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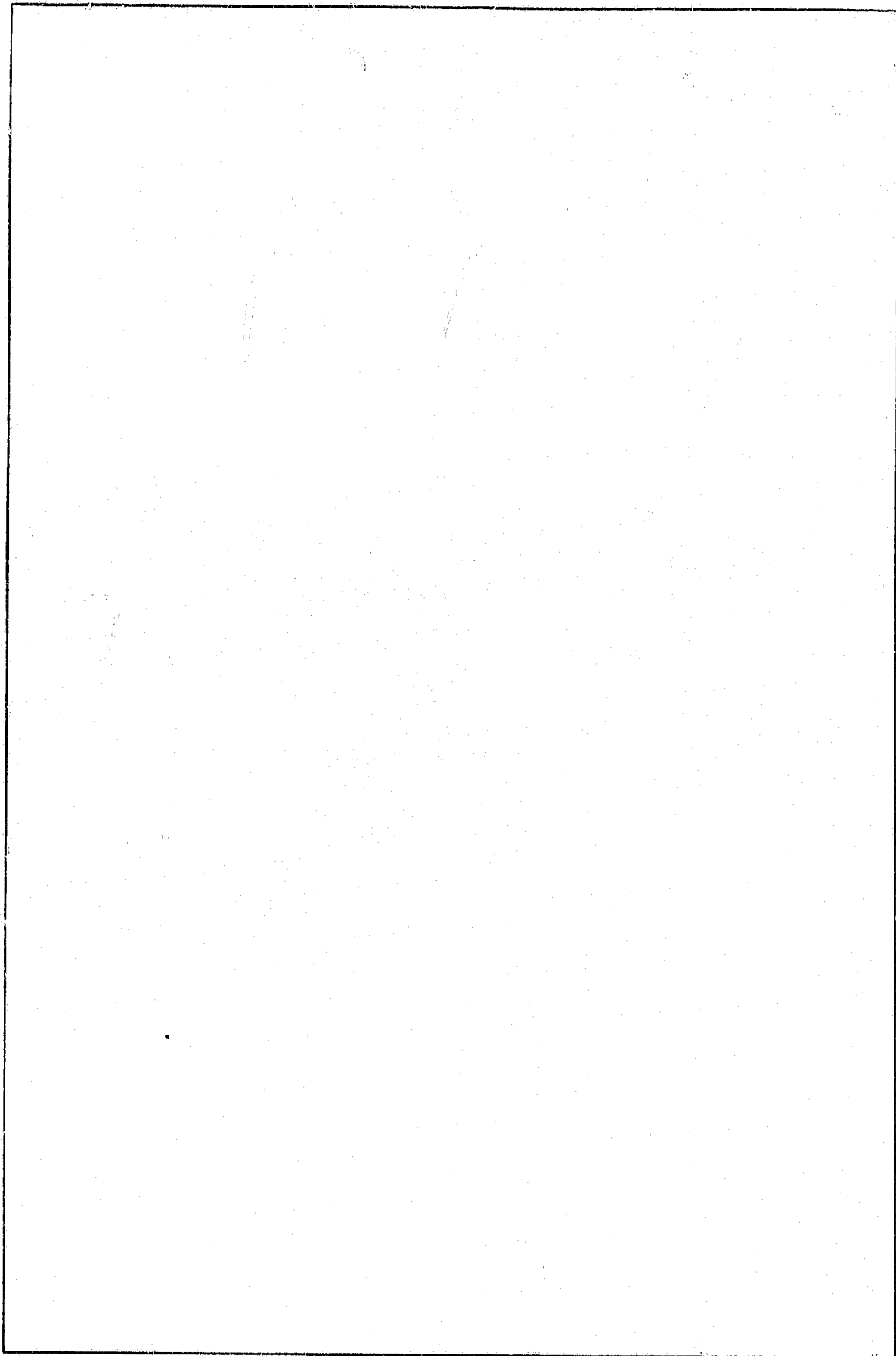
MEETING
STATE LANDS COMMISSION

ROOM 2117
STATE CAPITOL
SACRAMENTO, CALIFORNIA

THURSDAY, APRIL 28, 1977
10:00 A.M.

