest in land adjacent to and in the San Gabriel River.

The two parties to the proposed agreement are Bay City Partners LLC, and the commission. Okay. Bay City owns the 10.9 acre site, which is located along the San Gabriel River, City of Seal Beach. To the north of the site is Marina Drive which is right up here. First Street is located along the east side, and to the south is a facility called the River's Edge Staging Area that consists of a parking lot, restaurant, grass area for wind surfing and staging for other appurtenant facilities. On the other side of the River's Edge is the Pacific Ocean.

Here's a brief site history: from the 1920s to 1967 a power plant operated by the Los Angeles Department of Water and Power was located on the site. The power plant was demolished in 1967, and in 1987 LADWP remove the remaining subsurface remnants and remediated the asbestos contamination. Currently, there are no environmental impairment restriction on the property, and since the 1980s the site has been vacant and fenced, except for the bike path which runs along the San Gabriel River on the site.
So this is a picture that, kind of, shows the site, all the project areas here, and you can see the rivers and staging area and the San Gabriel River to the west. So this is State Lands, I'll give you the title history for the property: Back in the 1960s and early '70s, State Lands Commission entered into several boundary line and title settlement agreements in this area.

Those settlements were based in part by a 1966 resurvey of Tidelands Location No. 137. This Tidelands survey encompass Alamitos Bay and a portion of the site. In 1968 Boundary Line Agreement 94 was entered into by the Commission, the City of Seal Beach, LADWP, and numerous other parties.

BLA 94 fixed the boundary between Rancho Los Alamitos and Tidelands Location No. 137. So if you can see on this map, the parcel that I'll be explaining soon is called the Trust Termination Easement Parcel. It's called Parcel 9 right here, and you can kind of see BLA 94 up into the water of the San Gabriel River, and then it cuts back in, and so on the south part of this map everything there is in the Rancho Los Alamitos, and on the north waterwork side of that line would be the Tidelands Survey Location, No. 137, which is land that was sold by the State, but there was a public trust easement remaining on that Tidelands location land.
Then in 1970 there was another boundary line and land exchange agreement. It extended the boundary line of 94 further up coast, it also confirmed the public trust easement on certain properties, terminated the public trust easement on other third parcels along the San Gabriel River, and as a part of that exchange, the commission received fee title to approximately 2.78 acre parcel that's just north of the PCH.

So here is a picture of the proposed development on the 10.9 acre site. Bay city has proposed to build a 32-lot residential development that would be located on approximately 4.5 acres of the site. The remaining 6.4 acres of this site will be transfer to the city for public open space. So the proposed Land Exchange Agreement involves two easement parcels.

So the first parcel is the Trust Termination Easement Parcel on this map. If you can see it right here, it's labeled Parcel A. So that parcel is 1.16 acres, and it currently has the Public Trust Easement located on this site. The second parcel is the public trust easement parcel, and this parcel is labeled Parcel B. It's slightly larger. It's 1.17 acres. It's a long parcel. It's kind of located along and in the San Gabriel River. So Bay City is proposing to convey to the Commission a public trust easement in that public trust
easement parcel, in exchange for the commission terminating the easement in the existing public trust easement on the trust termination easement parcel.

In addition, Bay City will deposit $2.71 million with the commission to be held in the Kapiloff Land-base Fund. This money will be used to purchase outstanding interest and tide and submerge lands or a nearby land that are necessary and beneficial for trust purposes. So just to talk a little bit about the public trust easement parcel, as you can see, it's located in and along the San Gabriel River, because this parcel is currently located within the boundary of Rancho Los Alamitos, the Commission currently has no sovereign ownership interest within this parcel. And this public trust easement parcel provides better direct and continuous access to the San Gabriel River than the existing trust termination easement parcel.

It's currently approved with a portion of the San Gabriel River bike path which stretches many miles inland to the San Gabriel Mountains, and by obtaining a public trust easement in this parcel, the Commission will ensure that the public will always have a right to use this bike path. So this is just kind of a -- another picture of, basically, the trust termination easement parcel and the public trust easement parcel. Pursuant to Public Resources Code 6307, there are several finding the Commission has
to make in order to approve a land exchange.

The first the agreement has to be for one of the purposes listed in Public Resources Code 6307. Staff believes that the purpose of this agreement is to first enhance access and recreation along the water. Second, enhance the physical configuration of the trust land ownership and third, resolve a title dispute of whether there's a valid public trust easement on the trust termination easement parcel.

And just to expand on that a little bit, the public trust easement parcel again is located in and along the San Gabriel River and will allow for water access and public access along the river, and the public trust easement parcel is currently located adjacent to sovereign ownership interest in the river. Whereas, the trust termination parcel there is a gap between the sovereign ownership.

The second finding, the public trust easement parcel will provide significant benefits to the trust. This parcel provides public access and recreation to and along and in the San Gabriel River. Additionally, the 2.71 million will be used to purchase outstanding interest in tide and submerge lands or nearby lands that are necessary and beneficial for trust purposes.

The third finding, the agreement does not
substantially interfere with the public rights of
navigation and fishing. The trust termination parcel is
currently filled. It is not covered or touching the water
and cannot be used for navigation and fishing at this time.

The fourth finding is that the monetary value of
lands or interest in the land received by the trust is equal
to or greater than the value of the land given up by the
trust. In order to value the public trust easement of the
trust termination parcel, the commission determines the
highest and best economic use of a trust consistent
development which would be a visitors serving hotel in this
instance. And we compared that with the highest and best
use for development which was not trust consistent, which
would be the residential development. And so the staff
determined the difference of those two values is the basis
for the value of the public trust easement and that the
value is found to be $2.71 million.

Commission staff did not assign any monetary
value to the public trust easement on the public trust
easement parcel because the fee parcel of that would
likely be transferred to the City of Seal Beach and used
for the same type of public access and recreation
purposes that the Commission would want on the parcel.

The fifth finding is that the trust termination
easement parcel has been cut off from water access, is no
longer tide and submerge lands and is relatively useless for trust purposes. The trust termination parcel has been filled and reclaimed and does not currently provide water access. It is physically separated from the existing San Gabriel River since the 1980s. The trust termination easement parcel has been fenced and has not provided any public trust purposes. The only portion of the site impressed with the public trust easement parcel is on the north end of the site, which is the furthest away from the Pacific Ocean and not adjacent to the river.

The portion of the site closest to the river and ocean will be preserved as public spaces. For the past 30 years the 1.16 acre trust termination easement parcel has remain relatively useless for trust purposes as evidenced by a lack of trust consistent development interest.

The sixth finding is that mineral interest are not being exchange as part of this agreement, and the seventh finding is that the exchange is in the best interest of the State. As discussed before, the Commission will receive a slightly larger public trust easement parcel. That parcel is adjacent to and in the San Gabriel River. It will also be receiving a $2.71 million for the Kapiloff Land-Base Fund to purchase other interests in land. The proposed agreement will ensure that through the acceptance of public trust easement the public will have a permanent
right to use the portion of the San Gabriel River bike
trail which runs through the site and is currently private
ownership.

In conclusion, based on the information
presented here and in the calendar items, staff recommend
approval of the Propose Compromised Title Settlement Land
Exchange Agreement, and I'm available for any questions.

ACTING CHAIRPERSON GORDON: I was a little bit
confused on one issue. What was the value that was put on
the trust termination easement?

MS. COLSON: Yes, so what we -- the value was
$2.71 million so, staff looked at the highest and best
economic use of the trust consistent development, which
would be the hotel, and we compared that with the highest
and best economic use of a non-trust consistent
development, which would be the residential development.
And we basically took the higher use, which was the
residential development, subtracted the hotel development,
and that's how we came to the value of that public trust
easement, because remember, Bay City Partners actually
owns the fee parcel of this whole property.

ACTING CHAIRPERSON GORDON: And the trust
easement that we are receiving, what's the value of that?

MS. COLSON: So staff didn't assign any monetary
value to that, because of the difficulty, we recognize
that the fee of that parcel would be transferred to the City as part of their settlement with Bay City. So we thought that the best thing to do was to not assign a monetary value. Although, staff does believe that that parcel does provide trust benefits, just hard to quantify that economic --

    ACTING CHAIRPERSON GORDON: Evaluation of what the State is doing. So we got the one piece which provides access to that bike path that we are not putting a monetary value you on.

    MS. COLSON: Right.

    ACTING CHAIRPERSON GORDON: We've also then got the 2.71 million for the Kapiloff Land which is the same for same, and then we're also getting 6.4 acres of public open space. Have we put a value on the open space that we're getting?

    MS. COLSON: So State Lands would be getting the 1.17-acre parcel, the easement parcel. The City of Seal Beach will be getting the 6.4 acres from Bay City.

    ACTING CHAIRPERSON GORDON: Do we have a value on what that 6.4 would be worth?

    MS. COLSON: You know, I don't have a value on that?

    ACTING CHAIRPERSON GORDON: Okay. All right.

    Ms. Lucchesi?
EXECUTIVE OFFICER LUCCHESI: I would just add that -- I believe that Bay City Partners representatives are here as well as their may even be a representative from City of Seal Beach that may be able to answer that question for you. And if there were additional questions by the Commission on the details of the appraisal, the methodology used, some additional information on that, we do have our Assistant Chief of Land Management Division, Collin Conner here who can get into some more details on that if the commission wishes to do so.

ACTING CHAIRPERSON GORDON: Not at this point, but I think some of the opponents may raise that issue.

All right. We've got equal number of approximately -- of supporters and opponents of this project. What I propose to do is, I look to both of my colleagues here, would be to do one supporter then one opponent and keep going until we get to the end so that no one feels like they are being over loaded.

So does that sound agreeable, Kevin?

Okay. That's what we're going to do then. What I'd like to do then is start with Mr. Jim Basham, the Director of Community Development for the City of Seal Beach, and following him is Teresa Henry from the Coastal Commission.

MR. BASHAM: Good afternoon, Commissioners. My
name is Jim Basham. I am the Community Development Director for the City of Seal Beach. This project that's before us this evening, the Land Exchange Agreement, is an intricate part of the entire project that was entitled by the City of Seal Beach approximately two years ago.

ACTING CHAIRPERSON GORDON: What was the vote of your city counsel on that?

MR. BASHAM: I believe it was 5/0.

ACTING CHAIRPERSON GORDON: Thank you.

MR. BASHAM: The approval by the Commissioners this afternoon will allow the city to continue to use the public recreation area and continue to use it as a public access. The approval of this agenda item will also allow the city, along with the co-applicant, Bay City partners, to move forward and present our completed application project in its entirely to the Coastal Commission.

That concludes my presentation.

ACTING CHAIRPERSON GORDON: Thank you. If you could just take a seat in the front row so that if we need to you respond to any other questions. Okay.

MR. BASHAM: Absolutely.

ACTING COMMISSIONER SCHMIDT: Actually, one question. I believe Coastal Commissioner will probably speak on putting a hotel on this property. Can you speak to the City doing an economic analysis of a hotel versus
housing?

MR. BASHAM: Well, the City did not conduct an economic analysis. The actual developer, or Bay City Partners, did complete a comprehensive analysis and that was presented to the Coastal Commission staff. So the applicant, Bay City Partners, can elaborate further in regards to that matter. The City did many, many years ago, approximately 30 years ago, did have the property zoned for commercial for the purpose of a hotel, we even went further and identified the property as a redevelopment project site with the intentions of hopefully entitling economic development opportunity during the time period when redevelopment was active, and for thirty years we could not get that property sold for the purpose of a commercial use.

ACTING COMMISSION SCHMIDT: Thank you, sir.

MR. BASHAM: You're welcome.

ACTING COMMISSION SCHMIDT: I actually have one question for Chief Counsel before I go on. Mr. Meier, can you please let the commission know what the status of the trust termination easement is legally. It's my understanding that that title is not -- we don't have fee title, but it's not exactly clear what interest the State Lands Commission has or at least it has been challenged.
ACTING CHAIRPERSON GORDON: Ms. Lucchesi, you can answer that as well.

EXECUTIVE OFFICER LUCCHESI: This site has a long and complicated title history. There has been lots of title settlements and land exchanges in the past on this. As Kathryn mentioned that this, these were -- were the public trust easement that is the subject of this item was in water ward of the Mexican Land Grant, the Rancho Line. It was swamp and overflow lands. The fee -- underlying fee title was sold but the public trust easement remained. At this point Commission staff believes that there is a public trust easement interest in that parcel. However, that is disputed by the Bay City Partners at this time.

ACTING CHAIRPERSON GORDON: So in many ways this settlement is a compromise?

EXECUTIVE OFFICER LUCCHESI: That's correct.

ACTING CHAIRPERSON GORDON: Okay. Thank you.

All right with that, Ms. Henry please. And Ms. Henry, just one question, are you speaking for the Coastal Commission or for the Staff of the Commission?

MS. HENRY: I am speaking on behalf of the staff of the Coastal Commission.

ACTING CHAIRPERSON GORDON: Thank you. so the Coastal Commission has not taken a vote on this yet?
MS. HENRY: No, very haven't.

ACTING CHAIRPERSON GORDON: Okay. Thank you.

MS. HENRY: Good afternoon. My name is Teresa Henry. I'm the District Manager of the Coastal Commission South Coast District Office, the office in which this site is located. On yesterday we posted a comment letter to the State Lands Commission's website, and I'm here to answer any questions concerning the letter that we posted. We also sent the letter to Bay City Partners as well as the City of Seal Beach and indicating our opposition to the removal of the public trust easement over the land.

We believe that the uses that are allowed under the Coastal Act preferred uses visitors serving, commercial recreational uses can be accomplished on this site while retaining the public trust easement. So we don't believe that the removal of the public trust easement is necessary. Also this site, as has been noted, has been designated for visitors serving use, namely, hotel use for over 30 years. That's the use that's recognized by the Coastal Commission. Recently the applicant has indicated that this use is infeasible. I'm not sure the staff agrees with that. Information has been submitted to us. We disagree with that, however, that needs to go to the commission.

But if it turns out that hotel use is
infeasible, we believe that there are other visitors serving recreational commercial uses that should be considered for this site. Those uses are consistent with the public trust easement, as well as preferred uses under the Coastal Act. Also the proposal is to contribute funds to the Kapiloff Land Bank Fund to acquire, you know, tide and submerge lands. We believe that the subject trust termination easement parcel is such a parcel that could be used for the purposes and therefore would remain on the site.

So there is no need to terminate the easement on the inland site. That inland site is in upland area that could support the uses along the San Gabriel River. And, therefore, that can be used, the Kapiloff Fund could be used for that purpose.

We also note that if the money is paid into the Kapiloff Fund, there's no agreement, no understanding that those funds would be used in the Southern California, you know, Orange County, L.A. County area where this project is located. So the impacts are occurring but the mitigation wouldn't necessarily be occurring in the location where the impact is, where there's a loss of potential visitors serving recreational use.

So again, we do not support the removal of the public trust easement. However, if State Lands Commission
does remove the public trust easement, we hope that the area can be retained or expanded on site to allow for a visitors serving commercial recreational use on this 10.9-acre site.

There is no other site in the City of Seal Beach that has both ocean front and river front location which is a perfect location for visitors serving commercial and recreational uses. And those are the comments that we've given to the City over the years concerning this site, as well as Bay City Partners. Thank you.

ACTING CHAIRPERSON GORDON: Here's the quandary I have had from the beginning: and it's sort of bird in the hand versus bird in the bush, under the deal as proposed, the people of Seal Beach get 6.4 acres of permanent open space. They also get an easement along the river which connected the San Gabriel River bike path permanently, versus a theory of the entire thing being -- having a hotel on the whole thing, and I've never quite understood why a hotel is better than a park.

Could you tell me, from a Coastal's Commission perspective, of why the Commission staff prefers a hotel to a park? Hotels are private property. They don't have to let anybody on their property, and I'm confused.

MS. HENRY: Under the Coastal Act, the priority uses for land such as these -- the priority use is
visitors serving commercial and recreational uses. Park use would be good, but on a 10.9-acre site, we think that there should be more than just a park.

This site, the San Gabriel River bike trail goes along this site. There are users of the bike trail would enjoy commercial uses on the site including overnight accommodations. We're saying that if a hotel use is not appropriate for this site, it should be some other visitors serving commercial use, or recreational use. A park would have limited amenities and also limited income. Whereas, a commercial use would allow the use and enjoyment of those who are traveling along the bike path, coming up from the beach, or make this a destination.

When you say a hotel is private, when the Coastal Commission approves hotels, first of all, a lower cost overnight accommodation is the preferred type of hotel as oppose to market rate. If it is not a lower cost overnight accommodation, then there would be a mitigation fee required because of the lack of affordable overnight accommodations. But also on the hotel we would expect there to be amenities that would be open to the general public and available to the general public. That's a typical requirement of the Coastal Commission whenever a hotel is approved.

ACTING CHAIRPERSON GORDON: I have one request
with regard to procedure. I've been around State
government for a long time. When staff at the Coastal
Commission takes a position, does the Commission itself
have to vote to authorized the staff to come to public
meetings, or does the staff decisions prior to the full
Commission voting? Do you understand my question?

MS. HENRY: Not quite. You said does the
Commission have to authorize the staff?

ACTING CHAIRPERSON GORDON: Yes.

MS. HENRY: No. We are speaking -- I am
speaking on behalf of the staff, not on behalf of the
Commission. If I were to speak on behalf of the
Commission, I would need authorization to do so.

ACTING CHAIRPERSON GORDON: Okay. All right.

Thank you.

EXECUTIVE OFFICER LUCCHESI: Turning it on and
off to get it to work. That's very similar, the Coastal
Commission is an independent State agency very similar to
the State Lands Commission, and so the staff operates in
very much the same way. The staff processes applications
and then makes recommendations. So it's not dissimilar to
the way the State Lands Commission staffs in taking
positions on certain issues, but very clear to say it's
the Commission staff, not the State Lands Commission until
you voted on a particular project or issue.
ACTING CHAIRPERSON GORDON: And just to be clear for everybody in the audience, regardless of what we determined to do today, the Coastal Commission permit, which would be necessary for the homes for Bay City or for future hotel or whatever possible use there would be, would be determined by the Coastal Commission, not the State Lands commission. We're here to determine whether the land exchange meets requirements of our operating statues.

