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MEETING  
STATE OF CALIFORNIA  
STATE LANDS COMMISSION

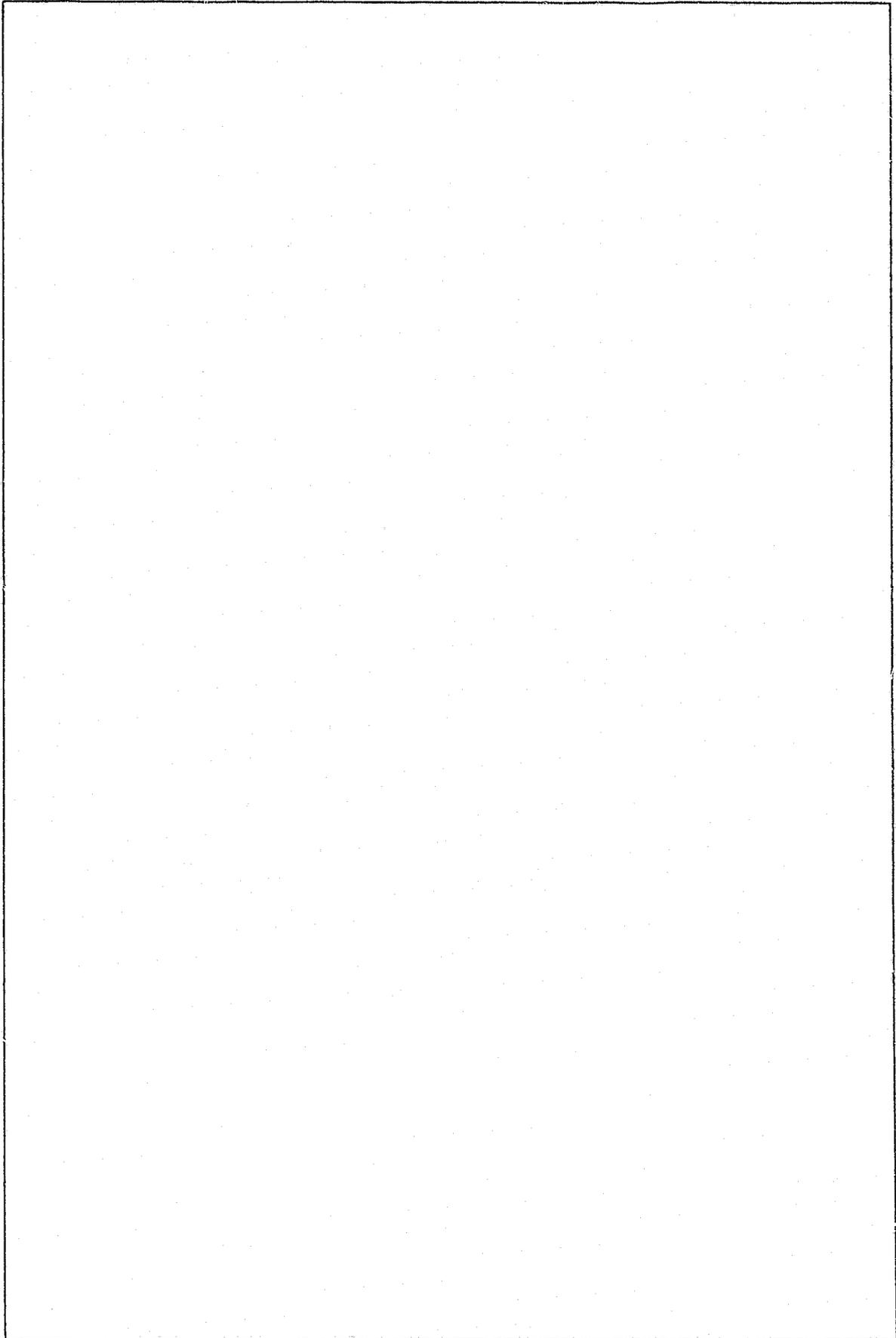
STATE CAPITOL  
ROOM 6028  
SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, FEBRUARY 23, 1978  
10:00 A.M.

Reported by: DELORES I. DALTON

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MEMBERS PRESENT

Hon. Kenneth Cory, State Controller, Chairperson  
Hon. Mervyn M. Dymally, Lt. Governor, Commissioner,  
represented by Ms. Betty Jo Smith  
Hon. Roy M. Bell, Director of Finance, Commissioner,  
represented by Mr. Sid McCausland

MEMBERS ABSENT

NONE

STAFF PRESENT

Mr. William F. Northrop, Executive Officer  
Mr. Richard S. Golden, Assistant Executive Officer  
Mr. James F. Trout, Manager, Land Operations  
Mr. Robert C. Hight, Staff Counsel  
Mr. Jan Stevens  
Mr. Dwight Sanders

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P R O C E E D I N G S

--oOo--

CHAIRPERSON CORY: Call the meeting to order.

Mr. McCausland, do you have some comments on the minutes of the meeting?

MR. McCAUSLAND: Yes, I do, Mr. Chairman.

Item 55 of the Minutes, page 4, includes the following statement: -- and this is in regard to the pricing of natural gas --

"Upon motion duly made and carried, the following resolution was adopted by a vote of two to zero with one abstension."

If I may, Mr. Chairman, I would like to read from the transcript of Item 55. I won't read all of the pages that I had originally intended. I'll read my motion:

"I have language which I would like to propose in the form of a motion as a substitute to the staff recommendation on this calendar item. I would like to propose that the reasonable market value or current market price of the gas produced and sold from the Rio Vista, Ryer Island, River Island fields for the period in question shall be those prices that are the result of the pending arbitration between PG&E and Texaco, Aminoil and Superior, provided however that

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1 should the Public Utilities Commission determine  
2 to regulate the price for California-produced  
3 gas and impose a ceiling on the price that a  
4 California producer may charge, the determination  
5 of the State Lands Commission shall be that  
6 ceiling price for all time periods in question."

7 Commissioner Smith then commented on the motion.  
8 Executive Northrop noted that I had left Isleton out, and  
9 I stated:

10 "That was an inadvertent error. The motion  
11 should be amended to include Isleton."

