

~ MINUTES ~
CALIFORNIA STATE LANDS COMMISSION
MEETING OF JANUARY 26, 2012

COURTYARD BY MARRIOTT EMERYVILLE
5555 SHELLMOUND STREET
EMERYVILLE, CALIFORNIA 94608

APPEARANCES

COMMISSIONERS PRESENT

- Alan Gordon, Deputy Controller and Alternate for Controller John Chiang
- Gavin Newsom, Lieutenant Governor - voting on Minutes, Consent Calendar, Items 10, 22 and 91
- Pedro Reyes, Chief Deputy Director, Alternate for Director of the Department of Finance, Ana Matosantos

STAFF MEMBERS IN ATTENDANCE

- Curtis Fossum, Executive Officer
- Jennifer Lucchesi, Chief Counsel

REPRESENTING THE OFFICE OF THE ATTORNEY GENERAL

- Joseph Rusconi, Deputy Attorney General

NOTE: A list of individuals making statements before the Commission and the entities they represent, along with the Executive Officer's Report, are included in a complete transcript of the proceedings, which is on file in the Sacramento offices of the Commission and posted on the Commission's website at www.slc.ca.gov. Also included on the website is the voting record of the meeting with the staff report for each agenda item linked to the respective consent, regular or informational item number. A link to a recorded Cal-Span.org webcast of the meeting is also available on the Commission's website. All of these items may be found under Previous Meetings, by date of the meeting.

**RECORD OF ACTION TAKEN BY THE
CALIFORNIA STATE LANDS COMMISSION
MEETING OF JANUARY 26, 2012**

Chair and Alternate for State Controller John Chiang, Alan Gordon called the meeting of the California State Lands Commission to order at 10:00 A.M. at the Courtyard by Marriott Emeryville, Emeryville, California 94608; also present were Commissioner Gavin Newsom and Commissioner Alternate Pedro Reyes.

The Minutes of the October 27, 2011 meeting were approved by a vote of 3-0.

EXECUTIVE OFFICER'S REPORT

Executive Officer Curtis Fossum updated the Commission on the following items:

- Staff has added new links to the SLC website that provide information on new laws that affect the Commission's jurisdiction and provide electronic copies of nearly 600 statutes involving statutory trust grants of state sovereign lands.
- The First District Court of Appeal upheld the Commission's certification of the EIR and lease approval involving Chevron's Richmond Long Wharf Marine Terminal.
- The last shipment of oil from the Elwood marine oil terminal in Santa Barbara County is scheduled to occur by barge next month, as a new pipeline has been constructed. The completed pipeline has been a long sought resolution to eliminate the barging of oil in this area.
- The Commission generated \$242 million to the General Fund and \$4.2 million to STRS through its surface leasing and mineral operations during the first half of fiscal year 2011/12.
- In the Governor's 2012-2013 proposed budget, 6 new positions were allotted to the Commission to assist in consolidating school lands to facilitate renewable energy projects and other obligations set forth pursuant to Chapter 485, Statutes of 2011 (AB 982, Skinner). Pursuant to Chapter 485, an MOA between the Commission and the Bureau of Land Management will be presented to the Commission for its consideration at the next meeting.
- The Commission was also allotted 9 new positions to assist with its auditing and enforcement capabilities in dealing with oil companies and other entities that lease state sovereign lands.
- Sheri Pemberton accepted the legislative liaison position to become the Commission's new Chief of External Affairs, after serving many years with the Legislature.
- The Commission received two California Sea Grant Fellow, Amanda Newsom and Holly Weir.

RECORD OF ACTION CONTINUED

- The passing of two Commission employees was announced. Craig Webster, a process safety engineer, passed away suddenly in mid-January. Mr. Webster had been with the Commission since 2006 and was instrumental in the safety audit of Platform Eva and the Montalvo oil and gas lease. In November 2011, Myrtle Stratton passed away shortly after her 95th birthday. She worked for the Commission for 37 years as a regular employee and 23 years as a retired annuitant, for a total of 60 years. She was the guardian and custodian of all the Commission's records.
- Lynn Takata, manager of the Commission's Marine Invasive Species Program has accepted a position with the Department of Water Resources Aquatic Ecology section.
- A resolution was presented honoring Greg Scott, Chief of the Commission's Mineral Resources Management Division on his retirement after 22 distinguished years with the Commission.

CONSENT CALENDAR

Consent Items C39, C47 C64, C65 and C74 were removed from the agenda, to be heard at a later date. Consent Items C10, C22 and C81 were moved to the Regular Calendar. Consent Items C01-C09, C11-C21, C23-C38, C40-C46, C48-C63, C66-C73, C75-C80 and C82-86 were approved as presented by a vote of 3-0.

INFORMATIONAL

ITEM 87: A staff report on Long Beach subsidence. The item was informational - no vote required.

REGULAR CALENDAR

(The Items below appear in the order presented.)

ITEM 88: A staff presentation was made to the Commission updating them on staff's Audit Action Plan in response to the Bureau of State Audit's August 2011 Report 2010-125. The item was informational - no vote required.

ITEM C22: A staff presentation was made to the Commission asking them to authorize a new general lease to 2280 Sunnyside Lane, LLC for the occupation and use of sovereign lands at Lake Tahoe. The Commission approved staff's recommendations as presented in the staff report, but also directed staff to do the following:

- Meet with stakeholders from Lake Tahoe to discuss and gather input on the methodology the Commission and staff have been using to calculate rent for the occupation and use of state property for buoys and piers at Lake Tahoe.