All right. Thank you, Ms. Henry. You can also stay close by if we have any questions for you please. Maybe sit next to Mr. Basham if possible.

(Laughter)

Next I'd like Mr. Edward Sellett, project manager for Bay City Partners to come forward, please.

MR. SELLETT: Good afternoon. My name is Ed Sellett. I'm with Bay City partners. We request that you approve the exchange agreement that's recommended by your staff this afternoon. We became aware of this about two and a half years ago, and because the property has a complicated history from a title standpoint, we chose to enter into discussions with your staff rather than to go into any type of adversarial proceedings, even though we do dispute the fact that the public trust easement exist. Since the parcel with the claim of public trust easement
is cut off from the water, we believe it's of little value for public trust purposes -- that's been explained by your staff.

We have done numerous studies on the commercial uses of the property that are allowed under the public trust doctrine, and we found all of those to be unfeasible. The city has decided that the open space used permitted under the public trust doctrine are better suited on other areas of our property which are not clouded with the claim of a public trust deed easement.

We have agreed to donate those open space areas to the city at no cost, in return for development approval on the claim public trust area for residential uses. We've work very cooperatively with the City of Seal Beach in securing improve value of our project. If you approve the exchange agreement and the Coastal approves the project, the City will get permanent access to the rivers and staging areas, the beach, permanent use of the San Gabriel River trail, and 6.4 acres of public open space.

And we've leased two of those areas of the property to the City already, the excess driveway to the beach and the San Gabriel River trail are being leased to the City for a dollar a year to allow continued public access and use of the these valuable public amenities.

ACTING CHAIRPERSON GORDON: When do those leases
terminate, sir?

MR. SELLETT: Right into my next point. The leases expire March 31, 2015, and while we're committed to continue to provide these positive public benefits, your action today will assure that they continue in perpetuity.
We did have a hearing at the Coastal Commission to request that they act on the project before you, and they suggested that they should come to the State Lands Commission first.

So we're here today to seek your approval agreement so that we can return to the Coastal Commission for their action on the project. You also received a letter mentioned by Ms. Henry from the Coastal staff expressing their reservations on the agreement. We are working with the coastal staff to address their concerns, and we are optimistic that we can address them.

I want to point out that in our two hearings before the Coastal Commission, we did receive many favorable comments from the Commissioners about the positive benefits of the project. Things such as we are providing visitors serving public open space which is a priority of the coastal act that we're preserving the public access to the beach, and that we're ensuring the continued use of the San Gabriel River trail. So we remain confident that we'll gain Coastal Commission's
approval for the project. The exchange agreement meets all of your legal requirements for an exchange, and if the Coastal Commission approves the project, the public interest is even better served as the public receives, as I've stated before, a guarantee of permanent access to the beach. Permanent use of the San Gabriel River Trail and permanent use of 6.4-acre of public open space. So we believe the agreement is in the best interest of all and request your approval.

ACTING CHAIRPERSON GORDON: Thank you, sir.

Mr. Mel Nutter, please.

MR. NUTTER: Commissioners, I'm here on behalf of Seal Beach for open space. I have a number of comments. I'm not quite sure how the timing works here.

ACTING CHAIRPERSON GORDON: I should have mentioned that in the beginning. My fault.

Essentially you get three minutes. When you see the red light come on, you're done, but we can go ahead and we'll see. Don't go too far over the three minutes. We have a lot of people here today.

MR. NUTTER: You mean, if I seemed to be making sense I may get --

ACTING CHAIRPERSON GORDON: No, in that case, this is a State agency, and you don't get to make sense. I'm sorry.
MR. NUTTER: Okay. Well, our position is that you should not approve this agreement. We believe that the Public Resources Code, Section 6307, which is recited on Page 5 of your staff report. In fact, it does indicate that one of the findings, and I believe your staff indicated this that you need to make, is that the parcel to be given up is relatively useless for public trust purposes. We believe that the facts, in fact, do not justify such a finding.

Now, your staff has asserted that the best and highest use for this parcel consistent with the public trust would be the development of a hotel, and then compares that use with private residential development. In short, it seems to us that your staff is suggesting that you can sell an interest in the public trust to assist a private developer increasing its profits. That's not exactly what the code section seem to require.

The approach would, in our judgment, establish a policy that would allow trade off in terms of economic justification. Now, without providing with feasibility studies that your staff report indicates your staff has, and that's not part of the staff report we have, it's a little difficult to know how to respond to that. But I can make a few comments.
One is, that the Coastal Commission staff actually requested additional financial information and was told that that should and would be forthcoming once the coastal development permit application was actually filed, and so we're a bit at a lost about what it is that you are considering and that the Coastal Commission was having to deal with, but I believe there are a couple of things that we can in fact indicate by the vast past history here.

One is, that what we've got is a difference between feasibility and profitability, and it appears to us, based on somewhat inadequate information, that the studies really are designed to justify profitability, not feasibility going forward, rather than looking back at the various historical circumstances that brought us here today, and we think that's really an important distinction.

In addition, if you look at Exhibit 1 attached to the Chatton Browns and Carston's letter, which you should have received yesterday, you will see that there is an independent analysis suggesting at least a serious question about the lack of feasibility for a hotel. But as Ms. Henry indicated, the question is not simply whether or not a hotel make sense, but whether or not this particular parcel burdened by public trust, in fact, is
relatively useless for public trust purposes, and we don't believe that that case has been made.

Although, in fact, the property owner may be looking at a return of perhaps $32 million if this goes forward, we don't think that that's the kind of a trade off that you're entitled to make. One other point as I see my red light is on, and I'll try to respect that, is that the bike path that we've had some reference to in fact, was developed with public funds, and it's going to be the case we're sure, that whether the City acquires it, however it goes, that that bike path will, in fact, remain.

And the notion that somehow or other, trading land that can be used for public trust purposes for submerged water is kind of an interesting notion, particularly, since they are both Federal and State responsibilities and burdens that go with that, and I've see that I've ran out of time.

ACTING CHAIRPERSON GORDON: Mr. Basham, could you come forward for a second, please. Over and over again we keep hearing that a hotel visitors services is a better use of the property. Can you give me a little background on the City's attempt or lack of attempts to find a hotel or motel to be developed on this site?

MR. BASHAM: So the parcel or the project size
was, approximately 30 years ago, identified for commercial purposes with full intentions of meeting the Coastal Commission's obligations pursuant to the Coastal Act in providing a visitors serving opportunity. So at that time, 30 years ago, the forefathers that were in charge of at that time they have conducted whatever was necessary, creating the performer in order to assess the property and to hopefully attract a hotel opportunity.

I don't think that occurred, and in that regard they moved forward and also designated that property for redevelopment purposes. So creating the property for redevelopment also entices the opportunity to create an incentive or economic development opportunity where you share in different cost.

That also was promoted under that process, under that zoning opportunity if nothing occurred. So basically the property has sat dormant, vacant for approximately 30 years with no redevelopment opportunities. So when you have that designation and the property remains undeveloped, then planning departments across the state, for that matter, reassess the opportunity as to what can be developed upon the site.

So we can't allow a parcel to remain, if you will, substandard by not creating any kind of economic opportunity. I think establishing the opportunity where
we are, basically, giving, if you will, recreational purpose. I think having six and a half acres of recreational opportunity is a huge opportunity for the city. It gives us the opportunity to explore what we don't currently have. There's many recreation opportunities that we can include there, kayaking, for extending and promoting the continue use of the recreation opportunity for the trail.

I mean, the trail is a huge popular used activity. It starts from the base of the San Gabriel Mountains, and it terminates basically in Seal Beach. So having that opportunity with 6 acres that's available to us that we can utilize and partner in order to create this additional amenity is a huge opportunity for us.

I've stated in meetings with Coastal staff that I am more than willing to work with them and locating additional parcels within our city that we believe that can be rezoned for meeting their opportunities of what their goal seems to be in the Coastal Act.

So this is a great opportunity for us. I think that it works for the city, we've approved it. We've attest to that, we've continued to recommend approval and strongly will support that when it goes to the Coastal Commission.

ACTING CHAIRPERSON GORDON: Very good. Thank you.
EXECUTIVE OFFICER LUCCHESI: Chair Gordon, I would like to just make a couple of clarifications based on the last speaker that I hope would be helpful. There was a comment made about comparing the residential use with the visitors serving highest and best use. I want to be very specific about why that was done, and that was done purely to assess the monetary value, the appraised value of a public trust easement. As you can likely understand, valuing a public trust easement is not done every day, and it's not the simplest thing to do.

It's not like valuing the fee simple title of a vacant parcel, and so, in order to accurately value what that public trust easement is, we took the 1.1-acre parcel with the public trust easement use restrictions on it, and assigned the highest and best use. That would be a visitors serving hotel use. Then we took the value or assessed the value of that same parcel without the public trust use restriction on it, and gave it the highest and best use which would be residential. The difference between those two, we believe, is the value of the trust easement, and that is essentially the use restriction imposed by the public trust.

So I just wanted to clarify that, that that was the issue about residential use versus visitors serving in terms of a monetary value. That's why we were approaching
evaluation with that methodology.

    Second, in relation to the relatively useless
test, or findings -- excuse me -- relatively useless for
public trust purposes, it doesn't say completely useless
for public trust purpose. It's relatively useless, and I
believe our staff report and our staff presentation
sufficiently makes a case that the parcel, that the public
trust is receiving the easement parcel plus the 2.71
deposit in the Kapiloff for future better-suited
acquisitions for public trust purposes is sufficient
evidence to allow the commission to make that finding.

    But in addition to that, there have been
feasibility studies done on this entire site about
visitors-serving hotel use. One was completed or conducted
by a consultant hired by the developers, and then one was
also, I believe, conducted by one of the opponent to see
this development. The City of Seal Beach, I believe, also
hired an independent consultant to review, a peer review
of the Bay City Partners feasibility studies.

    Our MIA licensed appraiser reviewed all three
assessments, and he believes that the feasibility study
conducted by the development as peer reviewed and
confirmed by the Seal Beach is based valid assumptions and
makes reasonable valid conclusions. And finally on the
issue of the Coastal Commission versus the State Lands
Commission, I just -- the Chair had referenced this earlier, but I just want to make it very crystal clear that the Coastal Commission is unable to file the application, that is, deem the application for this development complete until the issue of the public trust easement is resolved.

And I also want to make it clear that as a land owning interest is a property -- excuse me. A land-owning agency, a property-interest own agency, the State Lands Commission is considering a land exchange agreement. The Coastal Commission as a regulatory body is going to be reviewing the project, the development, as a whole and considering whether to issue a permit based on that. They are two very distinct and different jurisdictional authorities. Thank you.

ACTING CHAIRPERSON GORDON: Any questions?

Mr. Doug Carstens, please.

MR. CARSTENS: Good afternoon, Honorable Chairman and Honorable Commissioners. My name is Doug Carstens. I'm an attorney with Chatten-Brown and Carstens, and we did submit a letter. I understand it wasn't received, so I'd like to hand it across the podium, and I'll speak from a copy of it.

We thought we e-mailed it yesterday to the e-mail on the letter, but let me just summarize, if I may,
three other points having to do with the California Environmental Quality Act. I think Mr. Mel Nutter already covered the questions about Public Resources Code, Section 6307 and the Land Exchange.

We fully agree with those. We would like to summarize three issues with noncompliance with the California Environmental Quality Act. One is that the use of the statutory exceptions from CEQA, is how I'll abbreviate it, is actually improper. There is no title and boundary issues or there's no dispute here that is actually based upon evidence.

There's assertions of a dispute to the title, but there's no evidence that contradict the clear establishment of public trust lands. So this cannot be exempted from the California Environmental Quality Act on that grounds.

ACTING CHAIRPERSON GORDON: Let me stop you at one point. I'll give you extra time.

Could one of either Mr. Rusconi or one of counsel please address that issue.

DEPUTY ATTORNEY GENERAL RUSCONI: The position that the commission has taken in other litigation is that the statutory exemption does not use the word "dispute." It uses settlement of title and boundary problems. So the first thing is we don't believe that the dispute is
necessary. However, in this case, reviewing the status report, I think it's clear that there is a dispute there. So either way the exemption use is proper.

ACTING CHAIRPERSON GORDON: Thank you, Mr. Rusconi.

EXECUTIVE OFFICER LUCCHESI: I would just add, and I won't take away from your time, I'm sorry. I would just add that the commission staff also developed an addendum to the EIR to assess the environmental impact of the Land Exchange Agreement itself, as well as you using the statutory exemptions.

ACTING CHAIRPERSON GORDON: Okay. Thank you.

MR. CARSTENS: Well, I'm not sure if I'm worried about time yet. I do appreciate it if the chairman give me time to finish.

ACTING CHAIRPERSON GORDON: Go ahead. Keep going.

MR. CARSTENS: Thank you. The question about the Land Exchange suitability is at issue in a case called Defend Our Water Front versus the State Lands Commission, decided up in San Francisco against the Commission. It's up on appeal now, as far as I understand it. It's an open question, I think, and I think, our view, it is not exempt.

The mention of the addendum bringing me to my
second point which is an addendum to an EIR is normally just for technical issues, merely changing, sort of typographical errors, for instance within an EIR. Here there's a very significant change that is trying to be amended on to this EIR and that is an elimination of the public trust.

This was not dealt with by the City in its EIR, so it's improper to actually try to tack it on to the EIR by way of addendum. There are recreational impacts. There are elimination of public trust resources which are irreversible commitments of State resources that are significant impacts that cannot be dealt with by way of addendum. My last point with the time remaining is that because this Commission has to use this environmental document to override significant impacts, and there are significant impacts that have been identified by the City in terms of unavoidable esthetic impacts, this Commission have to adopt findings overwriting those impacts, as well as the City did. This is required by CEQA, Section 15096 of the guidelines, Subdivision H, and it requires a responsible agency to make its own findings. There are not in the staff report, they haven't been presented to you. We assert that they cannot be made. They are feasible alternatives that prevent a finding that the impacts of these projects should be overridden.
I appreciate the time, and again, thank you for accepting the letter.

ACTING CHAIRPERSON GORDON: Thank you.

Mr. Michael Bronfenbrenner. I'm sorry if I --

MR. BRONFENBRENNER: Got it?

ACTING CHAIRPERSON GORDON: Got it. There we go.

MR. BRONFENBRENNER: Good morning, Commissioners. My name is Michael Bronfenbrenner. I live on Sixth Street in Seal Beach. I've been a Seal Beach residence for 21 years. I have three daughters who grew up in Seal Beach. We use that area virtually every day, my family does. We bike, we -- I've been an avid wind surf since 1975, and in Seal Beach that's the only place where you can put in your wind surf, because the rest of the beach is designated for the surfers and for the swimmers.

I think as a family man and as a father of three daughters, I think it's critical that we have guaranteed access to that. And I'm asking you to approve this, because I don't want to lose that, and my daughters and I we go down there. We look at the sunset. We bike on the bike path, and I think it's really critical that this happen, and I ask my daughters," What do you think about a hotel," and they go, "Dad, come on."
We have several new hotels in Seal Beach. We don't need anymore. We have an Hampton Inn now. We have an Ayres Hotel. We don't need another hotel.

ACTING CHAIRPERSON GORDON: How far are the hotels from this site, sir?

MR. BRONFENBRENNER: About a mile. And I think that my daughters would love to keep that access to that land, and I'm asking you to approve this exchange agreement so that remains in place, and we are very concerned about that. Thank you.

ACTING CHAIRPERSON GORDON: Thank you very much, sir.

Ms. Nancy Kredell.

And I'm going to -- actually we have a few more opponents and supporters so after Ms. Kredell, I'm going to go with Ms. Carla Watson.

MS. KREDELL: Mr. Gordon, have you been below L.A. County yet?

ACTING CHAIRPERSON GORDON: Yes, I have.

MS. KREDELL: We spoke with you on a Skype, and you said that hadn't been below L.A. County line yet. So I was hoping that you've seen our property. The reason that we are opposed to this, we aren't given the same property that you were promised before. We were promised 70/30, and this is our area that we want, and this is the
difference of one to the other. We were promised 70 percent. That's what the specific plan was, the reason we want a hotel was to pay for a beautiful park for here, and they want a passive park, we want an active park. The Coastal Conservancy gave us $50,000, and we have a beautiful area that they have designed that they gave us -- the people that worked on it. And it was a plan for Seal Beach.

We had 800 people there. We had tents, we had people from Leisure World, and because we had Leisure World, we couldn't tack on taxes for our community where we could pay for them, but Leisure World couldn't. They are an older area.

ACTING CHAIRPERSON GORDON: Who did the Coastal Conservancy dedicate the money to? Is it the city? Who received that $50,000?

MS. KREDELL: That $50,000 was -- Peter Brand was the one that came in and did it. And he's in pictures in here, and it was a beautiful program, and the city was part of it, and we have Pacific Park Society, and we wanted the 7 acres -- not six that they were going to give us -- and they're not even really giving us six. And the 1 acre -- 1.2-acre park, would, for them, will be $11 million houses, not it 2.7. I don't know where you got that.
But 11 million is what they will make on this land that you're going to allow them to swap, and we do not want you to swap it. And the property that we show -- and we have a developer that will do this, and this is where the hotel -- and it's -- if you've been to Avila Beach, they are two-story hotels. It will be low, it will not be an expensive fancy place, then that will allow all of this development because of this. That's why we have the deal. Otherwise, we would have wanted all park.

We knew we couldn't afford it. So this is the trade off. The little tiny small -- and we'll have a restaurant, and we'll have meeting facilities for the community. We aren't one percent, we're the other part, I'm a retired teacher, 38 years in Los Angeles, 10 years now subbing. We're not the rich, but we want something for all of California where we can all enjoy it, and this can be really spectacular, not the same.