12 Ms. Smith said, "That's fine with me. Second the  
13 motion."

14 Chairman Cory said:

15 "Is there anything that the Commissioners  
16 wish to discuss, or are we at the point where  
17 the mind cannot cure what the seat cannot endure?"

18 "Do you wish to put any caveat of limitation  
19 as to a maximum to which the arbitration, if they  
20 came in, should not exceed based upon this record?  
21 Do you want the motion to stand where it is?"

22 "MR. McCAUSLAND: I made my motion. You can  
23 amend it.

24 "CHAIRMAN CORY: We have a motion and  
25 seconded. All those in favor signify by saying

1 aye.

2 "(Ayes.)

3 "CHAIRMAN CORY: The ayes have it. The motion  
4 is carried. We stand adjourned."

5 Mr. Chairman, I have served on this Commission as  
6 the alternate for Commissioner Bell for two years. During  
7 that entire two-year period, every motion has been by  
8 acclamation unless somebody specifically made reference  
9 to the fact that they wanted to be noted otherwise in the  
10 minutes. There is nothing in the transcript that would  
11 lead me to the conclusion that the minutes are appropriate,  
12 and therefore, I make the following motion that Calendar  
13 Item 55, page 4, be amended in the minutes to say, "Upon  
14 motion duly made and carried, the following resolution was  
15 unanimously adopted by the Commission."

16 CHAIRPERSON CORY: You wish to amend the minutes  
17 to reflect that?

18 MR. McCAUSLAND: Yes, sir.

19 CHAIRPERSON CORY: Okay. Now my point is that I  
20 did not vote on that, and I have no qualms with changing  
21 that minutes to say that it was carried. But I did not, in  
22 fact, vote on that motion, and, therefore, I think it would  
23 be inaccurate to say that it was unanimous. Two aye votes.  
24 It was a voice voice, and the significance of that, I think,  
25 is relatively minor and it relates probably not to that

1 which people seem to be sensitized to at this point.

2 MR. McCAUSLAND: Let me make a substitute motion,  
3 Mr. Chairman, and also suggest some procedure that I would  
4 like incorporated into the sense of my motion.

5 Number one, rather than the amendment which I just  
6 proposed, let me suggest: "Upon motion duly made and  
7 carried, the following resolution was adopted by a vote of  
8 two to zero period." Strike the clause, "with one  
9 abstension."

10 Second, if that motion was adopted, I would want  
11 the following two motions to be considered by the  
12 Commission immediately following adoption of the minutes.  
13 First, that our prior action on gas pricing be rescinded  
14 and that the matter be reopened for public hearing and  
15 further discussion by the Commission.

16 And second, that all future votes on all calendar  
17 items of this Commission be taken by official roll call,  
18 noted by the secretary.

19 CHAIRPERSON CORY: Okay. Is there a second?

20 MS. SMITH: I second.

21 CHAIRPERSON CORY: We will go in sequel, I guess.  
22 The first thing is to amend the minutes to reflect a two-to-  
23 nothing vote period.

24 All in favor signify by saying aye.

25 (Ayes.)

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1 CHAIRPERSON CORY: Motion is carried.

2 The next motion is --

3 MR. McCAUSLAND: Well, let's adopt the entire set  
4 of minutes, then. I move we adopt the minutes as amended.

5 MS. SMITH: I second it.

6 CHAIRPERSON CORY: Without objection --

7 MR. McCAUSLAND: I would like a roll call vote.

8 CHAIRPERSON CORY: Will the Executive Officer call  
9 the roll.

10 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

11 CHAIRPERSON CORY: Aye.

12 EXECUTIVE OFFICER NORTHROP: Miss Smith.

13 MS. SMITH: Aye.

14 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

15 MR. McCAUSLAND: Aye.

16 EXECUTIVE OFFICER NORTHROP: Three ayes,

17 Mr. Chairman.

18 CHAIRPERSON CORY: The minutes are adopted.

19 MR. McCAUSLAND: Mr. Chairman, I would like to move  
20 that the action of this Commission whereby we set the  
21 arbitrated price of gases in the Aminoil, Texaco, and  
22 Superior arbitrations as the appropriate price for our gas  
23 unless PUC interceded -- I would like to move that we  
24 rescind that action and reopen the matter for further public  
25 hearings.

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1 MS. SMITH: I second the motion.

2 MR. McCAUSLAND: I would like a roll call vote.

3 CHAIRPERSON CORY: There is a question as to  
4 whether or not that matter can be before us.

5 MR. McCAUSLAND: Well, I don't think I need to  
6 stay here today if we can't find a way to bring it up during  
7 the calendar.

8 CHAIRPERSON CORY: I am concerned -- I have no  
9 problem. I am willing to vote in favor of your motion, but  
10 what I am concerned about is that there are interested  
11 parties who have not been notified.

12 MR. McCAUSLAND: I would say that we are not  
13 denying any parties an opportunity to be heard on the matter.  
14 If anything, we are giving them further opportunity to make  
15 their case and bring the issue before us. And if the motion  
16 should be more properly phrased, set the matter for -- that  
17 we rescind our previous action and set the matter for -- I  
18 really don't see anything wrong with the motion, as a matter  
19 of fact.

20 CHAIRPERSON CORY: I don't know. I am just asking,  
21 so we don't --

22 MS. SMITH: Jan, is there anything wrong with the  
23 motion?

24 MR. STEVENS: We were just discussing the  
25 authority of the Commission to reconsider in the absence of

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1 a statute at this particular time. There seems to be a  
2 question with respect to that. On formal decisions, in the  
3 absence of a statute, an administrative body doesn't have  
4 the authority to reconsider its decision. Neither one of  
5 us can recall at present whether the contracts in question,  
6 and leases, would provide this kind of authority with  
7 respect to these prices or whether the Commission's action  
8 was such a final action as to preclude it from  
9 reconsideration at this time.

10 So the answer in a nutshell is, we are not sure  
11 you can do it.

12 MR. McCAUSLAND: All right. I would like to do it  
13 unless somebody proves otherwise.

14 CHAIRPERSON CORY: I would guess that we should go  
15 ahead and do it and see what happens. That eases the  
16 burden.