RECORD OF ACTION CONTINUED

- Staff will report on the results of this stakeholder meeting and the information gained to the Commission at the Commission's next meeting. Following obtaining input from the stakeholders, staff will make a recommendation, taking into consideration the information gained from the stakeholder meeting, whether it recommends that the rent calculation methodology should remain unchanged or that a different methodology should be used.
- Should the Commission change the rent methodology in a way that results in a reduction in rent for 2280 Sunnyside, LLC, the annual rent would be modified and 2280 Sunnyside, LLC would be refunded the difference paid. All leases for recreational piers and/or buoys at Lake Tahoe approved by the Commission at this January meeting will be subject to same approach should a change in rent methodology result in a reduction in rent.
- Toll the statute of limitations for challenges to the Commission's authorization until the Commission hears the staff recommendation and determines whether rents should be modified.

Item C22 was approved as presented with the directives above by a vote of 3-0.

ITEM 91: A staff presentation was made by Chief of External Affairs Sheri Pemberton regarding proposed sponsorship of legislation for the 2011-12 Legislative Session.

The Commission approved the staff recommendations on the following elements of Item 91 as follows:

- Quitclaim Deeds for Land Leases – Vote of 2-0 (Finance not present)
- Title Settlement and Land Exchange with the City of Newport Beach – Vote of 2-0 (Finance not present)
- Title Settlement and Land Exchange with the City of Long Beach – Vote of 2-0 (Finance not present)
- Trespassing Structures and Facilities on State Lands – Vote of 2-0 (Finance Abstained)
- Enforcement of CSLC Bond and Insurance Requirements – Vote of 2-0 (Finance Abstained)

ITEM C10: After a short discussion between Commissioners and staff, it was decided that a presentation was not necessary. The Commission approved staff's recommendation with the same directives given for Item 22.

Item C10 was approved by a vote of 3-0.

THE COMMISSION ADJOURNED THE PUBLIC SESSION INTO CLOSED SESSION AT 11:44 A.M. SUBSEQUENTLY THE COMMISSION RESUMED PUBLIC SESSION AT 11:50 A.M.

RECORD OF ACTION CONTINUED

ITEM 89: A staff presentation was made to the Commission on the progress of the development of Biofouling Management regulations for vessels operating in California's waters. The Commission listened to testimony from the shipping industry and environmental groups.

Item 89 was informational – no vote required.

ITEM C81: A staff presentation was made by Senior Staff Counsel Jim Frey on the request for Commission consideration of an amendment and reinstatement of Lease No. PRC 6855.1 to Bruno's Island Yacht Harbor, Inc. and extension of time to cure the outstanding defaults. After hearing testimony from representatives of Bruno's Island Yacht Harbor, Inc., the Commission authorized amendment and reinstatement of the lease to incorporate the extension of time to cure the recommended bridge repairs to July 31, 2012, consistent with staff's recommendation. Staff is to meet with the applicant to determine whether the concept of a performance bond can be recommended by staff.

Item C81 approved as presented by a vote of 2-0. (Lt. Governor not present)

ITEM 90: A staff presentation was made to the Commission requesting authorization to enter into a lease with the Sonoma County Water Agency for the periodic breaching of the mouth of the Russian River and the construction and maintenance of an outlet/pilot channel to the Pacific Ocean, consistent with staff's recommendation. After hearing testimony from various individuals, including representatives from the Sonoma Coast Chapter of Surfriders and from the Sonoma County Water Agency, the Commission approved the issuance of a General Lease, beginning January 1, 2012 and expiring May 14, 2015

Item 90 was approved as presented by a vote of 2-0. (Lt. Governor not present)

The Commission meeting public session was adjourned at 2:52 P.M.

**STAFF AND PUBLIC ADDRESSING
THE FOLLOWING CALENDAR ITEMS
CALIFORNIA STATE LANDS COMMISSION MEETING**

JANUARY 26, 2012

ITEM C22 – SUNNYSIDE LANE

- Gregory Price, applicant

ITEM C81 – BRUNO’S ISLAND YACHT HARBOR

- Ade Adesokan, ARI Corporation Bruno’s Island
- John Diepenbrock, Attorney, representing Bruno’s Island
- David Snodderly, President, Bruno’s Island

ITEM 89 – BIOFOULING MANAGEMENT REGULATIONS

- John Berge, Vice President, Pacific Merchant Shipping Association
- Abigail Blodgett, Legal Fellow, San Francisco Baykeeper
- Robert Gregory, Operation Manager, Foss Maritime Company
- David Phillips, Group Communications, HYDREX
- Karen McDowell, Environmental Scientist, San Francisco Estuary Partnership
- Jonathan Mendes, General Manager, Harley Marine Services
- Christopher Peterson, Vice President, Operations, Crowley Maritime Corporation
- Lauren Silva, Lobbyist, American Coatings Association (ACA)

ITEM 90 – SONOMA COUNTY WATER AGENCY

- Cea Higgins, Volunteer, Sonoma Coast Chapter of Surfrider
- Norma Jellison, resident of Bodega Bay
- Jessica Martini-Lamb, Principal Environmental Specialist, Sonoma County Water Agency

ITEM 91 – LEGISLATIVE PROPOSALS

- Diana Hall

PUBLIC COMMENT

No Speakers