ACTING CHAIRPERSON GORDON: Were you given a hearing of the City Counsel, Ms. Kredell?

MS. KREDELL: Oh, I was on the advisory committee, and all of the different advisory committees voted to turn this down, but then the Planning Commission who is under the thumb of the City Counsel and before we've always had, in my opinion, counsel people with integrity that follow the specific plan.
But this new group was put it, special. And one old fellow was on the commission -- on the city council, ran on the idea of protecting the DWP property, but he's very old now, so it's different. But things are not the way -- and it's sad, but this land is worth 11 million that you're talking about swapping for 2.7, and it's just not fair. It's sad, and it is not equal value, and it does not enhance the use of our recreation, and our little 1.2 acres does touch the bike path, and if nothing else, leave it for a parking lot.

The people in the whole Southern California can come and enjoy the beach that way, they are not going to enjoy the beach with 32 homes. Last November when they went to the Coastal Commission, it was already sold on contingent that it would be -- get permits for 32 million.

ACTING CHAIRPERSON GORDON: Thank you, ma'am.

Ms. Watson, followed by Eric Lenore.

MS. WATSON: Good afternoon. My name is Carla Watson, and I have lived in Seal Beach for 50 years, and first of all, I want to thank you for your service to the State, and I'm a strong supporter of the Coastal Act, and as a 50-year resident of Seal Beach, I stand before you as one of the original speakers and members of the San Gabriel Park Society who lobby to get this parcel on high priority list of the Coastal Commission, and as Nancy said
before me, we have many workshops and ideas and it came to a compromise. Some of us wanted it to be purchased

Unfortunately, a Coastal Commission was buying most of the good parcels up in San Francisco. Some people told me that Coastal Commission thought that Southern California was already spoiled. This is one of the last areas along the coast.

It's where the river meets the sea. It is historical, and it's an historical place. It's a special property as you already know. You've seen about the bicycle path. I have to take issue with the gentleman who talked about closing access, because actuality, that's kind of what led us to where we are today. What changed our city's support for this concept?

Well, what happened is that Bay City Properties was allowed to purchase this property for $4.6 million. We didn't have money. Remember Proposition 13 and remember all the cities were in a bind, and so we couldn't come up with the money to purchase the land. But they bought it as zoned visitors serving.

Did they really honestly try, or were they holding out just waiting for the opportunity -- the opportunity to threaten the city with closure to the access to the beach. That's who we're dealing with. They threatened that, our City went to trial. I think we had
very inept city counsel. A person who was a city attorney is pretty notorious. He didn't like to go to court, and what happened then is the city -- people became afraid because it was rumored out there that this group would bleed our city dry. Okay.

The developers decided they would close the access to the beach, which led the city to court. After hearing that these folks would approximate bleed the city dry and realizing that they could not get the grant for the bike path improvement, the city caved and signed the agreement changing the zoning for these folks.

Changing the zoning when people buy property for $4.6 million, and then they are going to be able to sell it for 32 million in a small beach town, and Ed Humes, the famous author said, "It is one of the last great beach towns." If you haven't been there, Mr. Gordon, one of the last great beach towns. We're not a gentrified city. We're a city that welcomes all. Our pier houses people who fish on the pier. Okay, I'll take one minute from the other person if that's okay.

It never should have happened. The city should have been offered the right aways first since this is what allowed the developers to belay this agreement. With every land you stay in, there is a torch to be passed. That is your job and the Coastal Commission. When a city
doesn't do the right job -- all of the commissions, except for the planning commission, voted against this, and it is your job then when cities haven't done the rights for their city, whether it is Bell or Seal Beach or whatever, that you step in and do the right thing for the people of Seal Beach. The torch is passed to you. I'm here on behalf of a good friend. His name is Jim Caviola. He's here because he's in threat of his life.

ACTING CHAIRPERSON GORDON: Ma'am, your time is over.

MS. WATSON: Okay.

MR. KREDELL: She can have my time.

ACTING CHAIRPERSON GORDON: And what is your name, sir?

MR. KREDELL: Kredell, Ron Kredell.

ACTING CHAIRPERSON GORDON: All right. Take two more.

MS. WATSON: Okay. I'm here on behalf of my friend, Jim Caviola, who is in fear of his life. Less than two months ago his car was blasted by shotgun blast. No other car in the vicinity was harmed. This is not new. My good friend, Glen Forsythe, who worked hard for the Bolsa Chica and stopped the Mullet [sic] development in town, was sent a bullet in the mail.

When high stakes are at case, people, fringe
people may get excited and do something like this. This is not unusual for Seal Beach, but I know that you will take this upon consideration that this is one of the last views along the coast. Thank you.

ACTING CHAIRPERSON GORDON: Thank you very much.

I just want to reiterate what I've said earlier when Ms. Lucchesi pointed out, the Coastal Development Permit will be decided by the Coastal Commission. That is not the job of the State Lands Commission. We are looking -- ma'am, your time is up. I'm sorry.

MS. WATSON: Can I just say one thing?

ACTING CHAIRPERSON GORDON: One thing.

MS. WATSON: It's very important though, your decision is going to have a great impact upon the Coastal Commission?

ACTING CHAIRPERSON GORDON: Thank you. We know that. Thank you.

It is the Coastal Commission that determines what is appropriate development in the coastal zone, not the State Lands Commission. We have a trust termination easement of some value. What we are determining today is whether the exchange of that is of equal value based on state law. We are not determining what is appropriate development in the coastal zone. That will be done at a later date by the Coastal Commission.
Eric Lenore, please.

MR. LENORE: Thank you, Mr. Gordon. I will stick to your suggestion on following the economics and the issues at hand. I'm a financial professional. I was also born and raised in Seal Beach, still have property in Seal Beach with the family. The one thing I don't understand is we're missing the economics of the your issue here with State Lands is the public trust easement area being relinquished is not front the water. It is obviously of less value not fronting the water to the public then a large frontal area with an additional supplementary cash donation in pure economics, I just don't understand. This is a real no-brainer. If this is the only issue at hand that you are facing.

A riverfront public trust easement is much more valuable than the easement on the land has no access to the water or the bicycle trail. I don't get it. I think it's an obvious choice, and I'll leave you with that.

ACTING CHAIRPERSON GORDON: Mr. Edward Hirsch, please.

MR. HIRSCH: I'd like to pass and give my time to another opposition speaker.

ACTING CHAIRPERSON GORDON: Okay. And who would that be?

The only opposition speaker is Ms. Louis Dubos.
All right. So you're giving your three minutes to Ms. Dubos?

All right. Ms. Dubose, you have six minutes.

MS. DUBOSE: Okay. I'm just going to talk about the property. In November of last year this property apparently was sold contingent on passage to the Coastal Commission for 32 million. That's as-is, without homes or infrastructure. You can't compare that property -- no property in Seal Beach is sold -- a 25 by 800 to -- 100 is sold for, like, 800 minimum.

And you can't compare that to selling the bike -- to exchanging it with the bike path. That's like a bike path, like, who's going to want your sidewalk? You can't build on it -- on the bike path.

ACTING CHAIRPERSON GORDON: Is that it? That's your six minutes? Okay.

All right. Mr. Ray Fortner, please.

Mr. Hirsch, would you like your three minutes back? She didn't come close to using her three, let alone, your three.

Let's go with Mr. Fortner first, and then Mr. Hirsch you can come back. Okay.

EXECUTIVE OFFICER LUCCHESI: I do just want to -- excuse me one second. Just point out that Commission staff does not necessarily disagree with what
the last speaker said, and that is why we did not assign a
monetary value to the public trust easement parcel.

MR. FORTNER: Good afternoon, Mr. Chair Members
of the Commission. My name is Ray Fortner. I'm a
longtime residence of Seal Beach, and I'm here to urge you
to approve this agreement based on the findings that
presented to you by your staff. And it seems right for
approval, and it is the only way that this project will
have some chance at the hearing that you've alluded to
before the Coastal Commission which is where the substance
of the project will be determined.

My wife and I have lived in Seal Beach for over
40 years, raised my daughters there. My wife has opened a
business in Old Town Seal Beach and still maintains it,
and all those years as we've driven through this little
corner of Old Town, which is a gateway in and out of that
part of town.

We've driven west on Ocean Avenue or east over
the Marina Bridge, south coming down First Street to see a
fallow large vacant unused, frankly, ugly parcel. It
would be delightful to have something there, and that's
why we hope that you'll give us a chance to get to the
Coastal Commission, and where its approval will be sought.
There are obvious benefits to all of us in the city, those
who speak for -- in terms of "we" as if they are speaking
for the City of Seal Beach, who are residence of Seal Beach, do not speak for anywhere near a majority.

This will be a delightful new gateway into the city, single-family homes, single-story homes, and a large open space parcel as oppose to the great wall of the San Gabriel River, a two story hotel, which is infeasible in any event, but certainly would not be an attractive entrance or exit to the city. We urge your approval, and thank you very much.

ACTING CHAIRPERSON GORDON: Thank you, Mr. Fortner.

Mr. Hirsch would you like to speak?

MR. EDWARD HIRCH: Commissioner, this is Edward Hirsch speaking in favor for the opposition. The local newspaper, The Sun, did a survey, and I understand that 69 percent of the citizens of this city were in favor of the hotel, and the reason is this won't be a gateway, a wonderful gateway. This will be a wall to use by the citizens enjoying of the inland areas. It will make it exclusively a user for the citizen of Seattle -- excuse me. I mean Seal Beach, and that's -- sorry, I'm from Seattle -- and the reason is that there are no other public amenities at that location in Seal Beach, other than a small restaurant and a restroom. When they are residential properties only there, there will be nothing
for citizen who come inland on the bike trail to use.

And I think that this is left out of the evaluation analysis. It's about a half mile across the city to Main Street, which basically bifurcate the city where one could have amenities otherwise, you have to look at over a mile inland, about a mile inland to things like the Whole Foods, otherwise, you're just left at the end, corner of a city, at the dead end of a bike trail with nothing there, I think that's left out of the consideration of the value.

ACTING CHAIRPERSON GORDON: Thank you, sir.

Mr. Richard Barbazette, please.

And the last speaker will be Kathleen Keane.

MR. BARBAZETTE: Thank you, Commissioners.

Thank you for your service. My name is Richard Barbazette. I'm a 45-year resident of Seal Beach. My wife and I have raised two children in this seaside town, and I stand in support of the exchange agreement for two reasons. One, you're going to get $2.7 million to use for other worthwhile projects in this state, and then the bike path, to me, is the main thing, getting guaranteed access to that. I attended the Coastal Commission hearing and I'm not going to litigate that, but one of the commissioners mentioned that he was raised in the San Gabriel Valleys Foothill, and he said, you know, the idea
of being able to bike down there on the bike path, go to an open 6-acre park, be able to have tables and conveniences out there and be able to go back, would have been, when he was young, just a dream come true.

And the idea of limiting that and it's not just for Seal Beach, it's really for the whole Southern California area to have that access guarantee and to have an area that, you know, I share with you Commissioner Gordon, the idea of a private low-fee hotel or motel instead of public maintained park with all the amenities, it's just not a contest, and city counsel in a 5/0 vote, I think, represented the feelings of the people of Seal Beach. Thank you.

ACTING CHAIRPERSON GORDON: Thank you, sir.

Ms. Keane.

MS. KEANE: Thank you, Commissioners. My name is Kathleen Keane. I live on A Street in Seal Beach. I ask that you approve the exchange agreement so the City of Seal Beach and Bay City Partners Project can be approved by the Coastal Commission. I've had to look at this ugly chained fence surrounding the property for years. It's time to remove the fence and create a usable open space for the public. This exchange agreement will allow this to happen. The public trust easement on the property not fronting the river is less useful to the public than all
the riverfront open space that we will get with the project approve.

This cannot occur without the exchange agreement. Please approve the exchange agreement. All of Seal Beach would be grateful. I grew up my whole life in Seal Beach, and I walked around that barrier fence. My kids have walked around it all their lives, but I would like my grandkids to enjoy that property. Please bring the fence down, and it's time to move on. Thank you.

ACTING CHAIRPERSON GORDON: Thank you, ma'am.

ACTING COMMISSIONER ORTEGA: I appreciate all of the folks that have come here today. I think that a couple of the issues that are raised are things that will be considered by the Coastal Commission as it's been stated. Our action will come first, but the project still has to go before the Coastal Commission, I think, as it relates to the calculation of the value of the transfer, I think the staff has done a great job of explaining how that was done.

They've used what resources were available to make the best calculation to put before us. I think some of the issues about whether visitors serving area is more compelling. I think, you know, it's hard to imagine if a
hotel wasn't feasible or sought by someone in the past 30 years when development and tourism and things were booming. And during booming time it's hard to imagine that that's going to be feasible going forward. So I think given all of the testimony we've heard today, I'm in support of the staff's recommendation. I'm happy to make a motion to move approval of the staff's recommendation.

ACTING COMMISSION SCHMIDT: Just add the fact that, you know, I represent somebody that comes from a local government background and very progressive area and 5/0 was never a vote, never achieved that I'm aware of when it came to a development project. And I think that speaks volume even though statistics have been brought up that 60 percent -- well, a hundred percent of your electives have voted for a project like that. But regardless, we're here to determine the value of an easement, not the entire property or the profits that somebody will make but the value of the easement. And I believe staff has done an excellent job in identifying a means to do such. So I second that motion.

ACTING CHAIRPERSON GORDON: Okay. From the perspective of the controller, California law requires cities to make land use decision that are in the coastal zone, and they need to be compliant with the Coastal Act. The Coastal Commission will determine eventually whether
this action is consistent with the Coastal Act. That said, to reiterate what my colleague just said, this issue was well aired out at the local level.

The City Counsel of Seal Beach voted five to nothing. We do live in a democracy. If people are unhappy with how the people voted, you have an opportunity at the next election to vote those people out of office. That's how things work. It doesn't strike me that it is the job of the Coastal Commission either to determine what is acceptable development of the coastal zone that we defer to our sister agency.

And second, it's not our job to override local government land use decision. That's a place where we just -- we open up a can of worms. It is just not going to end well. So I also, on behalf of the controller, would support the motion. Though let me make one final statement which is, the attorney general explained this earlier, based on the rules of the State Lands Commission since there are no -- we are all delegates here. Only two of us can vote today. One of us between the Lieutenant Governor and the controller, only one of us will vote.

So based on what my two colleagues said, we've got a motion, and a second let me call the vote, please.

All those in favor?
(Ayes.)

ACTING CHAIRPERSON GORDON: The motion passes two to nothing. Thank you very much. Thank all of you for coming today on both sides. Thank you.

With that, we'd like to move to Item 109 for the staff presentation consider supplemental information involving an existing irrevocable permit issued by Port of Los Angeles to Rancho LBG holdings. Thank you.

You get to come back. You have the two easy ones today.

MS. COLSON: I know.

ACTING CHAIRPERSON GORDON: Lucky you.

MS. COLSON: I know. All right. So Calendar Item 109 involved Supplemental Information related to the existing revocable permit issued by the Port of Los Angeles to Rancho LPG Holdings LLC for the use of a railroad spur within the Port of Los Angeles. The Commission considered this issue, the issue of the revocable permit for the railroad spur at the June 19th meeting. Rancho's liquified petroleum gas storage facility is located on private property adjacent to land that is owned by the Port of Los Angeles.

Currently, its only connection to the Port of Los Angeles is that it has a revocable permit for railroad spur that connects to the Pacific Harbor Line which is a
local rail service that services customers within the area. As discussed in the June meeting, the City of Los Angeles acting through the Harbor Commissioners manages the port lands and trust pursuant to Chapter 656, Statues 1911, and Chapter 651, Statues 1929. The land which the railroad spur sits on was acquired by the Port in 1994 and is held as an asset of the trust.

In June, Commission staff was directed to find out more information about three subjects and to report back to the Commissioners. The first item was whether Rancho LPG's parent company, Plains All American Pipeline, has liability insurance to adequately cover all of its subsidiaries including Rancho LPG. Staff received a letter from Lockton Company LLC stating that Plains carried insurance covering 500 million to cover third parties claim. Staff also received a chart that summarize the liability insurance, and that's attached to the calendar item as Exhibit C, but Plains All American declined to provide staff or the Attorney General's Office with a copy of the actual liability insurance policy.

The second item requested was an organizational chart of Plains in order to determine the liability for Plains if substantial damage to the Rancho LPG storage facility were to occur. Rancho LPG, which owns the facility, is a subsidiary of Plains and is a publicly
traded Master Limited Partnership headquartered in Houston.

And the org chart that staff was sent is attached as Exhibit D to the staff report. I'm sorry, I don't have a PowerPoint presentation for this one. The final item that staff was to report back on is the result of the EPA review of the Rancho LPG facility and its compliance with the EPA's risk management plan. Based on investigations conducted in April 2010 and January 2011, the EPA sent Rancho a notification of potential enforcement action letter in March 2013, and it detailed six anticipated allegations.

On June 24, 2014, the EPA announced that Rancho and the EPA have entered into a consent agreement and final order. That order required that Rancho paid approximately $260,000 in fines. Rancho has maintain that it vigorously disputes the EPA's claims, but both Rancho and the EPA agree that the facility is currently in full compliance with the EPA's risk management program.

There's one other item I want to mention which is that a Commission staffer attended the September 10th meeting that was organized by Congressman Waxman's district staff. There were representatives present from the Department of Homeland Security, and the USEPA. The federal officials gave an overview of the federal chemical
security and safety programs and answered public questions.

The federal officials reiterated at that meeting that Rancho facilities were in compliance with all the federal laws and regulations at that time.

The staff recommendation for this item is that the Commission direct staff to continue working with the Port of Los Angeles staff on any issues involving the Rancho LPG revocable permit. Thank you.

ACTING CHAIRPERSON GORDON: Is there anybody from Rancho here who wishes to testify? No. All right, that being said, I've got a very large stack of folks from the community, and I'm just going to go in order as to how these have been received. So let's start with Kit Fox, followed by Pat Nave -- actually, stall that for one second.

Let's start with Mr. Weiss.