17 MR. McCAUSLAND: I would say that if individuals  
18 can change the minutes that individual actions are probably  
19 not valid. As far as I'm concerned, I would be willing to  
20 take this entire issue to court on the question of whether  
21 or not it is properly recorded in the minutes of the  
22 Commission and, therefore, constitutes a legal act of this  
23 body.

24 CHAIRPERSON CORY: I'm willing to put the motion,  
25 and I'm prepared to vote for your motion.

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1 MR. McCAUSLAND: I would like a roll call vote.

2 CHAIRPERSON CORY: Okay.

3 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

4 CHAIRPERSON CORY: Aye.

5 EXECUTIVE OFFICER NORTHROP: Miss Smith.

6 MS. SMITH: Aye.

7 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

8 MR. McCAUSLAND: Aye.

9 EXECUTIVE OFFICER NORTHROP: We have three ayes,  
10 Mr. Chairman.

11 MR. McCAUSLAND: Third motion, Mr. Chairr I  
12 would like all further matters brought before this Commission  
13 to be recorded by roll call vote.

14 CHAIRPERSON CORY: Fine with me.

15 MS. SMITH: Second.

16 CHAIRPERSON CORY: Call the roll.

17 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

18 CHAIRPERSON CORY: Aye.

19 EXECUTIVE OFFICER NORTHROP: Miss Smith.

20 MS. SMITH: Aye.

21 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

22 MR. McCAUSLAND: Aye.

23 EXECUTIVE OFFICER NORTHROP: Three ayes,  
24 Mr. Chairman.

25 MS. SMITH: I would like to make a further motion,

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1 that the Attorney General issue an opinion regarding the  
2 motion that was made at the last meeting.

3 CHAIRPERSON CORY: Before we do that, because I  
4 think that gets at the point which I think is being missed  
5 in this -- I would like to clear the room except for counsel  
6 to discuss potential litigation.

7 (Thereupon the public meeting was recessed  
8 for purposes of discussion by the  
9 Commissioners and counsel.)

10 CHAIRPERSON CORY: We have some procedural items  
11 which after conferring with counsel we think appropriate  
12 to address ourselves to.

13 MR. McCAUSLAND: Mr. Chairman, I would like to move  
14 that we strike from the record or rescind my earlier motion,  
15 the intent of which was to rescind our action at the  
16 January 26th meeting regarding gas pricing, the reason  
17 being that I would like to offer a substitute motion follow-  
18 ing that which would give proper notice of our determination  
19 to reconsider.

20 The motion is to rescind my earlier motion.

21 CHAIRPERSON CORY: Okay. We have a motion.

22 MS. SMITH: Second.

23 CHAIRPERSON CORY: Call the roll.

24 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

25 CHAIRPERSON CORY: Aye.

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1 EXECUTIVE OFFICER NORTHROP: Miss Smith.  
2 MS. SMITH: Aye.  
3 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.  
4 MR. McCAUSLAND: Aye.  
5 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, three  
6 ayes.  
7 MR. McCAUSLAND: Mr. Chairman, I would like to  
8 move that we publish notice of our intent to reconsider  
9 the gas pricing decision of January 26th.  
10 MS. SMITH: Second.  
11 CHAIRPERSON CORY: Before you call the roll, I  
12 think that carries with it the implication, and I think the  
13 staff should understand that that would dictate probably a  
14 Sacramento meeting whenever that is put on the Agenda.  
15 MR. McCAUSLAND: I believe so.  
16 EXECUTIVE OFFICER NORTHROP: Fine. Thank you,  
17 Mr. Cory.  
18 CHAIRPERSON CORY: Call the roll.  
19 EXECUTIVE OFFICER NORTHROP: Chairman Cory.  
20 CHAIRPERSON CORY: Aye.  
21 EXECUTIVE OFFICER NORTHROP: Miss Smith.  
22 MS. SMITH: Aye.  
23 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.  
24 MR. McCAUSLAND: Aye.  
25 EXECUTIVE OFFICER NORTHROP: Three ayes,

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1 Mr. Chairman.

2 CHAIRPERSON CORY: Okay. The motion is carried.  
3 The first item is the report of the Executive  
4 Officer.

5 EXECUTIVE OFFICER NORTHROP: Mr. Chairman and  
6 Members, permission was granted to the Pacific Telephone  
7 and Telegraph Company to install a telephone conduit  
8 facility across state land in the bed of the Mokelumne River  
9 adjacent to the State Highway 99 Bridge crossing near Lodi.  
10 The Telephone Company has applied for a permit for this  
11 crossing; however, the facility must be installed prior to  
12 March 15, 1978, when the local water district begins to  
13 impound water on this area of that river. The Telephone  
14 Company's proposed conduit facility will replace an  
15 existing conduit on the Highway Bridge which is being  
16 severed by the settling of the bridge abutments. The  
17 Telephone Company will be required to continue its efforts  
18 to secure a permanent permit from the Commission.

19 Because of the time frame, we are advising you  
20 we have granted that permission.

21 CHAIRPERSON CORY: Any problems?

22 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,  
23 Mr. Thompson will report on the crude oil price increase in  
24 the Long Beach Unit with his Long Beach Operations' Report.

25 Mr. Chairman, that concludes my report, sir.

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1 CHAIRPERSON CORY: Okay.

2 Mr. Golden.

3 MR. GOLDEN: Mr. Chairman and Members, this  
4 report outlines significant items of current concern to  
5 both State Lands Commission staff and the Bay Conservation  
6 and Development Commission and the State Coastal Commission.  
7 The first group will be on the San Francisco Bay  
8 Conservation and Development Commission.

9 Charles King and Associates - Negotiations have  
10 begun between the staffs of BCDC, the State Lands  
11 Commission, and Charles King representatives. The latter  
12 party is proposing a nine-story office building adjacent to  
13 the Bay in the City of Burlingame. The project involves  
14 lands with serious title questions. Resolution of the  
15 State's interests and assertion of a probable tidelands  
16 easement over all or portions of the parcel should be  
17 reached in the near future.