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26 NESS COURT
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TELEPHONE (916) 383-3601

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MEMBERS PRESENT

Hon. Kenneth Cory, Controller, Chairman
Mr. Sid McCausland, representing Roy M. Bell
Ms. Betty Jo Smith, representing Mervyn M. Dymally

MEMBERS ABSENT

Hon. Mervyn M. Dymally, Lieutenant Governor
Hon. Roy M. Bell, Director of Finance

STAFF PRESENT

Mr. William F. Northrop, Executive Officer
Mr. R. S. Golden, Assistant Executive Officer
Mr. James Trout, Manager, Land Operations
Mr. Robert C. Hight, Staff Counsel
Ms. Diane Jones, Secretary

ALSO PRESENT

Mr. N. Gregory Taylor, Deputy Attorney General

P R O C E E D I N G S

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CHAIRMAN CORY: Okay. Call the meeting to order.
Everybody is here, and we're ready to go.

Confirmation of the previous minutes. Any
corrections or additions?

Without objection, it will be approved as presented.
Report of the Executive Officer. Let's make it
quick.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman and
Members, on March 17th, 1977, you as District Judge
William Gray issued a ruling which precluded the State
from realizing the gravity differential adjustment allowed
by FEA on lower tier oil and required the refund of monies
already collected under protest.

We are advised by not only the Attorney General,
but the Long Beach City Attorney, that the crude oil
evaluation provisions of the Long Beach Unit are substantially
the same as those of LBOD and Parcel "A". In light of the
above decision and advice by counsel, we have decided not
to continue attempts to press for collection of the gravity
differential on the latter two contracts.

The Assembly Ways and Means Committee has
recommended the State Lands Commission budget be augmented
by \$500,000 for the purpose of removing hazardous

1 obstructions from State's navigable waterways largely
2 because of the good work we did in the area of the
3 Sacramento River. They feel that because of the lower
4 water situation, the time is right to remove many of these
5 hazards that represent serious threats to the public safety.
6 As landlord, the State Lands Commission has tort liability.
7 The Staff is currently putting together an inventory of
8 these hazards and attempting to rank them according to
9 priority for removal. We will, therefore, be ready to
10 proceed with an active program once these monies have been
11 allocated.

12 This concludes my report, Mr. Chairman.

13 CHAIRMAN CORY: Any questions?

14 Okay. Report of the Assistant Executive Officer.

15 MR. GOLDEN: I will give a brief summary of
16 April's actions of the Bay Conservation and Development
17 Commission and the Coastal Commission affecting matters
18 under State Lands' jurisdiction.

19 At the Bay Conservation and Development Commission
20 meeting of April 21, consideration was given to a stipulated
21 judgment entered against F. E. Crites, Inc., in favor of
22 Bay Conservation Development Commission, Regional Water
23 Quality Control Board and State Lands Commission.

24 The suit was entered into by our Commission
25 because of illegal sand dredging on State-owned lands. The

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1 judgment was in the amount of a half a million dollars or
2 such other arrangements as the three parties should agree
3 upon. It was recognized that the monetary sum, if imposed,
4 would probably institute a bankruptcy action; but if an
5 alternative could be found which would allow Mr. Crites to
6 continue in business legitimately, all parties concerned
7 might benefit.

8 Part of the proposal would be the conveyance of
9 89 acres of marsh to the State Lands Commission, which it
10 is proposed would be turned over to the Department of Fish
11 and Game for management. During the hearing it became
12 apparent that the Crites interests were not satisfied with
13 the negotiated settlement, and therefore, attempted to
14 have the Bay Conservation Commission make concessions. This
15 effort was firmly rejected.

16 The State Coastal Commission approved the maps
17 delineating the jurisdiction of each of the port areas
18 set forth in the Coastal Act. At our request, in so doing
19 they made the approval dependent upon our review and
20 concurrence. In this way, later conflict would be averted;
21 and at the April 20th meeting of the Coastal Commission,
22 the application of the port San Luis District to upgrade
23 the harbor by providing 410 boat slips, 500 more in-shore
24 facilities, floating fuel dock, pumpout station was
25 considered. Landfill of seven acres was also involved.