Mr. Weiss, why don't you come forward, and then we will go next to Kit Fox and then to Mr. Nave.

MR. WEISS: Commissioners, thank you again for this opportunity. We appreciate you putting this on the agenda, and my brief time here, I think, I want to just go -- I want to first talk about, I believe, you can do, and then hopefully, we have time where I can comment specifically on some of the aspect of the staff reports.
No. 1, you can agendize an action item on whether or not as a matter of policy no title, no trust assets, no Tidelands Trust assets should be allowed without adequate insurance or protection for the public. That's in keeping with your fiduciary duties. You can call the Port, you can have them explain to you why essentially they haven't done anything.

What we're talking about is the rail line going through the facility, through the port facility. That's Tidelands Trust assets. Also the rails spur is a Tidelands Trust Assets and also the rail line in front of the Rancho facility is a Tidelands Trust assets for which Rancho pays a pittance and, in fact, Rancho doesn't pay, Plains LP marketing pays. And they pay $1287 a month which is far below what the fair market value is.

We just had a report on the value of the Tidelands Trust Assets -- well, that's being given away. This Tidelands Trust Assets is being given away indirectly by the fact that these people are getting basically a free ride, low rent, and given the amount of the risk.

Three, we can have the Port negotiate with the L.A. Fire Department to inspect the facility on a quarterly basis. The port can pay the L.A. Fire Department which they do anyway for fire facilities, just add maybe 3- or 4- or $500,000 and have at least some
degree of inspection by the fire department which does not
exist now, which hopefully would mitigate the risk and the
exposure.

We need a CEQA evaluation, that's in the staff
report. That basically should be undertaken given the
risk and the balance of the risk and reward.

We can have an attorney general formal opinion
on how the Tidelands trust use here, whether or not that
is consistent with the Tidelands Trust duties and
fiduciary responsibilities, given the fact that this
commission does have the power. You can sue the City of
San Francisco, because you don't want them telling you
what to do with the air space above your property. You
can certainly tell anybody using Tidelands Trust property
not to use it unless they have adequate insurance, and
there is no dispute by the way. And Rancho will not
dispute it, because they can't. They are financially
insolvent as a going institution. They do not pay the
rent, Plains LP marketing pays the rent. We have a
situation where they are indebted for $51 million to this
other entity that's on there sheet, Plains LP Marketing or
Plains LP Services LP. So this is not a situation where
the public is protected in any way, shape, or form. This
commission can fund the L.A. City controller that has
subpoena power to basically do a management audit that
could educate and inform this commission and the public about what's really going on.

Rancho hides under a rock, Commissioners, and they're not here, but they're not going to talk to you if they can basically avoid doing so. The important thing is I think that -- one minute. Thank you. I think, again, what we're talking about here is the assets themselves are being used in violation of current operating agreements. The PHL Short Line Railroad operating agreement is being violated, as is the rails per permit.

So you are presiding over circumstance where your trust assets, basically, are being misused, malused [sic], unlawfully used, and to the extent that you want to rely on Rancho's insurance, I don't think it's reasonable to expect any insurance company to pay for damages caused as a result of unlawful improper use. We need the facts. We need a discussion. We need competent policy basically being made here. And to the extent is that there is some legal issues, I think, again, the attorney general basically can inform the issue and for all concerned.

So essentially, again, the -- I don't think anybody should violate their covenants with the Port with this commission's acquiescence either by in action or direct action. And I appreciate your consideration. Thank you.
very much.

ACTING CHAIRPERSON GORDON: Mr. Meier or Ms. Lucchesi could you -- Ms. Weiss has made several fairly serious allegations that our trust assets are being illegally used. Have you determined whether that's true or not? Unlawful used.

EXECUTIVE OFFICER LUCCHESI: Well, I'm not quite sure of what the details of that unlawful use is and our previous staff report from our June meeting, the Commission staff did analyze the consistency of the use of public trust lands by a railroad spur, and in that analysis from our June meeting it was staff's determination that it was a use that was consistent with the common-law public trust, as well as the statutory trust grants under which those lands are held.

Now, again, just to reiterate what staff counsel, Staff Attorney Colson was saying earlier, where the only portion of the that is located on public trust lands within the Port of Los Angeles is a railroad spur. The actual facility is located on private property. So when we're talking about the use of the railroad spur -- a railroad spurs on public trust lands, yes. We determined that that type of use is consistent with the trust.

Now, Mr. Weiss talked about maybe violations or unlawful use based on the Port's revocable permit or the
agreement between the Pacific Harbor Line and the Port. Now, the port has not determined that there's a violation of the revocable permit. We have not seen evidence of a violation. So you know, I'm not sure if he can expand on that. I will also say that the port currently has $1 million of liability insurance from Rancho based on that revocable permit and also, has $25 million of liability insurance for the operation of the Pacific Harbor Line.

Commission staff has not evaluated those policies per se, but from our discussions and conversations with the Port of Los Angeles, they believe those are sufficient.

ACTING CHAIRPERSON GORDON: Mr. Weiss, could you come forward for a second, please.

We have legal opinion from our staff that indicates that a rail spur is a use consistent with the public trust. When you indicate that the -- and remember the only piece of this that State Lands has jurisdiction over is the rail spur. What was the specifically illegal activity or unlawful activity that you are referring to with regard to that rail spur?

MR. WEISS: The fact that it's being -- first of all, to correct Jennifer, we're talking about three Tidelands Trust Assets. One, there's the rail lines in
front of Rancho facilities which the staff reports make reference to then there's the rail spurs that connect the rail line in front of Rancho facility to the rail line running through the port, and then there's the actually rail line running through the port that carries the butane and propane from the facility.

All three of those rail facilities are within your jurisdiction. The rail spur specifically is being violated because the city is allowing the use in violation of the terms of the agreement. There's nothing in the agreement that allows this rail spurs to be used toward this purpose?

ACTING CHAIRPERSON GORDON: Which agreement are you talking about?

Mr. WEISS: I'm talking about the rail spur permit itself with the City of Los Angeles or with the Port. Also, there's another agreement with PHL, the short line railroad that is between the port and PHL that agreement controls under what terms and conditions PHL, the short line railroad, is allowed to use the Tidelands Trust assets which consists of the rail lines through the port. And there's no question that the port itself is a Tidelands Trust assets. That agreement preclude specifically the use of those rail lines for hazardous material except or unless as specified, and this is not
specified in the agreement. It was dated 1997, and the
use is currently ongoing is not consistent with that
agreement at all. That agreement needs to be
renegotiated.

And the State Lands is in a position, basically,
to direct that because the use of their rail assets
Tidelands Trust Assets being used in violation basically
undermine the ability to protect the State's interest to
precure insurance, and also the fact that such a pittance
is being paid, imbalances the risk reward ratio.

ACTING CHAIRPERSON GORDON: Thank you, sir.
MR. WEISS: Thank you. Appreciate it,
Mr. Gordon.

ACTING CHAIRPERSON GORDON: Ms. Fox, Kit Fox.
Oh, that's a gentleman. I'm sorry, Mr. Fox.

MR. FOX: Thank you, Chairman Gordon and members
of the Commission for the opportunity to address you this
afternoon. My name is Kit Fox. I'm the with the City
Manager's Office of the City of Rancho Palos Verdes. Our
residence at the closest point are located roughly half a
mile from the rail spurs that you're discussing this
evening. Our city supports the commission's review of
this revocable permit to the extent that this review
protects the State's interest in this public trust assets.

We believe it will also help to protect the
interest of the communities that surround the rail spur
and the Rancho LPG facility. We understand that they are
limits to the Commission's jurisdiction and authority in
this matter, but we encourage the Commission to exercise
the full scope of its authority in reviewing this permit
to protect the health and welfare of the public and both
in San Pedro and our city.

ACTING CHAIRPERSON GORDON: Hold on one second.

MR. FOX: You're looking at a question that I
did note in the staff report this afternoon on Page 2
under the discussion of the liability insurance policy and
the third paragraph we talked about an offer from Plains,
regarding something called a parental guarantee agreement
that sounded like it was possibly under some type of review
by Commission staff, and I didn't hear that there was
discussed in the oral comments before, and we were just
curious what that means or if there is any new information
as a result of that offer that's been made by Plains.

ACTING CHAIRPERSON GORDON: Ms. Lucchesi, you
want to describe that offer, please.

EXECUTIVE OFFICER LUCCHESI: Yes, of course. As
described in the staff report the Commission received an
offer from Plains for a parental guarantee for a term of
three years in favor of the Commission and the Port of
Los Angeles on behalf of Rancho LPG. The purpose of the
guarantee was to cover casualty losses to the extent of uninsured losses or damages arising in connection with a casualty event at the Rancho LPG facility. So it's very specific, at the facility. We have been evaluating that. We sent it on to the Attorney General's Office for their review.

We've also sent it on to the Port of Los Angeles for their review, and it's not something that the Commission expressly needs to accept, but both staff representatives from the AG as office, as well as the Port has a couple of changes to make to that in order to convey to Plains to execute it.

ACTING CHAIRPERSON GORDON: Ms. Lucchesi, in your opinion does this offer cover the community around the site if anything were to happen there?

EXECUTIVE OFFICER LUCCHESI: You know, that is something that we are currently working with the AG's office to figure out if it actually does. My best guess on the spot right now, based on the language used is that it would only cover casualty events at the facility itself.

ACTING CHAIRPERSON GORDON: Can I please have somebody from Rancho up here please. I have a question that is somewhat disturbing. I know there are representatives in the back. Nobody wishes to speak?
Identify yourself please, sir.

Mr. KYLES: Certainly. Good afternoon, Commissioners. My name is John Kyles. I'm senior attorney with Plains All American Pipeline. Rancho is one of our facilities. So I'm here as a request to respond to your question to the extent that I can.

ACTING CHAIRPERSON GORDON: Thank you. The question I have is at our last hearing when this came up, it had been disclosed -- it had been represented to us that there were privacy issues, for want of a better term, as to why Rancho could not show us a liability insurance policy. We made an offer at that time for that policy to be showed in camera to the attorney general, not made public.

Rancho has decided that they don't wish to avail themselves of that. Can you please tell me, first of all, why the State of California cannot look to see the validity of the liability insurance, and, B) exactly what company secrets one would be releasing?

I was a litigating attorney myself, and I've never seen anyone claim privilege over insurance policy.

MR. KYLES: Mr. Gordon, first of all we're not in litigation with the State of California or with the State Lands commission or with the Port of Los Angeles. Rancho concurs with the opinions that have been already
expressed in staff report regarding the scope of authority for the commission.

That scope goes beyond insurance coverage for anything outside of the rail spur activity, and of course you have a copy of Rancho's binder for the rail spur. With respect to the insurance policies themselves for all of Plains, as well as Rancho, the details of each of the individual insurance policies, quite frankly, goes beyond of scope of any jurisdictional authority Commission.

It was an extraordinary request for you to ask for the insurance policy since we're not in privy with you. However, as an accommodation, we offered you proof that there's ample insurance with respect to the activities of Rancho at this facility, and so we provided you with evidence of half a billion dollars of coverage, and in addition to that, we provided you with a parental guarantee with respect to any casualty activities that occur at Rancho.

So at this point, the commission has been provided with a good faith attempt to try and provide you with some insight into Rancho's ability to cover any foreseeable liability at the facility and to go beyond that, quite frankly, isn't anything that's dictated by the letter of the law.

ACTING CHAIRPERSON GORDON: Sir, is it your
understanding that the parental guarantee that you offered would cover casualties in the community should there be an accident at the facility?

MR. KYLES: There's a reason -- and I don't have the guarantee before me, and quite frankly it would be out of turn for me to provide you with a legal interpretation of that parental guarantee that was presented quite sometime ago. However, my understanding is that it would cover casualty losses above and beyond that half billion dollar coverage that we already provided proof of to the extent that there are casualties associated with a catastrophic event at Rancho.

ACTING CHAIRPERSON GORDON: Ms. Lucchesi.

MR. KYLES: Do understand -- and let me make certain that I'm communicating clearly what I'm attempting to convey. A casualty event, a catastrophic event would emanate at a site and then there's a ripple effect to the extent that there is any casualty whether within the perimeter of the facility or adjacent to it. If there's evidence to show that the proximate cause of the damage was the catastrophic event in Rancho, then it should be covered by the parental guarantee.

ACTING CHAIRPERSON GORDON: So in essence, what you are saying is that the parental guarantee would cover losses above and beyond the 500 million that you've
proven. That if a catastrophic event happened that did
damage to individuals and property in the community, that
it is intended that the parental guarantee would cover
those losses?

MR. KYLES: That is my understanding, and I will
research the issue, and I will get back to you if there is
anything that I need to delete, add or amend.

ACTING CHAIRPERSON GORDON: That is my primary
concern at this point in time, that the community is
covered, and if that is the case, you have Ms. Lucchesi
and her staff will be able to negotiate with you on that
to determine that that is what the company is providing.

MR. KYLES: Thank you.

ACTING CHAIRPERSON GORDON: Thank you, sir.

Pat Nave, please.

MR. NAVE: Good afternoon. My name is Pat Nave.

I'm a resident of San Pedro. I have comments in three
areas including the revocable permit and insurance. My
major comment though has to do with the method by which
the City of Los Angeles administers the trust and that
speaks to the management responsibilities and powers of
the State Lands Commission and also the legislator.

In 1911 the State granted the sovereign lands to
the City in trust for 300,000 people, maybe, in
Los Angeles at the time. The city is the one that decided
to divide the responsibility for the administration of the
trust in its city charter, and its done in a geographical
way, and it leads to a lot of problems.

I think it contributes to how we're able to
resolve issues in Los Angeles. It leads to -- it's one of
the reason that leads us to be here as often as we are.
What the city has done is said, look we have a harbor
district, and that's what the border harbor commissioner
is going to administer. It's the tide and submerge lands,
and it's the lands and waters that are purchased by the
Harbor Revenue Fund which is the Sovereign Trust Fund.
There's a couple other small ways that lands can get into
the harbor district. But here's the thing, what it's done
geographically, what happens in Los Angeles is that if we
come to the Harbor Commission and say, "Look, you own the
rails spur and the rail land. You don't own the land on
which Rancho is located." And they say, "Well, we can't
handle that. You got to go to the City for that." And
city counsel says, "We don't have the rail spur. You got
to go to the Harbor Commission for that." So there's an
old saying, "When everyone has responsibility, nobody has
responsibility."

I'm suggesting to you that one of the things
that could happen is for staff and your attorney general
and for the legislative counsel, but also the CLA and city
and so forth to think about a foundational administration of the trust so that when we have issues about the rules around the harbor and their use, when we have concerns about the safety of refineries and so forth in South Bay.

You know, you got to keep in mind that there's a lot of refineries in L.A. that are close to the harbor and the reason they are there is because the water is there, and that's why Rancho is there because of what those tanks use to be connected to the water. So we've got -- everybody recognized as we've had safety concerns and safety issues, how to resolve them the best way and in a rational way and in an adult way. That was one thing. The revocable permit issue really is not so much the revocable permit but how the Port looks after rail safety, its lines in the port. I can guarantee you that PHL is an operating agency for the Port, operates pursuant to a port contract. Port has no idea what PHL is doing with those railcars.

We get complaints from people in Wilmington and some areas where we see the cars are on sidings next to homes, no idea what's in them. I know the Port doesn't know what's in them. So we've asked for some reviews and they shipped it off to -- I've been offered some time by a couple of others, if I may?

ACTING CHAIRPERSON GORDON: Who are the other
speakers? Who are wishing to surrender their time?

PAT NAVE: Pete Burmeister, and Darlene Zavalney?

ACTING CHAIRPERSON GORDON: Okay.

MR. NAVE: One other issue on the -- so some work needs to be done in that area. We've asked the Port, and we've asked the city for it. It's been referred to the City's Administrative Officer or the CLA, I think it is -- filed motion and so forth, but, you know, you send it downtown, those folks have no idea how to respond to something like that. It's really out of their way. It needs to be looked at. We've asked for it.

Our insurance issue is this, our homeowner's insurance policies, including the kind I have is a deluxe policy, it excludes coverage for sudden blast and sudden emissions. If Rancho's insurance is to respond in damages for an admission for that, we would have to make a claim against Rancho wherever it might be located at that time.

Much better if there is a rider on their policy that says, "Additional insurers are the homeowners in that area," so we can make a claim directly against the insurer, not against Rancho?

ACTING CHAIRPERSON GORDON: Thank you, sir.

Next, Mr. Alfred Sattler, please.

MR. SATTLER: Okay. Good afternoon. I'm Al
Sattler. I'm the Chair of the Palos Verdes-South Bay Regional Group of the Sierra Club. First of all, we sent a letter by e-mail actually on Saturday. Was it received in time to be considered?

EXECUTIVE OFFICER LUCCHESI: Yes, it was received in time to be considered and would have been forwarded on to the commissioners.

MR. SATTLER: Okay. Thank you.

I want to say that we share concerns about the safety of this facility. We appreciate the State Lands Commission is taking a closer look at the issues of whether a rail spur permit is appropriate, and we're encouraged by the staff's recommendation that the State Lands commission continue to work with the Port of Los Angeles on issues involving the revocable permit issued in Rancho LPG.

The Sierra Club has previously indicated that support for relocating the propane and butane tanks from Gaffey Street to another location more remote from schools and residences. We reiterate that support. The commission responsibility to manage State Lands assets to assure the greatest possible benefit is derives there from should consider the potential cost to the public in relation to the benefits.

In this case the public derives a negligible
benefit while bearing a very weighty burden, the risk of
loss of property, health, and life. You know, off the
topic of -- slightly off topic, I want to say that the
Prevention First Conference that was mentioned is a very
good thing to have had. Prevention is much better than
dealing with the consequences of non-prevention.

I did notice it was sponsored by numerous oil
and gas companies, including Plains All American Pipeline,
the holding company for Rancho LPG, as well as Chevron,
Shell, BP, Western States Petroleum Association, Tesoro
and Delero among the many others, and the $275
registration fee. So it was not something that was easily
opened to the general public.