18 International Stills and Cinema - This project  
19 involves the mooring of an historical vessel at Pier 1.  
20 near the Ferry Building, at San Francisco's Fisherman's  
21 Wharf. Although these lands have been granted to the  
22 City and County of San Francisco, we are closely following  
23 the attendant proceedings for possible applicability and  
24 tie-in with our current leasing policies pertaining to  
25 historical vessels at Old Sacramento's waterfront area.

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1           Dean F. Collins - State Lands Commission staff  
2 have agreed, in part, to accept tideland dedications on  
3 behalf of the State. The applicant, Dean Collins, has  
4 proposed a residential subdivision on bluff lands in  
5 Benicia adjacent to water-covered lands -- tidelands  
6 encumbered with a trust easement. As a mitigation  
7 requirement, certain lands were offered to be preserved  
8 as open space for perpetuity. Should development on these  
9 lands be undertaken, in accordance with the reversionary  
10 provisions, fee ownership of these lands will be transferred  
11 to the State under the management of the Commission.

12           Now, as to matters under the Coastal Commission,  
13 the Agua Hedionda Specific Plan was considered. As one of  
14 the components of the City of Carlsbad's Local Coastal  
15 Program, Agua Hediona is characteristic and indicative  
16 of the title and easement problems associated with the  
17 lagoons and waterways in San Diego County.

18           Recently, a representative of the State Lands  
19 Commission presented oral comments to the San Diego Coast  
20 Regional Commission. The comments were essentially that  
21 the State Lands Commission staff had begun its study of  
22 Agua Hedionda; however, the study could take up to two years  
23 for completion. Consequently, no recommendations in the  
24 interim could be offered concerning the extent of the  
25 public trust. In response to this, Regional Coastal

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1 Commission land-use designations were deferred on possible  
2 trust lands pending completion of the State Lands Commission  
3 study.

4           Hotel Del Coronado - Staff of the State Lands  
5 Commission, in consultation with the Attorney General's  
6 Office, coordinated efforts with the San Diego Coast  
7 Regional Commission and the City of Coronado Planning  
8 Department to resolve the claim by a number of Coronado  
9 citizens that 3.32 acres of Hotel Del Coronado land is  
10 public land subject to a public trust easement.

11           Subsequent to historical investigations and file  
12 research, Deputy Attorney General Anthony M. Summers  
13 concluded that quote, "There is no evidence that the  
14 3.32 acres have ever been subject to public trust...but  
15 have been upland -- as opposed to tidelands -- dating  
16 back at least to the mid-1800's." Close quotes.

17           Thus, in dispelling unsupported contentions, the  
18 Attorney General's Office and State Lands Commission staff  
19 quieted allegations concerning lands with purportedly  
20 reserved public interests which had been the subject of  
21 political controversy for many years.

22           Humboldt County Area Local Coastal Programs -  
23 Staff of the Commission has received and preliminarily  
24 commented on the local coastal programs for the Cities of  
25 Arcata and Eureka, and Humboldt County. Additionally, an

1 interagency coordination mechanism has been established to  
2 facilitate Bay planning. The Commission staff will be  
3 participating with federal and local entities along with  
4 the State agencies who have jurisdiction over Bay matters.

5 The public trust issue is a continuing problem  
6 in the Eureka/Arcata tidelands waterfront area. State Lands  
7 Commission staff and the Attorney General's Office is  
8 heavily relied upon by Coastal Commission personnel to  
9 perform boundary, title, and graphic assistance.  
10 Additionally, determinations of project consistency with the  
11 public trust doctrine often entail much effort by the  
12 Commission and Attorney General's Office. Staffing problems  
13 encountered are expected to be rectified in the near future  
14 with the addition of new Commission personnel.

15 Long Beach Coastal Plans - The City of Long  
16 Beach Local Coastal Program and the Port of Long Beach  
17 Port Master Plan are currently being reviewed by  
18 Commission staff. Review to date does not indicate any  
19 major Commission concerns.

20 That completes my report.

21 CHAIRPERSON CORY: Questions from members?

22 A request, because of scheduling problems, we will  
23 take up Item 20 out of order. Is there any objection to  
24 doing that? Okay.

25 Item 20, Tomales Bay.

1 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, you  
2 have in front of you an understanding between the County of  
3 Marin, the Coastal Commission, and the State Lands  
4 Commission to handle the problems in Tomales Bay during an  
5 interim period.

6 The staff recommends its adoption. I understand  
7 Mr. Flushman from the Attorney General's Office is here.

8 MR. FLUSHMAN: Mr. Cory and Members of the  
9 Commission, this understanding was adopted through a series  
10 of -- after a series of meetings and through numerous  
11 telephone calls between Marin County and the North Central  
12 Regional Coastal Commission, and deals with the interim  
13 permitting process during the formulation of the Local  
14 Coastal Program. The understanding is just what it says.  
15 It is not a binding document on any of the parties to it  
16 and just presents standards to them by which the permits  
17 that are put before them by applicant should be considered.

18 The most important of the standards is found on  
19 page 3. It deals with whether or not the application deals  
20 with a permit for either an existing use or an existing  
21 activity which is consistent with the public trust and the  
22 objectives of the Coastal Act of 1976.

23 Marin County just approved this today. By  
24 telephone this morning, I have had contact with the  
25 representative of the North Coast Regional Commission and

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1 staff is going to recommend adoption to its body as well.

2 CHAIRPERSON CORY: Questions by Commissioners?

3 MS. SMITH: Individuals who would normally come  
4 to the Commission for approval of their permit applications  
5 would still come to this body for approval; is that  
6 correct?

7 MR. FLUSHMAN: Yes. They would. The permit  
8 applications would then be considered by what has been  
9 euphemistically referred to as the Tomales Bay Task Force  
10 which is composed of the members of the North Central Coast  
11 Regional Commission (sic), the Division staff and Marin  
12 County. The respective staffs would consider it from their  
13 interested viewpoints. Marin County deals with the upland,  
14 the Coastal Commission and the Lands Commission deal with  
15 the permit with respect to the tidal and submerged lands.