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1 This application was rejected overwhelmingly on
2 the basis that it was growth-inducing and that it might
3 interfere with the development of the local coastal program.
4 The Commission members were sympathetic to a smaller-scale
5 project, but the project sponsors pointed out that a smaller
6 project would not be able to be financed. They were
7 depending upon a Department of Navigation and Ocean
8 Development loan to be matched by the Corps of Engineers
9 on a 45 to 55 ratio.

10 That concludes my report, Mr. Chairman.

11 CHAIRMAN CORY: We have a report here from the
12 Executive Office signed by you, dated the 27th on the
13 Wildlife Conservation Board.

14 EXECUTIVE OFFICER NORTHROP: Yes. This is in
15 response to Mr. McCausland's request at the last meeting,
16 and we submitted it in writing rather than giving it in
17 a report form.

18 CHAIRMAN CORY: Is that sufficient?

19 MR. McCAUSLAND: I found it adequate, Mr. Chairman.

20 CHAIRMAN CORY: Next we have the Consent Calendar.
21 Is there anyone in the audience who would like to address
22 the Commission? Do you have any problems with any of the
23 items on the Consent Calendar which are designated with
24 the letter C through 30?

25 Okay. There is one item the Chairman would like

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1 not to participate in the decision on, which is --

2 EXECUTIVE OFFICER NORTHROP: C4, Mr. Chairman.

3 CHAIRMAN CORY: C4. This is item "Bay Cities Refuse
4 Service". I'm not sure who that is. It's just that I
5 may have business relations with the individual.

6 Other than that, are there any other items?

7 Okay. I guess we have a motion for all items
8 excluding 4. Those will be approved without objection as
9 presented.

10 Item C4, what is your wish?

11 MR. McCAUSLAND: I'll move adoption.

12 MS. SMITH: I will abstain.

13 MR. McCAUSLAND: Mr. Chairman, I'd like to suggest
14 we put Item C4 over for another month or two --

15 CHAIRMAN CORY: Okay. We'll put it over.

16 MR. McCAUSLAND: It may be that we won't be able
17 to allow you to waive your --

18 CHAIRMAN CORY: That may be where we are.

19 EXECUTIVE OFFICER NORTHROP: The Staff notes that
20 C4 is over.

21 CHAIRMAN CORY: C4 is over.

22 MR. McCAUSLAND: I have requested that Item 31
23 be dealt with separately because I wanted to make certain
24 we could ascertain that the provisions of the State Contract
25 Act have been met prior to the extension of --

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1 EXECUTIVE OFFICER NORTHROP: Mr. McCausland, the
2 Staff advises that the original contract -- Bob, you'd
3 like to address that.

4 MR. HIGHT: The original contract, Mr. McCausland,
5 provided for a one-year extension. That has been reviewed
6 by the Department of General Services, their Contracting
7 Office, and met with their approval.

8 MR. McCAUSLAND: Okay. I'll move adoption.

9 MS. SMITH: Second.

10 CHAIRMAN CORY: Moved and seconded. Is there
11 anybody in the audience on Item C -- Item 31 of the amended
12 calendar, the contract with Condor Helicopters?

13 Approved as presented.

14 32.

15 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item
16 Number 32 is a report to the Commission on negotiations
17 between the Staff, the City of Los Angeles, and the
18 Los Angeles Harbor Department. We are continuing negotiations
19 and will probably have them concluded prior to next month's
20 meeting.

21 CHAIRMAN CORY: Any questions by members?

22 33, authorizing the Executive Officer to conduct
23 a public hearing regarding the proposed oil and gas lease
24 in the bed of the Sacramento River, Sacramento and Yolo
25 Counties.

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1 Is there anybody in the audience on Item 33?
2 Any questions from the members of the Commission?
3 Without objection, Item 33 will be approved as
4 presented.