I just hope that there wasn't too much of a
feeling of excess comradery with staff commingling with
all of the oil industry people there, and I noticed there
was a section on crude by rail transporting. Crude oil by
rail and California refineries has been trying to bring in
Tarzan's crude by rail, and this is a rather scary
prospect. There has been several major accidents and
fires from tar sands crude railcars and the prospect of
this coming to Southern California is not comforting.

ACTING CHAIRPERSON GORDON: Jeanne LaComba,
please.

MS. LaCOMBA: Good afternoon. My name is Jeanna
LaComba. I'm president of Rolling Hills Riviera Homeowners Association in Rancho Palos Verdes, and our residences are anywhere from just under a mile, to a mile and a half away from the facility. I would just like to remind the Commission that your job is to protect the public's interest, not the interest of a private company.

I am also really interested in why in this recent staff report in this meeting, it refers to Rancho LPG and not Rancho Holdings LLC. It's a very important component of this business. They are a limited liability corporation. And when the staff describes their business structure, it says that Plains All American Canada is the parent company. That kind of alludes to the fact that Plains might be responsible for any sort of explosion at Rancho accident, or terrorist attack, and that's not the case.

Rancho holdings is an independent company that's an LLC, so any sort of responsibility would stop there. Anybody that suffers damage, they would be forced to sue Rancho Holdings LLC, and as an LLC that would be nearly impossible to get a judgment in our favor. Okay. So how on Page No. 4 it refers to the liability insurance. That covers the port and the rail line, and the public has zero insurance coverage.

We're not named in their insurance policy.
Their insurance doesn't cover anything beyond their fence line, and that's a huge, huge issue for our community. We would actually have to sue the company in order to get maybe some recovery. However, depending on how the policy is written, which they refuse to show anyone, there could be exclusions for terrorist attack, negligence by one of their employees, earthquake, things like that.

Also, I have an issue where it says that the staff recommends that the commission by the subject staff analysis does not have potential for a result in either a direct or reasonable foreseeable indirect physical change in the environment. So they actually do have a stated half mile blast radius filed with the EPA, and I don't see how it would be -- it would be impossible to not have some sort of physical change if there were an accident.

So I think it would be foreseeable that that could be a possibility. It is possible, and that's why the Department of Homeland Security has it on a high risk factor. Also they talk about the insurance, the $500 million insurance policy. Like I said, we would have to sue the company in order -- because we're not named under the policy, and what are the policy's limits? Who's the insurer, you know, who do we contact? Where are the exclusions. We have no information, and you don't have any information in order to make a rational decision.
My recommendation is because it's a revocable permit, you revoke the permit until all these answers can be answers with extreme clarity and to everyone's satisfaction. You know, you have to do what's best in the public interest, and that would be in the public interest. If you don't have all the answers, then revoke the permit until you do. Anyway, that's my recommendation.

ACTING CHAIRPERSON GORDON: Mr. Meier, one quick question, the parental agreement that's been offered, is that coming from Rancho or is that coming from Plains?

CHIEF COUNSEL MEIER: The parental guarantee comes from Plains to cover the liability -- to cover Rancho's.

ACTING CHAIRPERSON GORDON: That's what I thought. So for the people in the audience do understand first of all, that the parental guarantee that's being discussed and being negotiated is from the parent company which is solvent. All the arguments about Rancho itself whatever their financial circumstances are, the parental agreement would be from the parent holding corporation. Secondly, with regard for the request that people in the community to be named in the policy, I -- one of the attorneys please tell me if I'm wrong, but I've never heard of a policy, of a liability policy that covers a community other than the facility for actions out of the
facility?

CHIEF COUNSEL MEIER: The coverage is for Rancho's liability in the event of a catastrophe. Anyone who claims damage can submit a claim. The question I have is that I do not think Rancho's attorney answered this question was whether the parental guarantee was limited to claims by the state and the port or extended to claims by other third parties members of the public. That was not clear to me from his answer.

ACTING CHAIRPERSON GORDON: It was my understanding that the gentleman answered that it did extend to members of the public.

CHIEF COUNSEL MEIER: It was not clear to me.

ACTING CHAIRPERSON GORDON: Okay. All right.

Let's see, Dorota is the next -- D-o-r-o-t-a.

No, not here? Oh, I'm sorry.

MS. STARR: All right. I was hoping I'd be last. Okay. Hello, my name is Dorota, and I'm not an expert. I'm just a citizen, and a constituent from San Pedro. I'm wearing red for danger, and I do not understand, beyond a shadow of doubt, what it's going to take for the powers to be to listen and act on all of the supporters that have come here that are concerned about the possibility of harm.

People have been coming in talking to various
members of community for over ten years. One of them I spoke to 12 years. All of this information has been passed on.

A five-year-old child would know better that even one inch or a half an inch or a quarter of an inch or an eight of an inch of doubt could exist that could cause an explosion of mammoth proportion or could, whether it happened by tank, by truck or rail or in any other way. I would like to see a hundred percent proof in writing from any of you that these experts' fears, base on fact, that have already happened elsewhere can't, and I mean cannot occur beyond a shadow of doubt here.

The efforts so far has been to convince all of you, and yet I see no convincing drop of proof that Rancho LPG, or Plains or any name by any other name is still the same, is safe for me, for the thousands of citizens here at all. In fact, I am thinking of selling my property, because if I may say so, I am so afraid that something will happen and nobody will be doing anything about it and after the fact what are you all going to say?

ACTING CHAIRPERSON GORDON: Thank you, ma'am.

We're going to take a ten-minute break right now for the court reporter to get -- where is our court reporter? Oh, over here, for the court reporter to get herself new tape and give her a little bit of break. So
ten minutes.

It's currently -- what time? It is 3:03. We'll make it 3:15 on the dot.

(Off the record.)

(Back on the record.)

ACTING CHAIRPERSON GORDON: All right everybody. The next three speakers will be Chuck Hurt, John Miller and Toni Martinovich.

Mr. Hart.

MR. HART: Chairman Gordon and Commissioners, thank you for this opportunity. I represent San Pedro Peninsula Homeowners United. I'm the current president of the association. It represents 2,000 homeowners that live directly across the street from Rancho facility. I presented a list of facts trying to explain our frustration with this whole process. So it's going to be a repeat of what's been said before, but bear with me if you will, please.

Fact 1, LPG is highly explosive and dangerous. The storage facility should not have been allowed to be built next to an existing residential neighborhood in the first place. Fact 2, Rancho LPG has enough explosive potential to destroy thousands of lives and create a havoc to our economy and our ports. Fact 3, the ports, knowing the potential for disaster, has been link to gamble that it
will not happen by allowing the LPG to pass through our
neighborhoods and the ports by a rail made possible by
a rail spur leased by the port to Rancho.

Fact 4, tanks or railcars of LPG are
vulnerability to accidents. Five, to date, no
governmental agency at SPPHU has attempted to get involved
or willing to do so to take any action necessary to
prevent a catastrophic event.

Next fact, apparently, the current regulation
prevent them from doing so. Those with the power to make
the necessary regulation changes have made no effort to do
so. Fact, by staying with the status quo, we are destined
to experience a catastrophic event related to Rancho LPG,
because no one, to date, is going to take up our flag and
fight with us against this powerful American petroleum
institute.

Fact, we appear to have a dysfunctional
representative government that talks the talk but doesn't
walk the walk. San Pedro Peninsula Homeowners United
believes that the State Lands Commission has the authority
to end this downward spiral by exercising its rights to
protect the land, water ways, and resources entrusted to
it's care through economic development, protection,
preservation, and restoration.

This port-approved rail spur could eventually
prove to be the nucleus of a disaster resulting in hundreds, if not thousands of lives impacted and billions in potential losses. We respectfully request that the State Lands Commission stand with us and take the necessary steps within your power to close this rail spur that represents a highly serious liability issue to our economy and the public.

Thank you for this opportunity.

ACTING CHAIRPERSON GORDON: Dr. Miller.

DR. MILLER: Good afternoon, Commissions, I'm Dr. John G. Miller. I'm an emergency room doctor. I'm also president of the San Pedro Peninsula Homeowners Coalition which is a group of ten homeowners groups representing several thousand homes in the San Pedro Peninsula area. I'm going to speak about Rancho disaster related issue that has been overlooked. I shared many of the speakers concern about the potential for an enormous catastrophic from the Rancho facility.

In my own research from my perspective as an emergency physician, I have found that we don't have enough critical burn beds available to treat all the critically burned patient a disaster at Rancho would generate, not at the Southern California level, not at the statewide level, not at the Southwestern level and actually, not even at national level. Critically burned
patients need burn unit beds and special care the 
community hospital simply cannot adequately provide.

We can stabilize a critical burn patient in our 
ERs, but then that patient needs to go to a burn center 
ASAP. What critical burn units beds that exist are almost 
always fully nearly occupied. That is, there is almost no 
real surge capacity available in the system that exists.

In the past two decades I have experienced the 
reality that when I've had even a single critically burned 
patient in the ERs where I worked, it was a very time 
consuming process to find even one burn unit bed for than 
patient. One model from history that we can use to get a 
general idea of how many casualty that could be generated 
by Rancho is the 1987 Tarragona Spain disaster.

One tanker truck of propylene, which is similar 
to propane, spilled creating a gaseous vapor that flowed 
downhill into a campground and ignited. The resulting 
fireball incinerated everything within a thousand foot 
radios. One hundred and five people died on site. Many 
burned beyond recognition. 300 people were severally 
wounded, mostly with extensive third degree burns. In the 
following months 270 more people died of their injuries.

The burn care capacity of the entire Spanish 
healthcare system was overwhelmed, and this was from only 
one truckload of this material. Not the 25 million
gallons that can be stored at Rancho. The resulting
fireball from Rancho could be reasonable expected to be
much larger than the one in Tarragona.

I note that the fact stated in your staff report
that the parent company, Plains All American, is unwilling
to provide or facilitate the Attorney General's Office
in-camera review of their actual liability insurance
policy, which they alleged they have, despite the
Commission Chair's prior recommendations to do this should
raise a very large red flags for you. What are they
hiding?

And while the USEPA was talking with Rancho
about violation at Rancho, the public was being told by
Rancho's representatives that there was no violations. In
closing, I tell you that the San Bruno fire generated over
$2 billion worth of damages, and the possibility at Rancho
is much larger. Please use your authority to do what you
can to correct this situation, thank you.

ACTING CHAIRPERSON GORDON: Tony Martinovich
followed by Kathleen Woodfield and Nancy Vitale, please.

MS. MARTINOVICH: Hi, I'm Toni Martinovich,
second generation San Pedro resident, and I want to thank
you for continuing to keep this rail spur permit on your
agenda and in your opening discussion about what this
commission does, you mentioned the word "responsibility,"
and I'd like you to please take that responsibility to heart, because San Pedro needs a champion. And we need somebody who won't keep passing the buck. We would like you to continue to explore your responsibility and take a leadership role in continuing to safeguard our land and the community. Thank you.

ACTING CHAIRPERSON GORDON: Thank you. Kathleen Woodfield followed by Nancy Vitale and Mr. Gunter --

Ms. Gunter.

MS. WOODFIELD: There's a couple of things I wanted to ask you. Did you get Jesse Marquez's -- okay.

EXECUTIVE OFFICER LUCCHESI: Yes, and it was also addressed to the Chair, but we forwarded it on to the other two Commissioners as well.

MS. WOODFIELD: Okay. And then also I have a letter here from Marci Miller which I want to give to you. I was originally going to give it as my testimony.

My name is Kathleen Woodfield. I'm Vice President of the San Pedro Peninsula Homeowners Coalition, and I wrote on my card, and maybe -- I do think it's important for us to at least give a little attention to this. It's very confusing about whether you oppose or agree on the card. So I wrote that I oppose some of the findings of the staff report. However, I do certainly support you staying involved, which is what I think I'm
hearing, although I'm not sure.

    So I hope you understand the quandary, and
please don't just look at the cards and count, you know,
how many opposed and how many approve, because it's much
more complicated than that. I have firsthand knowledge of
State Lands staff investing its time and asserting its
authority in order to shape and restrict mitigation
projects intended to mitigate negative port impact in the
community.

    And I have that firsthand knowledge over many,
many, many, years. The hypocrisy, therefore, of the staff
report that states, grantees have the primary
responsibility of administrating the trust on a day-to-day
basis is remarkable and disturbing. And it shows that
State Lands will scrutinize port community mitigation
benefits, yet look the other way when the same port
community is put at risk by big industry.

    These combined actions cause State Lands own
environmental justice policy to be moot, and in terms of
doing the right thing, this is an opportunity lost, if
State Lands does not intervene on this issue. The Port
has demonstrated that it has not been diligent when it
comes to its relationship with Rancho. Port has not made
sure that the insurance of Rancho is adequate. The Port
does not convene safety meetings as called for in their
rail spur permit with Rancho.

The Port does not keep track of what is in the railcars, where they are parked, or where they are going and when. The Port has allowed erroneous language to persist in the revocable permit. They continue to renew without review. The Port is not here as far as I can see. If they are here they have not spoken.

I hope that our presence here, the community, gives you the courage to stay involved and to continue to intervene in a more significant way on this very important issue. I hope that I'm hearing from you that you are going to make sure that Rancho discloses its insurance in a meaningful way that is understandable to everyone so that we really do know what is and isn't in the language of their policy. And I would hope that you could create -- I would hope that you could create some sort of oversight where the Port is looking at those railcars, where they are going, when they are going and convening those safety meetings like they are supposed to, which they have never done as far as we know.

And thank you for listening to us today. I really, really hope you continue to stay involved, because if you don't, this whole issue is just going to fade away from the Port's perspective. I don't see them stepping up to the plate to do anything differently than what they've
shown us is there standard MO with this particular facility thank you.

ACTING CHAIRPERSON GORDON: Nancy Vitale, followed by Mr. or Mrs. Gonyea and June Burlingame Smith.

MS. VITALE: Good afternoon, Commissioners. My name is Nancy Vitale, and I am the Director of the John Goya Campaign for State Assembly, and San Pedro is within his district. Unfortunately, John was not able to attend today. John is a chemical engineer by degree and education and, therefore, understands the dynamics of Rancho facility. He was present at the meeting with the EPA and Homeland Security several weeks ago and was concerned that after he handed his question card to the spokeswomen for the EPA, she consulted with the organizer of the forum and put his card at the bottom of the pile.

His question is simple: If she was in her last year as a chemical engineer, if she was in her last year of senior lab, would her class -- and Rancho was her class design task, would she design the facility as it presently stand or would she, due to perimeters of location, design it differently for reasons of public safety and what grade would she assign to the present Rancho design?

John was concerned with her reaction to his question and believes that her lack of any answer is the
absolute answer. Thank you, and I'd like to submit my
remaining time to another speaker.

    ACTING CHAIRPERSON GORDON: Mr. or Mrs. Gonyea?
    Ms. June Burlingame Smith followed by Connie
Rutter and Diana Nave.

    MS. BURLINGAME SMITH: Good afternoon,
Commissioners. I thank you as other people, people have
said for taking our issues seriously. I'm not going to
try to repeat all the legal or scientific particulars that
you've heard, not only today, but in the past, but
I believe that your concerns really give heart to our
democracy, our representation governance.

    In that I think that in the long run you have to
finally make your decision on what's called a moral
imperative. And the moral imperative -- you're laughing,
Mr. Gordon -- oh, smiling not laughing. But what the
moral imperative, as you know, is really a principle that
is inside all of us that dictates what is right and what
is wrong.

    Kant and his philosophical renderings made this
a categorically imperative. In other words, on the basis
of that moral reasoning and that moral center it was equal
to, if not, commensurate with reasoning and actually
overstated some of the other reasons involved. So today I
bring to you the question, what is the moral imperative
here? I would like the State land's Commission to take all of the little details and all the legal aspects of this and do what you know has to be done. And that is, someone has to take responsibility who has the authority and you haven't. Imagine that your mother is sitting in this front row. Now, that could be your mother, it could be my mother, it could be mother nature. If it's your mother, your mother would say, "Alan, Eraina, Kevin, you protect the people." If it's mother nature, she has no words, but she has strong actions.

ACTING CHAIRPERSON GORDON: Connie Rutter, please.

MS. RUTTER: Here I am. I am the Chair of the Holy Trinity Parish Peace and Justice Group. That's how I got into this. This, you know, worrying about these tanks for about two years now. My background is I worked 30 years as the environmental coordinator or manager for refineries and then after that, spent more time as a environmental consultant. So I'm aware of the problems. And I'd like to just key off with what June said. I really, really appreciate you guys taking this on, because I can't tell you how many people we have gone to and just in the short two years that I've been working on it, and they essentially say, "Gosh, that's too bad. There's nothing we can do."
So I really generally appreciate you're hanging in there with this issue simply because this is so -- this stuff is so dangerous. The people who originally permitted really have to be blamed by the rest of us, because they apparently never even cracked a book to tell them what are the boiling points of these substances, how much they expand, how flammable they are, and that they can't be put out once they are ignited.

So but I want to contest something in the staff report and that is that this facility is in compliance with the EPA laws. The problem with that is the EPA already know they got problems with their laws from the meeting that we had between the department of Homeland Security and the EPA. The EPA presenter kept making excuses that we're following our guidelines, but tell us what's wrong with our programs.

And this follows, if you remember after the West Texas fertilizer plant explosion that President Barack Obama came out with an executive order essentially saying, tell us what's wrong with our hazardous material laws. So I have just written about maybe eight, nine pages worth of telling them what's wrong with their hazardous material laws. But let me tell you too that I would like you to remember -- and please let me finish. So the one thing is that the law that was passed after Bopal essentially put
the decision for these kinds of hazardous materials facilities in the hands of the public, theoretically because this, it was emergency procedures and community right to know. And so the assumption was that the community, once they knew what was dangerous in their area, they would bring pressure to bear on the elected officials and do something about it.