16 CHAIRPERSON CORY: Okay. What is the wish of the  
17 Commission?

18 MR. McCAUSLAND: I will move we adopt the staff  
19 recommendation.

20 MS. SMITH: Second.

21 CHAIRPERSON CORY: Moved and seconded. Call the  
22 roll.

23 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

24 CHAIRPERSON CORY: Aye.

25 EXECUTIVE OFFICER NORTHROP: Miss Smith.

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1 MS. SMITH: Aye.

2 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

3 MR. McCAUSLAND: Aye.

4 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, three  
5 aye votes.

6 CHAIRPERSON CORY: Carried.

7 MR. FLUSHMAN: Thank you, Commissioners, for  
8 taking this out of order.

9 CHAIRPERSON CORY: Okay.

10 Next we have the Consent Calendar, designated with  
11 the letter "C" in front of the numbers, C1 through 13.

12 Is there anyone in the audience who has any difficulties  
13 with us approving Items C1 through 13, inclusive, pursuant  
14 to the staff's recommendation?

15 Motion by Mr. McCausland; seconded by Miss Smith  
16 that Item C1 through 13 be approved as presented. Call the  
17 roll.

18 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

19 CHAIRPERSON CORY: Aye.

20 EXECUTIVE OFFICER NORTHROP: Miss Smith.

21 MS. SMITH: Aye.

22 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

23 MR. McCAUSLAND: Aye.

24 EXECUTIVE OFFICER NORTHROP: Three aye votes on  
25 the Consent Calendar, Mr. Chairman.

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1 CHAIRPERSON CORY: Item 14 is off the calendar.

2 MR. McCAUSLAND: Each month, Mr. Chairman, there  
3 appears to be at least one Informative item on the Consent  
4 Calendar, and I'm not quite certain why it is on the  
5 Consent Calendar if it's informative. You might want to  
6 consider whether or not we want to include those in blanket  
7 motion in the future. They might belong in the Executive  
8 Officer's Report as just an insert. I don't see why they  
9 require action. Cl2 is the one.

10 EXECUTIVE OFFICER NORTHROP: We will take  
11 necessary steps to correct that, Mr. Chairman.

12 Thank you, Mr. McCausland.

13 CHAIRPERSON CORY: Item 15 - Authorization for the  
14 Executive Officer to negotiate and sign an agreement with  
15 the Port of Long Beach so that there will be a joint EIR for  
16 the Shell Data Development.

17 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this  
18 deals with the State's concerns with the transportation,  
19 onshore, of the Shell production and the federal offshore  
20 lease, offshore, Huntington Beach. We are proposing to put  
21 together a joint EIR similar to the one that was done for  
22 the SOHIO project between the City of Long Beach and the  
23 Public Utilities Commission on a co-lead agency basis.

24 So we are authorizing to negotiate -- we have  
25 already had some preliminary meetings. We have set up our

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1 task force for you to approve this. We have started  
2 negotiations to move on this so that we can move within the  
3 time frame as outlined by legislation.

4 CHAIRPERSON CORY: Any questions by members?

5 MR. McCAUSLAND: No.

6 MS. SMITH: No.

7 CHAIRPERSON CORY: Call the roll. Oh, we'd better  
8 have a motion.

9 Miss Smith moves?

10 Anyone on Item 15 in the audience?

11 I would like, before we accept the motion, to  
12 remind the Executive Officer that if this is Shell Oil, you  
13 had better get it in writing, as I recall their slipperiness  
14 on the other issues.

15 EXECUTIVE OFFICER NORTHROP: Yes, sir, Mr. Chairman.

16 CHAIRPERSON CORY: Miss Smith moves; Mr. McCausland  
17 seconds the authorization be granted. Call the roll.

18 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

19 CHAIRPERSON CORY: Aye.

20 EXECUTIVE OFFICER NORTHROP: Miss Smith.

21 MS. SMITH: Aye.

22 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

23 MR. McCAUSLAND: Aye.

24 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, it's  
25 three-0.

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1 CHAIRPERSON CORY: Approved.

2 Item 16.

3 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 16  
4 is the award of a consultant services contract, removal of  
5 navigation hazards in the Sacramento-San Joaquin Delta.  
6 Dwight Sanders is the Manager of our Planning and  
7 Environmental Unit that has handled that. I would like him  
8 to address the Commission on that at this time, with your  
9 permission.

10 CHAIRPERSON CORY: Okay, Dwight.

11 MR. SANDERS: Mr. Chairman, Members of the  
12 Commission, as you are aware, the State Lands Commission  
13 received a Federal Economic Development Administration  
14 grant in the amount of \$1,210,969 for the removal of hazards  
15 within the Sacramento-San Joaquin Delta. The grant is  
16 subject to a special condition imposed by EDA as follows:

17 "Prior to the start of construction, the  
18 Grantee will present to the Regional Director,  
19 Western Regional Office, Economic Development  
20 Administration, evidence that the California  
21 State Historic Preservation Officer  
22 has reviewed and approved final plans and  
23 specifications for site-specific removal  
24 projects as they are identified."

25 There are specific requirements of the National

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1 Historic Preservation Act of 1966 and subsequent rules and  
2 regulations which must be conformed to in this matter. To  
3 this end, the State Historic Preservation Office determined  
4 that a formal research effort was warranted in this  
5 particular matter as evidenced by the quote in the calendar  
6 item.

7           On February 3rd, 1978, the Commission staff and  
8 the State Historic Preservation Office staff agreed to the  
9 content of a request for a proposal for the required  
10 research efforts which are financed by the federal grant  
11 monies. The Commission received two proposals and they have  
12 been evaluated independently by two evaluators from the  
13 State Lands Commission staff and one evaluator from the  
14 State Historic Preservation Office.

15           The recommendation of the staff is that the  
16 Commission award the subject contract to Allen Patterson,  
17 et al., and to that end this is our recommendation.

18           Both proposals, in concurrence with the State  
19 Historic Preservation Office, meet the minimum standards  
20 for the project. The individuals stated for the Allen  
21 Patterson proposal appear to have a greater degree of  
22 experience and credentials in this regard, and perhaps this  
23 factor is a determinant in the difference in price between  
24 the two proposals.

25           The proposal by Dr. Kenneth Owens is in the amount

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1 of 64,000 -- approximately \$64,000. The proposal from  
2 Allen Patterson is approximately \$37,000.