5 Item 34, Negative Declaration for exchange of
6 lands between Erickson Lumber Company and the State Lands
7 Commission, AKA De La Cruz Exchange. Is there anybody
8 in the audience on Item 34?

9 Any questions from members?

10 Without objection, we'll approve the Negative
11 Declaration as presented.

12 Item 35. This is a request to delegate to the
13 Executive Officer authorization to issue temporary permits.
14 These are specified conditions because of the --

15 EXECUTIVE OFFICER NORTHROP: Drought.

16 CHAIRMAN CORY: -- drought conditions. I think
17 we need emergency pipelines and those kinds of things.
18 Mr. Northrop is in the water selling business, I think.

19 (Laughter.)

20 CHAIRMAN CORY: Is there anybody who has any
21 questions on Item 35 in the audience?

22 MR. McCAUSLAND: I have a lot of questions.

23 CHAIRMAN CORY: Anything you want to discuss?

24 (Laughter.)

25 MS. SMITH: No.

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1 CHAIRMAN CORY: Without objection, 35 will be
2 approved as presented.

3 Item 36. This is an Indemnity Selection.

4 EXECUTIVE OFFICER NORTHROP: Yes, sir.

5 CHAIRMAN CORY: And you want us to refuse this
6 Indemnity Selection?

7 EXECUTIVE OFFICER NORTHROP: Yes, sir. The
8 Federal Government, in making this exchange, has requested
9 that they retain mineral rights on their parcel and we
10 transmit mineral rights to them on our parcel. We don't
11 think that's an equitable trade.

12 CHAIRMAN CORY: Some governments is more equal
13 than others.

14 (Laughter.)

15 CHAIRMAN CORY: As I remember the book.

16 No, we don't want to do that, do we?

17 MR. McCAUSLAND: Whatever you don't want to do.

18 (Laughter.)

19 CHAIRMAN CORY: Don't want to live with that on
20 this item.

21 (Laughter.)

22 CHAIRMAN CORY: Item 36, we will refuse to
23 accept -- refuse the acceptance?

24 EXECUTIVE OFFICER NORTHROP: Recommend refusal.

25 CHAIRMAN CORY: Okay. Are we recommending to whom,

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1 or are we taking action?

2 MR. HIGHT: They are, they are --

3 CHAIRMAN CORY: We are refusing.

4 EXECUTIVE OFFICER NORTHROP: We are refusing.

5 CHAIRMAN CORY: Without objection, we are refusing

6 to accept and cancel.

7 Item 37 is a public permit for Fish and Game.

8 Any questions from the members of the Commission?

9 Anybody in the audience on Item 37?

10 Without objection, 37 will be approved as presented.

11 Item 38, City of Seal Beach wants to have a

12 bicycle recreation area in the San Diego area.

13 EXECUTIVE OFFICER NORTHROP: Yes, we have about

14 three lots there, a 12-foot strip on about three lots.

15 CHAIRMAN CORY: Anybody in the audience on Item 38?

16 Without objection, approved as presented.

17 Item 39 is a Commercial Lease, \$800 per annum

18 Royalty on -- on the dredging?

19 EXECUTIVE OFFICER NORTHROP: It's setting up

20 maintenance and construction for two boat docks and a

21 breakwater.

22 CHAIRMAN CORY: Okay. Is there anybody in the

23 audience on Item 39?

24 Any questions from our Commissioners?

25 MS. SMITH: No.

1 CHAIRMAN CORY: Without objection, it will be
2 approved as presented.

3 Item 40, California Blue Valley, Inc., Trustee
4 for a temporary water --

5 EXECUTIVE OFFICER NORTHROP: Yes. It's a four
6 months extension until they get their firewater well
7 straightened out.