Problem is that in the law there is no ability for the public to get rid of a facility that is just too risky. The other thing is that the EPA, I'm almost positive they understand this now, they caved into -- and I have told you this before, this will sound familiar, they caved in to a suit by the American Petroleum Institute that essentially said, hey if there is "passive mitigation," in other words, once the stuff gets out it's going to be caught by a dike barrier or impound basin. Problem with that, if they had looked this up, is that this stuff is stored as a liquid, but it becomes a gas almost as soon as its released.

The dike barrier is to hold the liquid contents of the tank, but as soon as it gets out it will start to vaporize, and then the vapor exceeds the impound basin. So this quote, this is "passive" all right, but it's not mitigation. But the EPA caved in after the suit and allowed them to say that it's really a half mile blast
radios where as their previously guidance says, if you do
the calculation, says that it's a three-mile radios.

So but I had lots more things that were wrong
with their rules, but particular those two. So it makes
it so that the EPA knows that they have problems with
their rules and they keep asking, "Tell us what's wrong,"
because I know that they are going to change that, if they
don't, they are immoral. Thank you.

ACTING CHAIRPERSON GORDON: Thank you, ma'am.

Diana Nave, followed by Janet Gunter.

MS. NAVE: Good afternoon. Thank you, and thank
you for being patient in listening to all of the
testimony. We really appreciate it. I'm Diana Nave, and
I'm the past president of the Northwest San Pedro
Neighborhood Counsel. Our counsel has long been concerned
about this facility. But what I want to focus on right
now is the revocable permit for the rail lines, and I'm
sitting here listening today to all of the discussion
around insurance of the facility itself.

My question is, what insurance is there if
something goes wrong on the rail line? While an event at
the facility itself would be catastrophic, an event on the
rail line would also be very damaging to our community and
it could have implications on shutting down the nearest
terminal at the port, because it is so close, and what
protection do we have from event on the rail line itself?

We ask questions of Rancho facility when we were there about safety on the rail line, and their answer to us is, it's really not our responsibility. The safety on the rail line is outside of purview. We asked questions about where the railcars go when they leave the facility, and we were told that was proprietary information. Last night we ask the fire department, which is about three blocks away, what they would do in the event that something did happen, and their answer to us, "Well, they have this binder." This binder that they would have to consult to tells them what they would do.

So we were left feeling very uncomfortable. So I thank you for your interest and know that you'll be looking out for our safety.

ACTING CHAIRPERSON GORDON: Ms. Gunter.

MS. GUNTER: Good afternoon, and thank again. We do appreciate your time. I'm glad that Kathleen clarified the issue with the staff report. I mean we all took issue with it based on the fact that we disagree with a lot of it. This staff report really is full of things that we can't do and the reasons why we shouldn't get involved, rather than really look at what we can do and what we should do.

The interesting thing is when they relate to the
EPA and the Homeland Security meeting, they talk about everything was in compliance, but they don't tell you a couple of very important things which is, No. 1, the EPA acknowledge that the current regulation were not strong enough to ensure safety, and No. 2, that Homeland Security absolutely confirms that night that this is a Tier 1, high risk terrorism target, and it's important when we talk about the insurance on the railcar that we understand that while the company says that their facility has a half mile blast radios, which is ridiculous, for 25 million gallons of butane and propane, a railcar has calculations of 30 thousand gallons of butane gas and propane gas of .42-mile blast radios.

So when you talk about a $500 million liability insurance policy, we're looking at a port that just spent $530 million on a single terminal, which is within a half a mile. So the point comes down to really, these guys -- plus the inability of them or the lack of their desire to show you their policy of course goes back to all of the exceptions and restrictions that are associated with the insurance company what they will and what they won't insure.

So then you're looking at the viability of the company itself, but when you're talking about expenses in excess in $2.5 billion like San Bruno, which was a single
city block. Okay. Now, you're looking at a 3-mile or a half mile, or if you get one railcar, you think that's the only railcar? If there's another railcar within a half a mile of that railcar, guess what's going up next? So the point is ridiculous, it's ludicrous to talk about insurance when you -- and here's the other thing, whoever estimated the risk of this facility to even begin to understand the magnitude of potential disaster so that you can try to get your head around a fiscal cost or even an amount of damage.

And somebody surrendered a bunch of time so I'm going to take it. Okay. Because I think I'm close to the end.

Another thing in the staff report that you look at is the structure of the Rancho facility. Okay. You see Rancho there and you see Plains All American and you see Plains Marketing, but what you don't see, you don't see Plains Midstream Canada. That's who signed on to these rail agreements, and all the permits. It's under the ownership of Plains Midstream Canada. Guess what, they are not there. So where are they?

You had their signature, but they are not on there anywhere. So what's that about? And by the way, Plains Midstream Canada was indicted by the Canadian government. They had two of the biggest oil spills in
Canada in the last so many years. And I don't know what the status of that is, but this is the kind of problem you're talking about. I also want to submit for the record a couple of articles and this one is from the Daily Beast in Seattle, but it states here that 70 miles north of Seattle, Tesoro and Accordance Rail Facility which daily offload some 50,000 barrels of crude -- blah, blah, blah, blah, blah -- leaked into a storm drain that lacked required controls for at least a year before state regulators were made aware of the potential hazards. A faulty pipe connection was the source of the problem according to North West Clean Energy -- blah, blah, blah, blah.

As a result of the flaw, hydrocarbon vapors -- as a result of the flaw, hydrocarbon vapors were being produced in the rail facility storm water system that could have ignited under the right conditions experts say. Tesoro officials insist there was no risk of fire, yet state regulators never inspected the rail facility to assess the fire risk, because it appears those charged with ensuring public safety were caught up in a maze of Catch 22 rules that work against timely assessment of potential worker's safety and fire hazards.

Classic example of this entire situation. Then I've got another thing to submit, it's from Rafael
Moure-Eraso, the Chair of the Chemical Safety Board.

"It's clear to me as Chairman of the Independent Federal Agency charged with investigating industrial chemical accidents that urgent steps are required to significantly improve the safety of our nation's chemical industry, an industry vital to our economy, yet potentially dangerous to those who live near the thousands of facilities that processor or store hazardous chemicals, and this one sits in the port of L.A."

When we look at -- one more minute? Okay. When we look at what you guys are doing up here, our experience lies, for the most part, with the Port of L.A. We have been beating our gums in front of them for years, and their challenge or their direction comes from the mayor. So in this case, we look at you, and we say, we look at the staff report that gives you every out you would possibly want. So where is the govern in charge of this? Because here's a report issued by our Governor Brown in his first term. Safety and liquefy petroleum storage with low temperature of Petrolane, 1977. Governor Brown jumped up when the L.A. times did a major exposé on the hazards associated with this facility and said, I'm going to demand an investigation and a report. Here it is. Okay. 1977.

It's been on the shelf gathering dust for 30
something years. The Coastal Commission is probably the most forward in their assessment of this facility, and some of the things that they say are that the safety -- the seismic safety design of the low temperature tank should be reviewed in light of the recent studies indicating potential activity of the Palos Verdes fault.

The security system needs to be updated. They need a comprehensive review of permit approvals that would apply to these facilities which handle hazardous materials. It says that there could be widespread fatalities, injuries and damages, and we believe the public agency should prepare a risk analysis and a risk management plan. None of this has ever been done.

No public agency had over all responsibility for the project. The list goes on and on. They talk here about insurance. It says that public liability insurance, the City of Los Angeles and the facility operator must operate within the existing legal framework for public liability insurance, and a case of a high consequence LPG accident, such a legal framework is unspecified.

When we found this, four years ago, we got our hands on this document and thought the governor would want to see this and would want to be involved.

I got it. I'm finishing. We went to Governor Brown's office with this report, and what response did we
get? Michael Picker, his energy rep said, "The governor knows about it. He doesn't want to be involved," and that's it.

And the last thing, a newspaper article that says "Rancho is fixed. Government is broken."

ACTING CHAIRPERSON GORDON: Adrian Martinez, please. Earth Justice?

MR. MARTINEZ: Good afternoon. Thank you for allowing me to speak today. My name is Adrian Martinez. And I'm from Earth Justice, and I will just be very brief. I want to really echo the concerns that have been raised by various speakers today. I think it's really important that the State Lands Commission remain vigilant and involved in this issue. It's a big issue. You know, statewide we're dealing with fossil fuel infrastructure and its impacts. It's a serious risk for the community. And as you can see by the significant number of community members that traveled all the way from San Pedro to come up and testify on this issue, is an important issue.

I appreciate your maintained involvement and hope that the State Lands Commission will remain vigilant. There's not only public health and safety, but also important state resources at play. Thank you.

ACTING CHAIRPERSON GORDON: Any other speakers on this subject? Let me start by saying I wish there was
more that we can do, but I recognize communities -- this is completely -- the rail spur is the only piece of this that the State Lands Commission has. Unfortunately, and I know there is some disagreement in the community and among them and Mr. Weiss and some of the attorneys have looked at this, if we were to cancel, if this Commission were to vote to cancel, to revoke the rail spur, it is the belief our attorneys that the propane would still be moved based on the Federal Common Carrier Law.

EXECUTIVE OFFICER LUCCHESI: If I could, the State Lands commission does not have the leasing authority over this railroad spur. So just technically speaking, the most the Commission could do was write a letter expressing its desire to the Port of Los Angeles as a State Grantee that it revoke the permit.

The commission does not have approval authority over that railroad spur.

ACTING CHAIRPERSON GORDON: Thank you. I do understand the frustration from the community. You've been to Federal EPA. You've been to the City of Los Angeles. You've been to Los Angeles Fire Department, and you've been to the Port, and no one seems to want to take your concerns seriously. The most we can do, and these are specific instructions I receive from my boss this morning, what we'd like to do with the agreement of
two colleagues would be to have Ms. Lucchesi as the executive director, continue putting pressure on the Port to review their procedures, to negotiation with Rancho based on the statements we received today from counsel with regard to the parental agreement.

To see the extent to which they are willing to give the community some assurance through insurance that the parental company, Plains, is a good acting and is acting in good faith and is good to their word. In addition, the executive director should contact the city and find out what's going on with both the mayor and the fire department with regard to regular inspections of this facility.

They are apparently in compliance with USEPA regulations and whether those regulations, are adequate or not, and regardless of how they may have come about in Washington, we don't have any say over that. The company is apparently in compliance and that's the most we can demand of them legally. Whether they wish to go beyond that and assure the community is up to the company.

But we're not going to drop this. Ms. Lucchesi will continue, and the staff will continue to apply pressure, to find -- at least get the answer to what the community wants. I'm not confidence we're not going to be able to satisfy what the community is asking for, but we will, to
the extent possible from the State Lands Commission at least, continue to bring this issue before the Port and the city and see what we can possibly get from them if we could get some action from them that will at least make the situation a little more clear.

ACTING COMMISSIONER ORTEGA: Mr. Chair, I support getting the information and the clarification on the insurance policy as discussed. Mr. Meier didn't have a full understanding of what the representatives discussed as being part of the policy. So I think getting clarification on that through the staff is absolutely appropriate. As to the issue of putting -- having staff continue to put pressure, I only caution that pressure required leverage, and I'm not really sure where we have the leverage here, because we have already discussed, you know, what the commission's authority and role is in this particular difficult situation. So I only want to respect that the staff can only do so much as far as pursuing and getting additional information or seeking clarifications.

EXECUTIVE OFFICER LUCCHESI: Thank you for that. I will say that we have had a productive working relationship with the Port of Los Angeles, and we will continue to work together with them to obtain the requested information.

ACTING CHAIRPERSON GORDON: And with that I
think we are done with this item.

Ms. Lucchesi?

EXECUTIVE OFFICER LUCCHESI: Well, we do need a motion and a second and a vote.

ACTING CHAIRPERSON GORDON: Okay. I will move the motion will be that the executive director continue to negotiation both with Plains and Plains/Rancho and continue to dialogue with the Port and the City to reach some clarity as to what are the safety procedures and the insurance requirements that are available.

ACTING COMMISSIONER ORTEGA: I'll second that.

ACTING CHAIRPERSON GORDON: All those in favor? (Ayes.)

Opposed? Okay. Thank you.

Next, Item No. 110. This is an informational item on Low Energy Offshore Geophysical Permit Program.

Ms. DeLeon.

MS. DeLEON: I feel fresh. How about you guys? Thank you, Chair. Thank you, Commissioners. My name is Jennifer DeLeon. I'm with the Environmental Planning and Management Division. And I am here to give you an update report on the commission's Low Energy Offshore Geophysical Permit program. And I promise you there are some pretty pictures, pretty charts, and some very quick presentation.
So super quick background chart. We have had a geophysical history survey since 1941. Between 1984 and 2013, the commission relied on a mitigated negative declaration for its administration of the program. In 2013 you approved -- you adopted a new negative mitigated declaration and approve an updated program with the intent that it would cover most, but not all survey activities. Minor amendments were made in April of this year. So why are we here?

Well, I'm here because you told me I should be. As part of approving the program last year, you directed staff to report back in 12 months of implementation of the updated program. Specifically, we prepared a program review report which was part of the task that went into the updating of the program. That report included six areas of program improvement for administration.

And so the one-year implementation report contains several specific things, a summary of the survey activities, updated status on the implementation of the recommendations and the 2013 program review report, and then a discussion of on going challenges and permittee feedback. So, really quick summary; we have, up until today, seven permittees as of today, Calendar Item 95, you have approved our eight permittees. We also have one in the pipeline that we are in discussion with over an
application. So over the past 12 months we have had six surveys conducted by three permittees. Five of the surveys were pretty short, one of them were a little bit longer.

There was seven different types of equipment used. And what these bar charts and the pie graph shows is that while the activity was on the low end of our document -- I'm sorry, our reference period, it is within the range. I should note here also that half of the surveys, that means three out of the six surveys either used only passive equipment and in remotely operated vehicles, magnetometers, or equipment that operated at over 200 kilohertz frequency. That being the cutoff for the hearing of marine mammals. So over 200 kilohertz is outside the marine mammal's hearing range. There were three that were within the marine mammal hearing range and required to provide all of the environmental protection measures for marine mammals. So that's the activity.

The second part is about the implementation of the program review recommendations. So as I said, there were six areas that one is notated in red on the slide are indicating topics that were highlighted by the operators when we conducted interviews this summer that they were -- these were the top items that were on going, challenges for them to comply with the program.

So in terms of the recommendations that we have
implemented. I thought this slide really kinds of sums it up the best. This is a snapshot of what our program web page looks like. Most of the recommendations really had to do with issues of transparency, data tracking, and outreach. In that regard, we've accomplished a tremendous amount. So on this page there is an easy link to the application. There's a list of the permittees. There's a link where you can look at maps, survey information, upcoming surveys, past surveys. You can also sign up for our mailing list, that was one of our main recommendations in last year's program report was an easy way for people to get notification of certain news.

The other thing that we've done that wasn't specifically in the 2013 report but that seems to have been really successful and we've gotten really positive feedback, is that my staff has developed several guidance documents that are really -- are more of, like, a layman's explanation of, "Hey what do I do? How do I fill out this notification form? What do you mean with the contingency plan? What do you want us to put in it?"

So we've prepared these guidance documents that give people like a step-by-step of how they can be successful of submitting these forms. The other thing that we've done is a lot of education and outreach. We've sent a ton of letters. We've sent letters to surveyors
themselves and contractors who contract for these services. We've also sent letters to all of our dredging lease holders.

We've also done agency outreach, we've sent letters to the Coastal Commission, Department of Fish and Wildlife, and others to let them know that if they should find themselves in a circumstance where they require or conduct a survey, that she should please use a permitted operator. Last thing we did is contact all of our seven permittees, also two unpermitted companies and one environmental and geo.

Back in April all of the seven permittees came on board and supported the amendments. These amendments had to do with certain narrow exceptions to the notification process when the surveys had to do with surveying for dredging verification. The other big issue that came up, and this was the No. 1 issue of all of the questions that we asked, was in the issue of enforcement, the lack of enforcement and confusion about where the program applies and where it doesn't apply were the biggest issues of concern.

Also two permittees brought up the 21-day notification requirement as being difficult to meet and then a financial burden to comply with the program requirements was listed by one permittee, and I believe
that permittee submitted a letter to you. But for the rest of the six permittees, we specifically asked about the expense or the burden to comply, and it was not listed as a concern by the rest of the permittees.

So the status, I did say two more companies have committed to apply but that's not correct because one already did and got their permit today, and we are working with another company. Our other way that we are looking to be successful and getting more participation is that over the next couple of years our dredging leases will expire and people will look to renew them and that is one way that we think we can get additional participation by specifically requiring in those dredging leases that those contractors use permitted operators only.

And then lastly, in terms of the enforcement, we feel like we're making some progress. We have regulations and draft. Those are important to us to kind of undertake some experience first to guide our decisions on what we needed to clarify and what was running smoothly. So we expect to have those regulations out for our public review under the Administrative Procedures Act in early 2015.

We'll also continue to monitor the state of the science, any modifications to the program based on new research we would want to look for ways to see incorporate that. And then lastly, we're exploring the possibility of
legislation and what that might look like if we were to
decide or if you were to direct us to pursue an explicit
enforcement tool.

And this concludes my presentation blessedly
fast, I hope.

ACTING CHAIRPERSON GORDON: Thank you,
Ms. DeLeon, that was wonderful.

MS. DeLEON: I believe we have a couple of
speakers, and I know you get to call them up, but I have
to thank them from the bottom of my heart for, like,
staying here, and their comments are important, and I
appreciate their patience.

ACTING CHAIRPERSON GORDON: Ms. Ekstrom, please.

MS. EKSTROM: Hello, I'm Nicole Ekstrom. I am
with Ecosystems Management Associates, one of the now
eight permittees of the OGPP program. We're here just to
comment on some of the new amendments and updates that
have gone through the permit review process. We have to
say we are very happy with these amendments and updates.
We think this is moving in the right direction. Initially
upon seeing the new program prenotification procedure, it
was a little cumbersome. It was a little bit difficult to
get through. Now that we've gotten through it, we feel
pretty good about it. We have some good templates in
place. Jennifer and Kelly have been very great at always
answering our questions and getting back to us. So we think this is a good direction. We hope that we will continue to move in a direction of more efficiency as some of these new notification proceeds can become timely on staff resources. So we enjoy the reduction in marine mammal observers and the reduction in safety zones of 200 kilohertz, that really helps with some of the cost that we take on as a small business.