3 As I stated, the staff of the State Lands  
4 Commission has recommended the adoption of the Patterson  
5 proposal. The staff of the State Historic Preservation  
6 Office feels that the proposal by Dr. Kenneth Owens is  
7 the one which the Commission should consider at this  
8 particular time.

9 We have asked that a representative from the  
10 State Historic Preservation Office be in attendance today  
11 to state their position and the reasons for their evaluation  
12 of the proposals.

13 There is one item that did at least cause some  
14 concern among staff with regard to the proposal by  
15 Dr. Owens in that the principal researcher, or the  
16 individual who would be in effect ramrodding the project,  
17 is presently an employee of the State Historic Preservation  
18 Office.

19 CHAIRPERSON CORY: Is there anyone here from the  
20 State Historic Preservation Office?

21 Yes. Could you come forward and give us your  
22 views as to why -- We don't understand your end of the  
23 world that much, and it's a question of money is what we  
24 are looking at. Thirty-seven versus 64. Why is it that we  
25 get something better for that?

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1           MR. KREUTZBERG: My name is Hans Kreutzberg,  
2 H-a-n-s, surname is K-r-e-u-t-z-b-e-r-g. I'm an Historian  
3 with the State Historic Preservation Office.

4           As Dwight pointed out, from our perspective at  
5 any rate, the qualifications of the personnel in both  
6 proposals meet the minimum qualifications standards of  
7 Title 36 of the Code of Federal Regulations, Part 64  
8 Proposed.

9           I took the liberty, I suppose, after knowing that of  
10 not dealing with the qualifications as much as I did with  
11 the proposal itself. What I dealt with in terms of the  
12 proposal is the thoroughness of the proposal, the grasp of  
13 the complexities and details of the federal requirements  
14 which are reproduced verbatim in an appendix to the  
15 RFP. And it became evident, in a comparison of both  
16 proposals, that the Owens proposal had, as I said, a more  
17 thorough grasp of what was required by the federal  
18 regulations; and therefore, had the not inconsequential  
19 advantage of being able to come up with a product and a  
20 research effort that, later subjected to critical review and  
21 comment by the staff of our office and by the staff of the  
22 President's Advisory Council on Historic Preservation, would  
23 fly more readily through that review process than the  
24 proposal of Mr. Patterson.

25           That is integrated into considerations of time and

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1 and efficiency that I understand are very pertinent to the  
2 project itself.

3 From the standpoint of the extent to which, at  
4 least on a written basis, the two proposals conform to the  
5 federal requirements, we expressed the opinion to  
6 Mr. Sanders that the Owens proposal did, in fact, do so in  
7 outstanding fashion, and on the rating sheet we were handed  
8 by the Commission, we gave the Patterson proposal on that  
9 score of thoroughness an average rating.

10 We felt, too, that in terms of quality approach,  
11 the Owens proposal was more outstanding in that it indicated  
12 a more thorough and broadly-based understanding of what the  
13 connotations and denotations of the language of the federal  
14 requirements were in terms of what is historical.

15 There were some disturbing, what I would call  
16 premature conclusions in the Patterson proposal about the  
17 extent of work that could be done. Now, unless the  
18 Patterson proposal was based on a set of presumptions that  
19 indicated a certain level of scholarly familiarity with  
20 what was involved -- and this was not necessarily evident  
21 in detail in the research proposal -- I could not understand  
22 why some of these conclusions appeared in the research  
23 proposal; for example, details relating to the length of  
24 the final reports, what I felt to me was a rather  
25 superficial approach to the determination of eligibility for

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1 the National Register requirements as outlined in Part 63  
2 of Title 36 of the Federal Code of Regulations.

3 On the whole, again, in terms of the urgency of  
4 the proposal felt that the Owens proposal clearly could, in  
5 large measure, deal with the problem most expeditiously.  
6 That is in reference to the fact that in the Patterson  
7 proposal, it clearly indicates that on the timing there are  
8 restrictions on the amount of research time available to the  
9 study. The consultant under the potential subcontract,  
10 on whom the research burden will fall, all have previous  
11 commitments of one sort or another and will require varying  
12 amounts of time to terminate or complete those commitments  
13 before joining the study.

14 Taken together, we felt that on that basis that  
15 the Owens proposal had the advantage of thoroughness, had  
16 the advantage of understanding of what was required, and  
17 that each step of the research effort could be guided by  
18 that understanding of the federal regulations, so at the  
19 time reviewed this proposal would take place and it would  
20 take place on a continuing basis. There would be very  
21 little in the way of questioning on the most part by our  
22 staff and by the Advisory Council staff that might in some  
23 way prevent the hazard removal from proceeding in a smooth  
24 and orderly fashion.

25 So there was that component of understanding of the

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1 nature of the urgency of the project involved in making our  
2 appraisal.

3           As far as the statement regarding the current  
4 employment status of the principal investigator's concerned,  
5 I need merely say that if Dr. Owens were awarded the  
6 contract, there is certainly no question that that  
7 relationship should be immediately severed. I don't believe  
8 this could be described in any way based on that as a  
9 conflict of interest. My feeling on the contrary, given  
10 that there would be the severance, is that a person's  
11 experience with those federal guidelines in the context of  
12 working in the Office of Historic Preservation are a  
13 decided advantage to the quality of the research effort.  
14 I think that is about it.

15           CHAIRPERSON CORY: On that last point, I will  
16 grant you that, but it seems to me the question is more  
17 one of whether there is a conflict in your recommendation,  
18 not whether or not there would be a conflict in carrying  
19 out the duties. I mean that is what -- I think it is better  
20 to deal with that out in the open where everybody can  
21 throw pot shots at it rather than this. There is something  
22 nefarious going on.

23           MR. KREUTZBERG: Right. The crux of my initial  
24 statement, as you may have noticed, was that I chose not  
25 to deal with the qualifications of the people involved. In

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1 other words, I was concerned with the thoroughness of the  
2 proposal. It was not my intention to inject the current  
3 status of the principal investigator into consideration.  
4 I still would not do that now.