8 CHAIRMAN CORY: Any questions from the members?

9 Anybody in the audience on Item 40?

10 Without objection, it is approved as presented.

11 Item 41, Southern California Edison and San Diego
12 Gas and Electric, extension of an industrial lease.

13 Is there anybody in the audience on this item?
14 Commissioners?

15 MR. McCAUSLAND: No problem.

16 CHAIRMAN CORY: Without objection, it will be
17 approved as presented.

18 Item 42, proposed drilling of a new well,
19 geothermal field for Union Oil, Magma, Thermal.

20 Is there anybody in the audience on Item 42?
21 Questions?

22 Without objection --

23 MR. McCAUSLAND: I was going to ask them to explain
24 a few little things, but I think I can do that at the
25 briefing session.

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1 CHAIRMAN CORY: Would somebody be sure to explain
2 those to all the Commissioners so we can know what they are?
3 It looked to me like one of those games my kid plays, the
4 submarine.

5 MR. McCAUSLAND: Right. Battleships.

6 CHAIRMAN CORY: That's it. Battleships.

7 Okay. Now, we get to the meat of the matter.
8 We're going to confirm the Executive Officer's actions.

9 Is that all of them?

10 EXECUTIVE OFFICER NORTHROP: No, this is --

11 CHAIRMAN CORY: I guess we shouldn't discuss those
12 things. Your wife is here, I notice today.

13 (Laughter.)

14 CHAIRMAN CORY: This is relating to an indemnifica-
15 tion agreement with World Oil.

16 EXECUTIVE OFFICER NORTHROP: Yes, regarding sell-
17 off.

18 CHAIRMAN CORY: A sell-off in which the President
19 interferred and didn't let it take place.

20 Are there any questions from Commissioners?

21 MR. McCAUSLAND: No.

22 MS. SMITH: No.

23 CHAIRMAN CORY: Anybody in the audience on Item 43?
24 Without objection, confirmation is granted.

25 Item 44, Humboldt Bay Harbor, Recreation and

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1 Conservation District dredging permit, 15 cents per yard
2 and they're going to be placing them on private lands.

3 Anybody in the audience on Item 44?

4 Questions from members of the Commission?

5 Without objection, it's approved as presented.

6 Item 45, City and County of San Francisco want
7 to have a recall election -- no, no.

8 (Laughter.)

9 EXECUTIVE OFFICER NORTHROP: Soil test core holes
10 for an ocean outfall.

11 CHAIRMAN CORY: For an ocean outfall. Is there
12 anybody in the audience on Item 45?

13 Commissioners?

14 Without objection, it will be approved as presented.

15 Item 46. We have the Long Beach Eighth Modifica-
16 tion of the Plan of Development and Budget for --

17 EXECUTIVE OFFICER NORTHROP: One water injection
18 well, Mr. Chairman.

19 CHAIRMAN CORY: Any questions from members?

20 Anybody in the audience?

21 Without objection, Item 46 will be approved as
22 presented.

23 Item 47 is a \$77,087,000 proposed budget for the
24 Long Beach field.

25 Is there anybody in the audience who wishes to

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1 address the Commission on Item 47?

2 Any questions from Commissioners, or do you want
3 a dog and pony show? Do you want to approve it?

4 MR. McCAUSLAND: I read the dog and pony show.
5 I think maybe we ought to just approve it.

6 CHAIRMAN CORY: Okay. I'm ready. Without
7 objection, Item 47 will be approved as presented.

8 Item 48, City of Eureka for proposed annexation
9 of some water.

10 This in no way relates to the litigation.

11 EXECUTIVE OFFICER NORTHROP: No, it does not
12 relate to the litigation.

13 CHAIRMAN CORY: Anybody in the audience on Item 48?
14 Commissioners?

15 MR. McCAUSLAND: No objection.

16 CHAIRMAN CORY: Without objection, 48 will be
17 approved as presented.

18 Item 49. This is determination that the City of
19 Stockton has complied with their grant.

20 Is there anybody in the audience who has any
21 questions on Item 49?

22 Commissioners?

23 Without objection, 49 will be approved as presented.

24 Item 50. This is to authorize the staff to pursue
25 negotiations with the Mexico City Restaurants to lease the

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1 Commission's parcel which used to be known as the Airport
2 Club.