We have two suggestions, things that maybe you could consider in the future. I did read that the prenotification procedure might be reduced to 14 days, I think that's great. But the main thing is that our survey are very weather dependent, and it's very hard to predict 21 days in advance what the waves and winds will be. So often what we're doing is we're renotifying, we're renotifying, we're renotifying, and that takes time, that takes money. We have to print paper out to send in another letter to a dive shop. So if there's someway to reduce and continue to reduce that prenotification time frame in particular not to the Land Commission but in particular to some of the other constituents on the prenotification survey notification, dive shops, harbor masters mainly. Local notice to mariners request days notification. So maybe something like a 10-day, with still the 21 day to the Land Commissioner would be a
great compromise. So we don't have to keep resending letters. I was also looking at the list serve maybe there's a way to include those constituents on the list so that we could not have to keep resending letters to some of these places. The letters also have to be certified mail.

And I already talked to Jennifer about this a little bit on clarification of the new verification of equipment and sound output. I think there was some confusion about we all thought we had to send our equipment off to the manufactures. That's very difficult, very timely. Many of these manufactures are overseas, and these are huge pieces of equipments.

So we're excited to see what the new recommendations are and what the guidance document states. Hopefully, there will be a little clearer on how we verify our sound output. That's not an easy thing to do. It's not something that is easy to do even with the hydrophone. So something of guidance of how we're suppose to actually, beside getting good data, being a reputable company, how we can determine and verify our sound output without having to send our equipment to manufactures.

Once again, they've done a great job taking our comments into consideration, and we thank them so much for that, and I thank you guys once again for hearing us.
Thanks.

ACTING CHAIRPERSON GORDON: Stefanie Sekich, please.

MS. SEKICH: Good afternoon, Commissioners. My name is Stefanie Sekich. I am the California policy manager for the headquarters of the Surfriders Foundation. Surfriders has been giving comments letters to this commission and your staff for several years for the Offshore Geological Permit Program. I'm just going to a OGPP to save everyone some time. We have been sent people to testify on it, and our original forey into working on OGPP was originally when we were looking at high energy and low energy testing in San Louis Bay. And we primarily did not because of the marine protected areas that are in that area. We're gravely concerned about that. So then lowland behold, we thought we would get out of that acoustic are world, and we the dragged back in because a lot of our constituents in the area were complaining about not having proper notification for all these surveys.

So for the past two years we've worked with your staff to get multiple comment letters. We're really impressed with what's been done. But the website, as Jennifer DeLeon just showed, it so much more substantial, and it's easier to navigate. So we're happy.

ACTING CHAIRPERSON GORDON: You're done. You're
happy.

(Laughing.)

MS. SEKICH: So being the squeaky wheel, here I go. Two very quick concerns. Actually it's not a concern, it's mostly in agreeing with your staff. I think that this commission should absolutely have some statutory or regulatory legislation efforts in the future to have more of a strong enforcement hand. I mean, if you have a lot of these permittees that are out there and being really not having an enforcement or, kind of, a tool with penalties to them obviously that kind of gives us concerns about impact to marine life. The notification we're going to have to split hairs on this. We have a little bit of concerns about the adaptation you took with the 17- or the 14-day period. You know, the biggest thing for us is transparency. I mean, that is all of our constituents were up in arms.

The average person doesn't understand the differences between boats. All they know is they look up, they see a boat. It materializes within 24 hours. They don't understand and it could be a benign regular low energy test for dredging, that's fine. It just really behooves your staff to have to hurry and do that as well. So I'm concern about the 24-hour one for just dredging.

And then more particularly we really ask you to
hold strong with the 21 pre-survey notification. Again, primarily to assuage any concerns for transparency. This is extremely important. There are several articles written about how people felt that they are left in the dark on that. And so we strongly suggest that do you that, and finally, I am done after this. I agree that there needs to be better mechanism for doing surveying notifications and Mr. Fredder will work with any of these permittees to help get out to, you know, dive shop, surf shops, different clubs that are out there.

Both your staff and these permittees have made great strides, but there's certainly room for improvement, and thank you once again for your scrutinize with this program. I think it's really imperative that you guys are actually taking the time to actually do that, because I think in the past it was a little bit of a ramshackle and now it's actually in a very good policy guidance way that is clear to the public. So we're just very pleased with your scrutiny.

ACTING COMMISSIONER SCHMIDT: One quick question, with regard to the 21-day and holding strong there, is it how the information reaches your members that's an issue? I mean, is there a way that we can reduce the days and provide the information in a different format that's easily accessible and available? Can it be
compromise that way or, I mean, are you just strong 21 days, that's what it needs to be because we need to mobilize amongst each other?

MS. SEKICH: Well, I think that's a really great question. I hope I can answer it. I think that really again, it's allowing the public to feel that they are being engaged. The majority of people aren't like us. They don't sit around and read EIRs and understand these technical information. So they always feel behind the curve, and those are my constituents. Those are the people who -- so if they had more time to read it, I would probably have less calls. Just joking, but yes, I do think the dissemination mechanism could be improved. The e-mail list has been great. I think that's helpful. You know what, some of these salty dogs who are ocean users, they don't have e-mail. They don't really want to get on website. They prefer to have an old school flier given to them. We have to get creative with how we do it. But I think, I mean, just by principal and the moral imperative of Kants, I think it's important to have that 21-day period. Again, it just give the public a feeling of they are being engaged and have the power to actually read this very complicated stuff and get some good insight into it. Plus these surveys are planned so far in advance, I have a hard time thinking, like, who is going
to wake up one morning and go, "Hey, let's do a survey."
Especially some of those low energy ones are really, really complex. So it behooves them to almost take 21 days, I would think. But I hope that helped.

ACTING COMMISSIONER SCHMIDT: Yeah. And I look forward to your support and help because I agree with staff that we need to could come up with some ranks for enforcement for industry sake and the environmental community's sake, and I'm glad that both are willing to work together to pass this.

ACTING CHAIRPERSON GORDON: I'd actually just like to second what Mr. Schmidt just said, the only complaints I have really heard on this are that for the companies that are compliant, there's a cost. And they are SCAF laws out there, and this is not any slight of State Lands. I recognize that we don't have the staff to do this. We need the staff. Previous point, I work for the Pro Tem of the senate, and the regular complaint we got was from honest business people who were looking to comply with environmental laws that they were going to lose in the market if we didn't get SCAF laws.

You're going to have the exactly opposite effect you wanted because there's an additional cost to complying with environmental programs and if those companies went out of business all we were left with were the bad guys
and girls. So although I won't be here in January to vote for the attempt at the legislator to get the regulatory authority and the staff, I highly recommend do you that. It's the last missing piece in making this program work better, but congratulation to the staff. Ms. DeLeon and your staff have done a fantastic job. I'm glad to hear you guys are get along. Thanks.

    No action needed to be taken. That was informational. Is Penny Maus still here? Didn't think so that was already taken care of.

    All right. Last item is item number -- hang on here. What item is it having to do with the CPI?

    EXECUTIVE OFFICER LUCCHESI: Well, actually that is in public comments.

    ACTING CHAIRPERSON GORDON: That is in public comments.

    EXECUTIVE OFFICER LUCCHESI: Yes. But before we have concluded our regularly agendas items. However, we pulled from the consent calendar Item 47.

    ACTING CHAIRPERSON GORDON: Forty-seven, there we go.

    EXECUTIVE OFFICER LUCCHESI: Because there was a person that wanted to comment on that and so.

    ACTING CHAIRPERSON GORDON: Is the individual still here wishing to comment on Item No. 47?
AUDIENCE MEMBER: Yes, I am.

ACTING CHAIRPERSON GORDON: Okay. Having suffered through the entire day, you probably have the right to testify.

Mr. Bugsch.

MR. BUGSCH: Yeah. I just want to give a short presentation here on C47, and this is a general lease dredging and other use to the Tahoe Keys property owners association for maintenance dredging and placement of up to 5600qb yards of suitable dredge material from the West Channel entrance of Tahoe Keys to the Tahoe Keys Beach in South Lake Tahoe. It's a three-year lease. The same applicant, we issued a one-year least in the end of 2003 to dredge 3,000 cubic yards from the entrance. Over the past decade there's been an accumulation of sediment, and the applicant is approaching -- and this lease to dredge up to 5600 cubic yards over a two to three years period to maintain the navigable depth in the channel.

The dredged sandy material removed from the West Channel and will be placed on the Tahoe Key's Beach east of the West Channel entrance and spread out over an area of .7 acres. Prior to placement on to the beach, all the aquatic invasive species and other plant fragments will be removed from the stuff and the beach that is being placed on the public has access to. We recommend your
ACTING CHAIRPERSON GORDON: Okay. The gentlemen who wish to speak on -- I don't know. I don't think I have a card for you.

Can you identify yourself, sir.

MR. TOAZ: Yes. My name is Robert Toaz, I'm a resident of Tahoe Keys, and I'm a project manager with NASA's Jet Propulsion Laboratory. I'm here basically acting on behalf of the sailboat owners in the Tahoe Keys. So all during the summer of this 2014, we had been notified several times by the association management that the dredging was going to take place, and as you know in Lake Tahoe, there are at least half a dozen agencies that have to approve that, TRPA, Lahontan, State Lands Commission, Army Corps of Engineers, et cetera. So us sailors that were sailing in the summer thought this is not going to be a problem. Everything is going to be dredged. And most recently there was a specific statement from the manager of the association saying that the day after labor day we'll lay down nets to contain the suspending sediment during the dredging. And he layed out a plan for doing it, and we were all saying okay. Great.

Because usually things don't freeze until late November, December. So the dredging never occurred. I ran a ground several times trying to get out of the
channel. There are probably about 25 sailboat owners that now have to incur about a $2,000 cost to in winterize their boats, put in de-icers, winterize the engine, shrink-wrap the cockpit, and even with all that, there's still a high risk of hull damage when the lake freezes. Actually, the big lake never freezes but the channels and the keys do. So again, being a manager over at JPL, I have routine conversations with climate change scientists, and unfortunately, with all the climate change data available, there is still no healthy prognosis that we're going to have a wet winter.

So I'm an engineer. I'm going to rely of the laws of probability which say we're overdue for a wet winter. But even if we had three years of a above average Sierra snow pack, the lake level would probably still not recover. If any of you that have traveled to Lake Tahoe recently know how serious it is from July to 2011 to now, the lake is over 5 feet lower. So you see it on the beaches you see docks that are basically on land now instead of water.

So I'm just here on behalf of the sailboat owners, because I live in La Cañada that it was easy for me to attend this meeting that, I just want to urge the Commission to approve the dredging. Apparently a letter of non-objection has already been written, but I just want
to be sure that we won't go into the 2015 boating season locked in all year unable to enjoy the lake.

And again, there are at least 25 sailboat owners and now even power boats with inboard engines are starting to run aground. The channel entrance is probably less than three feet deep. So as I said before dredging does occur on a regular basis. I think what is dredged placing it on the beach would actually be a good thing for the beach. So it's just a matter of getting the lease approved, the permit issued. Having the Army Corps of Engineers do the same thing, and then hopefully, in March of 2015, I'll be able to get my boat out on to the lake.

Again, I'm just here again on behalf of the sailboat owners just urging you to do whatever it takes to make this particular lease go through. Thank you.

ACTING CHAIRPERSON GORDON: Motion to pass Item No. 47? Second? All right. All those in favor?

(Ayes.)

ACTING CHAIRPERSON GORDON: That motion is adopted two to nothing.

That finishes the regular calendar. Ms. Lucchesi, the next order of business, please?

EXECUTIVE OFFICER LUCCHESI: Public comment.

ACTING CHAIRPERSON GORDON: Public comment. Is there anyone who wants to speak on public comment?
Mr. Evans.

MR. EVANS: Thank you. It has been a long day. I'll try not to keep you here much longer. I want to thank you first and foremost. Thank you, Commissioners, Commissioner Gordon and Commissioner Ortega for hearing our questions today to have the policy of the addition of the cost of living index for the CPI removed from the leases and an opportunity to have the voices heard from all the stakeholders on this particular matter.

But before that, I want to thank everybody, your staff, your management, Beverly Terry,, Ninette Lee, these fine gentleman here, I would they are esteemed, and I mean that. Everybody looks sometimes at a different way but they are dog their job well for you and they are exemplary in the way they handle issues with people?

ACTING CHAIRPERSON GORDON: You're talking about our staff?

(laughing)

MR. EVANS: I am talking about your staff. I know, but it's true, I mean Kim, everybody, they've been great. But it is a serious matter that I'm here to address. We've always been in good contact with California State Lands, TLOA and other representatives, homeowners associations, I'm here as vice president of Vista homeowners association but as pier and boat owner.
And I want to thank, again, them are for helping me with the lease. The Langstons they are 94 years old, they didn't know what to do, and everything went smoothly, and they were very, very fair and wonderful concessions made for them. Carol and I wrote a letter to you all on January 5 citing our concerns about the CPI. It's something that most people don't even realize what it is. When you say CPI, they go, "What's that?"

It's based upon all the consumer goods being put together and put together for -- to measure what the cost of living is basically. And it's used in commercial leases. I use them on my own commercial property. And you put them in to pass on the cost, the increase cost, because they are based upon the CPI in most cases. The increase cost is to cover your cost of ensuring and maintaining, replacing, and paying the property taxes which are increasing of course, regardless of the value of the property. You pass that on to the tenant so that you're covered for that. It's not any -- it's nothing to do with protecting the value of the dollar as you receive it, it doesn't, because there's no correlation between the dollar that you're receiving and the value of the dollar, you know, the value of our currency, that's based upon debt, it's not based upon necessarily.

Real estate values go down, Eldorado County
reduced my taxes 33 percent on my home in Lake Tahoe because they went down. Your lease provide the revenue to you cannot go down. It can never go down. If the value go down in real estate, it's assumed that it's always going up. That's not true. The other thing is that we're stuck. We're -- if you raise my rent, and as an office building tenant, or as a boat owner or buoy owner, I'll go find something else, I'll go somewhere else.

It's a way of life for us in Lake Tahoe. We have put in our piers. We have put in our buoys. We pay a CPI every year by paying the increase cost of maintaining and insuring, and paying the property taxes on our assets. I think it's wonderful that the state owns the land that we put our piers and buoys on, but if we didn't have our pier and buoys there, you'd have no income.

So we're kind of in it together. It's a way of life for us. But I think doctrine and fairness has got to apply, and I think the CPI is just not a fair addition to the leases. The additional thing is that we were paying close attention. In February and March we thought the issue of the total impact area, the redefinition of the sovereign land to be from the low water mark out, redefining the impact area was very important.

We had no idea that the CPI would be included
later, and we'd been given no notice whatsoever that it would be included. It came up in the process of my negotiating the lease for the elderly folk, and new news to me, but there's been no notification or reaching out to the stakeholders.

ACTING CHAIRPERSON GORDON: Mr. Evans, you're over your time.

MR. EVANS: I'm terribly sorry.

ACTING CHAIRPERSON GORDON: You've flown down here today and waiting through all of this.

MR. EVANS: I wanted to give my accolades to the staff and management and to you all, and I'm sorry I'm so wordy. The information, the case and point is for example, they are saying that -- and there's information to you and others that CPI give certainty to a lease so you really know what's going to happen. I'd just like to tell you that during the five years, 1977 and '81, no reflection on Governor Brown. The CPI increased in those five years 53.5 percent. It can happen. It will happen.

We're in an inflationary trend. It's scarier than you know what. This is Ebola in the lease, because most people don't know what it is, but this is how much it could effect you. Our only recourse is basically -- it's in the lease, you're going to charge me 53.5 percent increase in my rent, and it compounds it's not like alone.
where it is consistently 3 percent on the total, it is approximate percent on top of 15 percent, on top of 10 percent and at some point, it becomes really invasive and impossible for people and especially people like the Langstons.

I'm able to incur some expense for a while. So there is no certainty whatsoever. We also talked about leases. We pay the rent, and we have the rent based on the benchmark. It's a thousand percent more than we pay in any year leading up to the new legislation allowing the rentals. A thousand percent increase may not seem like a lot, and the benchmark seems to be fair, but we also have additional cost in that the lease requires us to insure for anyone in the public and hold state harmless for coming on my beach, going in, around, and over my pier. That's a huge premium increase that nobody takes into consideration, that's in addition to whatever we're doing.

So I would just respectfully request that the Commission instructs staff to cease the policy including annual CPI on the private pier that we lease. The recent first leases with their CPI inclusion, which started in August will not realize any increases until August 2015. So they can be amended to resend the provision. And for that I just -- at least let us have our voices heard and have a panel of people on the lessees side get together
with staff and see if there's a not possibility for a compromise.

ACTING CHAIRPERSON GORDON: Mr. Evans, I know that this is going to be completely palliative for what you're looking for, but remember, all three members of commission are publicly elected officials. If the CPI started moving 5, 10, 20 percent a year, there would be lots of opportunity for this commission to suspend it. I know that doesn't give certainty and there's politics involved, but at least for my boss, I can't imagine if it started jumping like that, that he'd be very comfort, and I can't speak for my colleagues.

MR. EVANS: If you just take will percent a year for five years that's 40 percent and at what point do you take your time -- I think that if everybody had their drudgers, you'd have a standardizer lease. Just a standardize lease with it, a dollar number, and it's good for five years or it's good for ten years. I know that might upset some people that wish to see it, an increase every year because they believe that your property value is going up every year. The realty is our cost of maintenance is going up. Your property is worth zero. Please understand that it's valuable, it's wonderful. I'm on the lake. I police the lake, but it's worth zero without my assets on it because you get no rent.
So accept the fact that we're not part of the problem, we're part of the solution and we ask for fairness that's all and that you'd give us that opportunity.