5 I would disclaim vehemently any insinuations that  
6 our recommendations were based or in some way were otherwise  
7 attached to the fact that Mr. Hurtato, who is the principal  
8 investigator under the Owens proposal, in any way influenced  
9 what we appraise to be the quality of the respective  
10 proposals.

11 I note, for example, in going over the resume of  
12 the subcontractors in the Patterson proposal, that up until  
13 1/78, Mr. Steven Wee was employed by the State Lands  
14 Commission Water Project in the Lake Tahoe area, and that  
15 he also worked for the Attorney General's Office in Basti,  
16 in a capacity which was interesting, too.

17 But in answer to your question, there is  
18 absolutely no connection as far as our appraisal of this  
19 report is concerned and our recommendation of the contract.

20 CHAIRPERSON CORY: Pardon me, but why do we even  
21 have to go through this? Can the staff tell me? We got it  
22 here because there is some federal requirement that we have  
23 to do this to get the money; is that correct?

24 EXECUTIVE OFFICER NORTHROP: That's correct.  
25 It's part of the program.

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1 MR. SANDERS: Ironically, Mr. Chairman, we were  
2 informed at that February 3rd meeting by Hans that the  
3 special stipulation should not have even been applied to  
4 our project because it was not a strict quote "construction"  
5 unquote project that was normally dealt with by EDA. It's  
6 one of the major factors we have had to deal with throughout  
7 the life of this project in the effect that the proposal is  
8 a unique one to EDA's normal means and procedures.

9 MR. KREUTZBERG: Mr. Chairman, I don't believe  
10 that is an accurate representation of what I said at the  
11 February 3rd meeting. The special condition which  
12 Mr. Sanders speaks of is a predetermined one in its wording  
13 that is applied by the environmental reviewers for that  
14 agency. I was not consulted by that agency in formulating  
15 the wording of that special condition. The special condition  
16 I told Mr. Sanders was not suitably tailored to the  
17 particularities of the proposed project. But then, very  
18 few others were.

19 The fact is that this does not excuse the project  
20 by virtue of the wording of the special condition from  
21 conforming to those regulations.

22 CHAIRPERSON CORY: Thank you.

23 Mr. McCausland.

24 MR. McCAUSLAND: I appreciate the discussion we  
25 have had on this issue today, and I can see that it is one

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1 that is probably worthy of continuing in another context.  
2 But in terms of the hazard removal program in the Delta, I  
3 believe that we should adopt the staff recommendation  
4 pursuant to Calendar Item 16.

5 I will move adoption of the staff recommendation.

6 MS. SMITH: I second the motion.

7 CHAIRPERSON CORY: Moved and seconded. Call the  
8 roll.

9 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

10 CHAIRPERSON CORY: Aye.

11 EXECUTIVE OFFICER NORTHROP: Miss Smith.

12 MS. SMITH: Aye.

13 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

14 MR. McCAUSLAND: Aye.

15 EXECUTIVE OFFICER NORTHROP: Three-0, Mr. Chairman.

16 CHAIRPERSON CORY: Item 17.

17 EXECUTIVE OFFICER NORTHROP: Item 17, Mr. Chairman,  
18 is the authorization to enter into basically a time and labor  
19 contract for removal of hazards at Ellwood and Goleta. You  
20 will recall that the Commission has about a \$700,000 federal  
21 grant to survey the removal of obstructions in that area.  
22 This is a contract to go in and remove obstructions that  
23 have surfaced because of the recent storms on an emergency  
24 basis.

25 CHAIRPERSON CORY: Is there anybody in the

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1 audience on Item 17?

2 Anything else we need to know? It's an emergency  
3 thing, so we have got a time problem?

4 EXECUTIVE OFFICER NORTHROP: Right.

5 MS. SMITH: I move the adoption.

6 CHAIRPERSON CORY: Miss Smith moves. I will  
7 second the adoption.

8 MS. SMITH: For the record, I think it should be  
9 noted --

10 CHAIRPERSON CORY: Well, he is right there. Let  
11 me make sure he doesn't have a problem.

12 (Thereupon Mr. McCausland who had stepped  
13 out of the room briefly was consulted.)

14 MR. McCAUSLAND: I vote aye.

15 (Laughter.)

16 CHAIRPERSON CORY: We have a motion and a second.  
17 Call the roll.

18 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

19 CHAIRPERSON CORY: Aye.

20 EXECUTIVE OFFICER NORTHROP: Miss Smith.

21 MS. SMITH: Aye.

22 EXECUTIVE OFFICER NORTHROP: Mr. McCausland  
23 records his aye as he requested. Three-0, Mr. Chairman.

24 CHAIRPERSON CORY: Item 18.

25 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is

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1 the adoption of the annexation of tide and submerged lands  
2 in the Stockton area we had discussed in a previous meeting,  
3 I believe, prior to going to LAFCO.

4 CHAIRPERSON CORY: Anyone in the audience on  
5 Item 18?

6 Miss Smith, a question?

7 MS. SMITH: I have a question. For the record,  
8 are we the only owners of land in that area?

9 MR. HIGHT: Yes.

10 For the record, our records indicate that and  
11 our discussions with the appropriate officials indicate  
12 that, yes, the State is the only owner.

13 CHAIRPERSON CORY: It's an island, is it?

14 MR. HIGHT: It's an island and some levies.

15 CHAIRPERSON CORY: Anybody in the audience on  
16 Item 18?

17 MS. SMITH: Move the adoption.

18 CHAIRPERSON CORY: Miss Smith moves; Chairman  
19 Cory seconds. Call the roll.

20 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

21 CHAIRPERSON CORY: Aye.

22 EXECUTIVE OFFICER NORTHROP: Miss Smith.

23 MS. SMITH: Aye.

24 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

25 CHAIRPERSON CORY: The record will show that

1 Mr. McCausland was not in the room. Item 18 will be  
2 approved.

3 Item 19.

4 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is  
5 a result of nearly a year and a half, two years of  
6 cooperation between the City of Sacramento and the State  
7 Lands Commission in the selection process of developers in  
8 Old Sacramento. We have now put together a package for  
9 selection in which most of us are concerned, and we  
10 recognize the concern of the City of Sacramento for their  
11 theme in Old Sacramento and they recognize our land  
12 ownership.