3 EXECUTIVE OFFICER NORTHROP: Right.

4 MR. McCAUSLAND: Is it true that the Executive
5 Officer has an interest in that? He didn't explain that
6 to me.

7 (Laughter.)

8 CHAIRMAN CORY: Are there other people that want
9 to negotiate?

10 We have three that were contacted. Jim, do you
11 want to explain that whole program?

12 MR. TROUT: We have three proposals for the
13 property, one for a Mexican restaurant and some ancillary
14 buildings, little shops and things; and two proposals for
15 a sports complex, tennis courts, handball, racketball kind
16 of things. The restaurant-shop complex would provide the
17 highest economic return and received the enthusiastic
18 support of the City of Seal Beach.

19 MR. McCAUSLAND: I haven't gotten an answer to
20 my question. Does the Executive Officer have an interest?

21 CHAIRMAN CORY: Yes. What is your interest in
22 Mexico?

23 EXECUTIVE OFFICER NORTHROP: They make great
24 enchiladas.

25 CHAIRMAN CORY: You are a patron. You pay full

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1 cash price.

2 EXECUTIVE OFFICER NORTHROP: Full cash price.

3 CHAIRMAN CORY: Do you tip?

4 EXECUTIVE OFFICER NORTHROP: Not as much --

5 (Laughter.)

6 CHAIRMAN CORY: Okay. Nobody in the audience on
7 this item?

8 Without objection, then, authorization is granted;
9 but you will not enter into the lease until --

10 EXECUTIVE OFFICER NORTHROP: The lease will come
11 back to the Commission.

12 CHAIRMAN CORY: You're going to share the guilt
13 all the way around.

14 EXECUTIVE OFFICER NORTHROP: All the way.

15 CHAIRMAN CORY: Item 51. This is to authorize
16 the staff of the State Lands and the Attorney General's
17 Office to intervene in Sierra Club v. Zanone for public
18 rights of access between Cape Mendocino and Muscle Rock in
19 Humboldt County.

20 EXECUTIVE OFFICER NORTHROP: The suit is settled
21 and they have requested the State Lands to give them
22 assistance in designating access ways to the beach as a
23 result of this suit. The suit is completed.

24 CHAIRMAN CORY: Anybody in the audience on Item 51?
25 Sid?

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1 MR. McCAUSLAND: No objections.

2 MS. SMITH: No objection.

3 CHAIRMAN CORY: Without objection, authorization
4 is granted.

5 Item 52, approve the proposed Second Supplemental
6 Decree concerning the U.S. V. California. This is the
7 property we were getting back.

8 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, because
9 of harbor works and the like, the Federal Government had
10 some of California's land, and they are now returning it.

11 CHAIRMAN CORY: That's nice of them. See what
12 a new administration can do?

13 (Laughter.)

14 CHAIRMAN CORY: Any questions from anybody in the
15 audience?

16 Without objection, Item 52 will be approved as
17 presented.

18 Item 53 is off calendar. The people seem to want
19 to maybe negotiate.

20 Item 54, a retrocession of jurisdiction. This
21 is authorization for public hearings.

22 Is there anybody in the audience on Item 54?

23 Without objection, public hearing authorization
24 is granted.

25 Item 55, the amendment of an interagency agreement

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1 with the Department of Justice to add \$60,000 to an existing
2 contract.

3 MR. TAYLOR: We made a bunch of consulting
4 contracts which we could expedite faster than you could.
5 That's part of the reason. The other part is increased --

6 MR. McCAUSLAND: You expedited it, but it's a
7 60 percent markup. That's quite a change.

8 MR. TAYLOR: Well, it cost on those, and we have
9 had extra time as a result of a couple of our Long Beach
10 problems. I think you're aware of what the Long Beach
11 problems are.

12 CHAIRMAN CORY: I don't know anything about
13 Long Beach.

14 (Laughter.)