ACTING CHAIRPERSON GORDON: Thank you, Mr. Evans.

MR. EVANS: Thank you so much.

ACTING CHAIRPERSON GORDON: Mr. Stephens.

MR. STEPHENS: Thank you to you all. I want to share my story as a follow up to this. I serve as a board member as well for the Meeks Bay Property Owners Association. My name is Ron Stephens. I have a summer home on the lake, and I married someone who is the farmer's daughter who lived there years ago, and interestingly, her double cousin is the people or are the people that we just spoken of, the Langstons.

Okay. My wife's cousin, double cousins is the Langstons, and as we consider what they have faced, one of the goals that I've had for many years was to maintain and preserve's my wife summer home where she grew up so that we could enjoy the family legacy and pass it on to our children and grandchildren. The Langstons, 94 years old, just a few cabins above where we live.

They moved there in 1924. They are both retired school teacher. He's a marine vet, and it's already so
difficult for them to even retain the property that they have to lease it out during the summer. Their own children are not able to stay in part of the cabin already. And now with the imposition of the new fee, it would be even more difficult on them, and as my wife and I look to our future and see where it's headed, I'll be 68 years old next week.

We planned our lives so that we can live in our Lake Tahoe cabin until, you know, we pass it on to the next generation. But it's incredibly difficult for what I would call "common California citizen" to be able to do this. We have not the nuevo rich. If you want to get on the lake now you need a boat load of money.

I began in the bean yards picking beans at two and a half cents a pound, bagging groceries, doing all kinds to scut work. I spent 40 years or so in the field of education, also in the military being drafted. It was not an easy path to get where we are now, but we simply want to retain this, and frankly with the CPI changes that are being proposed, it gives us an credible amount of concern about where we go. The other thing that I would also offer is this: As we look at our own pier, I have the original letters back in 1953. The pier cost a whopping total of $1485, and as I look at what the anticipated fees will be on that when ours comes up for renewal it will
probably be one to, one and a half times that amount.

And I just ask the commission and the staff to use a level of compassion, a level of care, and a level of reason as these things are taking place, because we would like to be able to enjoy the property without having to sell it, or not have its beneficial use. Thank you.

ACTING CHAIRPERSON GORDON: Thank you, sir.

ACTING COMMISSIONER SCHMIDT: Real quick. Do we have a built-in floor ceiling on this?

EXECUTIVE OFFICER LUCCHESI: No.

ACTING COMMISSIONER SCHMIDT: Why?

EXECUTIVE OFFICER LUCCHESI: That's not something that we considered when originally putting this in. I can address that in a little bit, if I may just, kind of take some steps back, to put some context around why staff began to include this in our recommendations for our recreational pier leases. So first, we heard from a lot of our lessees on both -- through our regulations process and also individually in negotiating individual leases throughout the state, not just in Lake Tahoe. As you recall we issue these times of leases in the delta, in the Bay Area and down in Southern California, and a common theme with regards to our rent review at five years, typically these leases are for ten years with a rent review process at year five. And a common theme that we
heard was that there wasn't certainty about what that rent review would end up being at the year five.

There wasn't a certainty about what that cost for rent would equalize after we conducted our rent review. So hearing that and also coupled with the 2011 bureau state audits report which recommended that we include CPI adjustments in our leases in both in addition to a rent review and also in place of a rent review, we thought that the CPI adjustment would be a way to both protect the value of the State's property and the value of the rent through the ten year period, as well as provide certainty to our lessees for them to gauge, you know, how that rent would be adjusted each year.

You can easily track the CPI for the last five years. It stayed pretty steady at about 1.9. We believe that there is a much more transparency using the CPI adjustment as a oppose to a rent review process based on an update of our benchmarks for that ten year period. We also believe that there is a tremendous amount of efficiency gains from using a CPI adjustment. We weren't able to broadly use the CPI adjustment prior to implementing our new lease database, because we'd have to calculate those CPI adjustments manually.

With our new lease database, we can now automate that which is a huge -- which provides a lot of efficiency
from a staff resources perspective. So, for example, a routine rent review at year five, typically cost us $525 of staff time to process. That's not actually passed on to the lessees. That's something that we eat as a commission through our budget.

And with the recent passage of SB152 we are going to see about 1200 previously rent free leases become rent producing leases, and so we believe that with the savings of staff time in these rent reviews, we could annually save about $200,000 in staff cost associated with our rent reviews.

And again, we believe that this approach is really fundamentally fair. Our lessees contract the CPI process, it's transparent, and it really maintains the value of the commission's rent over the ten-year period. Finally, I just want to mention one other issue is that it was mentioned by the two speakers, the rent that is actually generated from these leases does not come to the commission, it does not go to the general fund. The rent -- the revenue derived from these leases at Lake Tahoe specifically, actually go back to the lake. They go to the Lake Tahoe Tahoe Conservancy for their use in maintaining, and protecting the lake.

ACTING CHAIRPERSON GORDON: Thank you.

Ms. Sekich, you wish to speak about Martin's
Beach? Why?

MS. SEKICH: I know, right. I swear, I'll be quick. My parents also lecture me I talk too fast just to kind of give you an update on where we have on this lovely issue. It's been extremely cumbersome for our organization for the past six to eight years. I just want to give you a quick historical snapshot of what we're talking about. This area is in San Mateo. Historically that area of Martin's Beach has been used for over a hundred years.

The previous owners, "facilitated" being the operative word, public access to the beach again for over a hundred years. Mr. Khosla purchased the land in 2008. He kept the gate open for a little bit. Kind of decrease all of the activities that was going on there, and then all of a sudden, out of nowhere, decided to shut the gate and close the door.

Our chapter wrote a very cordial nice letter saying, "Mr. Khosla, can we sit down and talk to you?" His attorney wrote back and said, "No, please respect our privacy. See you in court." The second letter came from us very cordial. We submitted it to Ms. Lucchesi in the past to show our demonstration of trying to negotiate with him and again, "See you in court."

We actually had an open letter through our
members, through statewide that over 2,000 people have
sent him a letter saying, "We just want to sit down." And
I'm sorry I'm belaboring this, we have been written up in
the New York Times, the Wall Street Journal, the UK
Guardian by Mr. Khosla quoting that we will not sit down
and speak to him.

ACTING CHAIRPERSON GORDON: You don't really
look like Karl Marx, but that seems to be the reference.

MS. SEKICH: So I would just like to be
explicitly clear that we have bent over backward to talk
to Mr. Khosla, and he has mischaracterized us in the
media. So I just kind of want to make sure that that's
clear. And then as two lawsuits that are happening one is
from the Friends of Martin's Beach underneath the
California State Constitution, we all have an inalienable
right to access and recreate in waters.

Unfortunately, the judge ruled in Khosla's favor
by using a very antiquated Guadalupe Mexican Land Grant.
Now, I'm not going to bore anyone here, because it's
obviously late, but I tell you when a piece of legislation
was traveling through all these committees in Sacramento
there was so many senators and assembly members that
scoffed at the fact that they used this Guadalupe Land
Grant to rule in his favor. We appealed -- our Friends of
Martin Beach appealed it, and we have a strong hope that
that will come to a better conclusion.

Second, we filed a lawsuit and again we probably know all of this because it's just for us to get on the record. Because eventually you'll kind of have to help us get to our second request here. We won our lawsuit last week. It says that any type you put up a gate and it changes the intensity of use, you are required to get a coastal development permit by the Coastal Commission. They ruled in our favor, that's going to happen.

I bring up the lawsuits quickly, because when the time is right, we would hope that there could be an amicus brief written by your staff and/or you. Either to both lawsuits and then as we go first Senate Bill 968 which was just passed, I mean, this is the whole meat of it, and I'm unfortunately out of time, but Ms. Lucchesi has bent over backward to try to help facilitate even before the legislation was passed. And so we're very excited to sit down with your staff. The one suggestion I would have for Jennifer, and we can speak later, is we would suggest maybe some type of community workshop in San Mateo. We would help facilitate that as well, just because I think a lot of people want to make sure this is open and transparent -- that is another Marxist word I keep using, but so we can help facilitate that, but I think that's the greater thing to go forward is this legislation
is now on the books and really that's our little tidbit.
And if you watch Steven Colbert that was a great episode called Solitocity, and it just brings a little levity to the situation, so. Thank you for your time.

ACTING CHAIRPERSON GORDON: Thank you, Ms. Sekich.

ACTING COMMISSIONER SCHMIDT: Just on that I want to point out that Jennifer Lucchesi worked tirelessly for weeks on this issue, and actually got more phone calls at 11:00 p.m. from my boss than I was receiving. So thank you for becoming personal staff of the Lt. Governor and thank you for all the work, and I know we'll get this done one way or the other.

ACTING CHAIRPERSON GORDON: And know we have three people that would like to speak about Broad Beach now. Come forward, please.

How about Neal Gauger, please.

I would like you to know before you come up, this item will be scheduled for hearing either in November or December so you'll have ample opportunity at that time to engage the commission on the many issues involving Broad beach.

MR. LEVINSON: Thank you very much. Let me introduce myself. First of all thank you very much, Commissioners and Staffers for allowing us to speak to you
today. My name is Mark Levinson. I'm a partner with the Law Firm of Fox Rothschild, and my colleague is Neal Gauger, and he's going to tell you a little bit about the details that we feel, and we hope that you consider when you are considering the terms of the lease with the Broad Beach Geologic Hazard Abatement District.

ACTING CHAIRPERSON GORDON: Do you have a client in this issue?

MR. LEVINSON: Yes, and our client is Mark Magidson, who is a property owner at 30822 Broad Beach Road. And with that, I'm going to turn over the more detail discussion to my colleague, Neal.

MR. GAUGER: Thank you, Mark.

So as you know this will be up in the hearing, but we wanted to provide some context for when that happens. Our client has also sent some communication to Ken Foster and some other individuals, with the associate we wanted to reinforce those. The GHAD, of course, is a government entity being it a geological hazard abatement district, and the status of course brings obligations to the citizen within the district. However, to date BBGHAD has really conducted itself as much more as the homeowners association of which many of its members once were a part. So Mr. Magidson's house is located in a gap in the rip rap rock revetment that's located on Broad beach. And
despite's GHAD's presentation to the SLC, as witnessed to the SLC's report, the revetment is not the 4100-foot structure that was promised. Rather, as you can see, there are large gaps including a very large gap in front of our client's property?

ACTING CHAIRPERSON GORDON: Where are you --

MR. GAUGER: So I can basically show you, you can see where the white sandbags are in the top picture.

ACTING CHAIRPERSON GORDON: Uh-huh.

MR. GAUGER: That's one corner. And you can sort of see on the left-hand side on the front there's sandbag there. That is the border. And so you can see from the to angle there's a very tall, I would say about 15-foot to 20-foot high rock revetment, and it is exceptionally long and there is no revetment protection in front of our client's property.

Despite his explicit request to pay for and install that revetment. The GHAD has refused to complete the revetment despite the obligation of the public resources Code, California Case Law, Proposition 218, and its own plan of control which grants it the right to approve any construction and which ties the responsibility to The GHAD to mandate that the project improvements have been complete and had that all permit requirements has been satisfied.
So completion of the revetment is further mandated by the emergency permit from the SLC and from the CCC that The GHAD is currently operating under. So you can see the clients -- my client's property is exposed to the ocean on a daily basis. This is actually as you can see a very nice day in Malibu. The water is rushing up and on to the property and encroaching on to the land causing erosion, water damage, vegetation loss, and threats to the property septic system which is now starting to become exposed, and if breeched, would result in effluent and other toxic materials all over Broad Beach.

So the water is also pooled behind the chopped ends of the revetment and you can see in the lower picture down there that behind the sandbag there's a bit of a divot. That divot is about, I would say five feet deep and deepening. So there's not only damage occurring to our client's property, but also to individuals who have revetment protection, creating legal exposure for, in our eyes, the GHAD, and we're concerned about against ourselves on those basis. So the structures built defies the GHAD's obligation, as well as any considerations of practicality. My client has faithfully paid all assessments. He has offered to pay the full cost of completion to finish the revetment. He is quite laterally asking to give the GHAD money for the project.
In response, the GHAD has issued a letter stating in quote, that the Magidson Trust must, quote, obtain the necessary permits to fill in the gap on its own and at its own expense.

In fact they've explicitly informed our client that it will not authorize the completion as part of its current permit before the SLC unless the Magidson Trust pays substantial financial penalty, including permitting cost, emergency permitting cost, which my client has already paid for through the payment of the assessments, which he once again he has never missed.

So if my client were made to pursue a separate permit, he would encounter a multi-year process of commission approval, including compliance with CEQA.

Conversely, GHAD modifies their application, and we've had discussions directly with the CCC, which has informed us that the BBGHAD can do somebody as simply as sending a one-page letter saying you have this schematics for 76 other houses that has this rock wall. Take the same schematic and build a rock wall in front of our property. And that would be enough. There will be no delays, we'll be able to use their CEQA exemption. And the BBGHAD has refused to perform even that simple act. And so finally, I see I'm running out of time, beyond the irrefutable obligations of GHAD to complete, the practical and
tangible absurdity cries out for sensible relief from this commission.

At this point they are proposing the installation of a small sand dune, which there have been small sand dunes in the past that washed into the ocean. They will wash away again. And my client would have to install that sand dune, go through a multi-year process of getting petition approval, building a rock revetment, dragging away the sand, putting part of that sand back on the rock revetment, and then hauling away the rest of the sand to who knows where, and of course, this will all require heavy equipment on the beach which is another risk for the environment. It will require the GHAD approval and cooperation, which of course, to this date, they have not been willing to provide or share with them. So the GHAD has put our client into a box of their own creation, and frankly, we've advocated as hard as we can for quite sometime now, and we need the weight of the SLC. We need the weight of the CCC to get results here.

So the damage by the beach, as you can see, is frankly pretty horrible and getting worst. We're asking you to protect us today from the government organization, the GHAD, that is charged with protecting us. So on behalf of my client, I ask that the commission mandate the
immediate completion of the rock revetment wall at the
Magidson property, as a non-negotiable condition for
approval of the SLC land lease, and I ask that you
consider that today in your closed-session meeting
discussion and negotiations of terms and price for the
land lease.

ACTING CHAIRPERSON GORDON: Thank you.

MR. GAUGER: Thank you.

ACTING CHAIRPERSON GORDON: Ms. Nancy Hastings.

MS. HASTINGS: I have a PowerPoint, and it's
going to be super fast. Thank you. My name is Nancy
Hastings. I'm a Southern California regional manager with
Surfrider Foundation, and I'm here to do a quick
three-minute, about 50-year tour of Broad Beach
restoration project before the lease application heard by
the commission. Here's Broad beach sometime after 1944
just north of Trancas and PCH. Notice the wide sandy
dunes that are now gone.

The name Broad Beach imply that the beach was
always broad, but the Coastal Commission office in Ventura
has records that show a much thinner profile of
Broad beach in the 1870s. The wide sandy beach in the
1970s through '80s was the maximum width of the last 130
years. The shoreline of Broad beach was considerable more
landward in the mid-late 1800s than, the 2009 location.
Quick graff that shows the biggest amount of sand accretion happened approximately between 1946 and 1974 and steady beach loss from the '74 to 2000, yet the width of the beach in 2000 was the same as 1940. Here's Lechuza Point at its widest, and then 32 years later Lechuza Point was completely eroded away. From 2000 to present its a bit of a puzzle. The loss of beach continued but without much correlation with storms or sea level change.

We learned in 2005 that the homeowners were seasonally and illegally bulldozing the entire stretch of the beach to create winter berms that they had level again in the spring. We held a nice protest and submitted comment letters and the Coastal Commission ordered the bulldozing to stop. As the erosion continued, homeowner began constructing temporary seawalls and in some cases these were without permits. They hired different contractors to make these walls. It was a pretty ugly patch work of mylar, hamp, chain links, and plastic bags.

Fast forward to 2010, huge winter storm surges, kings tides, El Nino year, accelerated erosion, especially off the western end, resulting in the permitting of the emergency rock revetment, which you guys know all about. So it's 48100 feet long, about eight feet deep. I think it is a ten to 20, my understanding it's about four feet under four to six feet above. Then real quick, so here's
that was then, this is now. And then a current angle of May of this year. On high tide the winds break rock revetment. There is no sand to walk on. And important to note in certain areas the revetment was placed directly on public lands.

Last one, so in closing, we've spent ten years working to improve beach access and advocate for proper coastal management. We'll continue to work with the commissions and other agencies to ensure public access and identify critical coastal planning measures. When this commission hears the lease application we strongly urge you to analyze how this lease will impact public trust lands and let's strike the right balance.

ACTING CHAIRPERSON GORDON: Thank you very much.

That concludes the open meeting, I believe, unless there is anybody else in the public that wishes to speak. We'll now adjourn into close section. Will the public please clear the room.

(Off the record.)

(back on the record.)

ACTING CHAIRPERSON GORDON: Unless anyone in the public has any -- how about Ms. Lucchesi has to report what happened in close section.

EXECUTIVE OFFICER LUCCHESI: Yes, I just want to quickly report that the commission has authorized staff and
the attorney general's office to file an amicus brief in the
court of appeal in the Friends of Martin's Beach case.

ACTING CHAIRPERSON GORDON: That will conclude
the session of the State Lands Commission. We're done.

(Whereupon the proceedings were concluded
at 5:08 p.m.)
CERTIFICATE OF CERTIFIED SHORTHAND REPORTER

I, TAMOI N. TOMLINSON, a Certified Shorthand Reporter, licensed by the State of California, being empowered to administer oaths and affirmations pursuant to Section 2093(b) of the Code of Civil Procedure, do hereby certify:

That the individuals named in the foregoing proceedings were present at the time and place specified;

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

That the foregoing transcript constitutes a full, true, and correct record of the proceedings which then and there took place;

That I am a disinterested person to the said action;

IN WITNESS WHEREOF, I have hereunto subscribed my signature on the 8th day of December, 2014.

TAMOI TOMLINSON, CSR No. 13864