15 CHAIRMAN CORY: All right, is there any --

16 MR. McCAUSLAND: I just want you to read:

17 "It is recommended that the
18 Commission authorize the amendment
19 of an interagency agreement with
20 the Department of Justice to provide
21 for the services of the Attorney
22 General's Office for the Long Beach
23 and Alamitos Bay operations at a
24 cost not to exceed \$160,000 for the
25 1976-'77 fiscal year; this addition

1 is requested due to greater than
2 anticipated legal services and the
3 need for consultant services not
4 anticipated at the time of the
5 execution of the original contract."
6 I bet you we are going to have one of these a
7 month.

8 CHAIRMAN CORY: Until we turn them down.
9 (Laughter.)

10 CHAIRMAN CORY: It's called balancing the A.G.'s
11 budget.

12 (Laughter.)

13 CHAIRMAN CORY: As long as we're discussing that,
14 I'm not too happy with the way you guys are handling a case
15 I've got pending this Friday. If we withhold this money,
16 can I get better leverage to get conformance out of you?

17 (Laughter.)

18 CHAIRMAN CORY: Shall we approve it?

19 MR. TAYLOR: I'll be happy to speak to whoever is
20 handling the case.

21 (Laughter.)

22 CHAIRMAN CORY: Without objection, the Director
23 of Finance's representative will stay out of this one. He's
24 letting you know that he's --

25 Item 55, the amendment is approved as presented

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1 without objection.

2 Item 56, drilling of a new well by Union Oil.
3 This is geothermal; is that correct?

4 EXECUTIVE OFFICER NORTHROP: Right. This is the
5 one that the senator wanted to discuss.

6 CHAIRMAN CORY: Is there anybody in the audience
7 on Item 56?

8 We really should have asked the taxpayers out
9 there if they had anything to say about Item 55.

10 (Laughter.)

11 CHAIRMAN CORY: Without objection, Item 56 will
12 be approved as presented.

13 MR. TAYLOR: If it's any comfort to the Commission,
14 Mr. Northrop made a deal with me for part of the results of
15 this.

16 (Laughter.)

17 CHAIRMAN CORY: Status of major litigation.

18 MR. TAYLOR: Mr. Chairman, I believe we could
19 cover that in the Executive Session that follows.

20 CHAIRMAN CORY: Okay. Item 57, authorize a
21 boundary line agreement with Jack W. Ruby in the City of
22 San Jose.

23 Questions? Anybody in the audience?

24 Without objection, authorization is granted as
25 presented.

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1 Confirmation of the time and date and place of
2 the next Commission meeting. It will be Thursday, May 26,
3 in Sacramento at 10:00 a.m.

4 We will adjourn to Executive Session and we would
5 ask that those of you who are here who are not members of
6 the Staff who are immediately concerned with the legal
7 issues before us, would you please absent yourselves from
8 the room so we can discuss litigation that is pending
9 pursuant to the Brown Act.

10 (Thereupon the meeting of the State Lands
11 Commission was adjourned at 10:20 a.m.)

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SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 State of California)
 2 County of Sacramento) ss.

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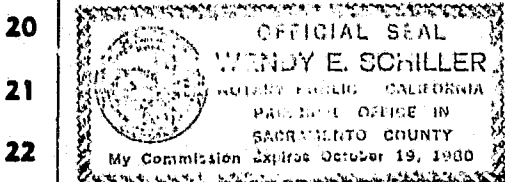
4 I, WENDY E. SCHILLER, a Notary Public in and for
 5 the County of Sacramento, State of California, duly
 6 appointed and commissioned to administer oaths, do hereby
 7 certify:

8 That I am a disinterested person herein; that the
 9 foregoing State Lands Commission Meeting was reported in
 10 shorthand by me, Wendy E. Schiller, a Shorthand Reporter
 11 of the State of California, and thereafter transcribed into
 12 typewriting.

13 I further certify that I am not of counsel or
 14 attorney for any of the parties to said meeting, nor in
 15 any way interested in the outcome of said meeting.

16 IN WITNESS WHEREOF, I have hereunto set my hand
 17 and affixed my seal of office this 14th day of March,
 18 1977.

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Wendy E. Schiller
 Wendy E. Schiller
 Notary Public in and for the
 County of Sacramento, State of
 California

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