13 We recommend adoption.

14 CHAIRPERSON CORY: Anybody in the audience on Item  
15 19?

16 MS. SMITH: I will move the adoption.

17 CHAIRPERSON CORY: Miss Smith moves. Chairman  
18 Cory seconds.

19 Sid, the Sacramento waterfront --

20 We have a motion and a second. Call the roll.

21 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

22 CHAIRPERSON CORY: Aye.

23 EXECUTIVE OFFICER NORTHROP: Miss Smith.

24 MS. SMITH: Aye.

25 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

1 MR. McCAUSLAND: Aye.

2 EXECUTIVE OFFICER NORTHROP: Three-0, Mr. Chairman.

3 CHAIRPERSON CORY: Carried.

4 Item 20 we have taken care of.

5 Item 21, Amendment to the Administrative Code  
6 relating to environmental documents. This is a filing of  
7 new regs.?

8 MR. HIGHT: Yes, Mr. Chairman. This is to require  
9 the Commission's regulations to come into compliance with  
10 the new CEQA bill that was enacted last year. Basically,  
11 it sets up filing procedures and notice requirements.

12 CHAIRPERSON CORY: Anybody in the audience on  
13 Item 21?

14 Mr. McCausland moves. Miss Smith seconds.

15 MR. SMITH: I second, and then I have a question.  
16 Jan, has your office reviewed the regulations?

17 MR. STEVENS: No, we haven't. We haven't been  
18 involved in this particular process.

19 EXECUTIVE OFFICER NORTHROP: Our staff counsel has  
20 reviewed this.

21 MS. SMITH: Your staff counsel?

22 EXECUTIVE OFFICER NORTHROP: Yes.

23 MS. SMITH: Your staff counsel prepared this?

24 MR. HIGHT: Yes.

25 MS. SMITH: You did have a public hearing on the

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1 regulations?

2 MR. HIGHT: Yes, we had a public hearing.

3 MS. SMITH: Was there public comment?

4 MR. TROUT: Miss Smith, there was only one party  
5 who came to the public hearing, and she was primarily an  
6 intern from a San Francisco law firm. There were several  
7 comments, nonsubstantive, and they have been incorporated  
8 into the regulations now before you.

9 MS. SMITH: Thank you.

10 CHAIRPERSON CORY: Ready for the motion?

11 Call the roll.

12 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

13 CHAIRPERSON CORY: Aye.

14 EXECUTIVE OFFICER NORTHROP: Miss Smith.

15 MS. SMITH: Aye.

16 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

17 MR. McCAUSLAND: Aye.

18 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, three  
19 ayes.

20 CHAIRPERSON CORY: Item 21 authorized as presented.

21 Item 22. This is to allow the Executive Officer  
22 to give written authorization to the Motion Picture  
23 Development Council for commercial filming by permitted  
24 movie-producing companies on State-owned lands.

25 EXECUTIVE OFFICER NORTHROP: Correct.

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1 CHAIRPERSON CORY: Anybody in the audience on  
2 Item 22?

3 Any questions from the Commissioners? Miss Smith  
4 moves; Mr. McCausland seconds. Call the roll.

5 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

6 CHAIRPERSON CORY: Aye.

7 EXECUTIVE OFFICER NORTHROP: Miss Smith.

8 MS. SMITH: Aye.

9 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

10 MR. McCAUSLAND: Aye.

11 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, three-0.

12 CHAIRPERSON CORY: Approved.

13 Item 23, Hollywood Turf Club, authorizes the staff  
14 to release Hollywood Turf Club from liability. This is  
15 where they have assigned it to --

16 EXECUTIVE OFFICER NORTHROP: To Hanna-Barbera --

17 CHAIRPERSON CORY: To the cartoon folks.

18 Marineland; right?

19 MR. McCAUSLAND: How is this not part of the prior  
20 action of the Commission? Is there a requirement for --

21 CHAIRPERSON CORY: We signed the lease, but we  
22 kept Hollywood Turf Club financially responsible. It's a  
23 question of whether or not cartoons are going to keep selling  
24 or horses are going to keep selling. It's an economic  
25 decision, I guess. If the FTC puts it into -- jamming that

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1 cereal down the kids' throats, there may not be too much  
2 in cartoons in the near future.

3 MR. McCAUSLAND: Why didn't we vote on this last  
4 month?

5 MR. HIGHT: This was an assignment last month  
6 from Hollywood Turf Club to Marineland.

7 MR. McCAUSLAND: What have they done in the  
8 meantime now that allows us to make the determination that  
9 we can release Hollywood Turf Club from liability?

10 MR. HIGHT: They have applied to us. They have  
11 asked to be released, saying that in effect that Marineland  
12 is equally responsible. Marineland is a --

13 CHAIRPERSON CORY: Shouldn't somebody have asked  
14 that question the first time?

15 EXECUTIVE OFFICER NORTHROP: Mr. Cory, I don't  
16 think so, because we normally on these assignments try to  
17 hold all parties responsible so we have adequate coverage  
18 for the State.

19 CHAIRPERSON CORY: If that's the case, why should  
20 we release them? I mean, if that's sound policy, then  
21 shouldn't the question be asked and determined, "Then what  
22 unique characteristics exist here to let Hollywood off the  
23 hook?"

24 EXECUTIVE OFFICER NORTHROP: If I may, this is a  
25 particular case in which we have two very substantial parties.

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1 If the case were in a different position where we have a  
2 less substantial party, we wouldn't let them off -- we  
3 wouldn't recommend letting them off.

4 CHAIRPERSON CORY: But what Sid's question  
5 implies is that when the thing came through the first time,  
6 that evaluation -- somebody should have asked.

7 MR. McCAUSLAND: I'm beginning to understand that  
8 we don't normally grant this release, and I guess the answer  
9 is that the reason we are considering it at this time is  
10 because we have such substantial parties we are willing to  
11 let one of them off the hook.

12 CHAIRPERSON CORY: Correct. But two substantial  
13 people have got to be better than one.

14 MR. McCAUSLAND: That thought occurred to me.  
15 Why let anybody off the hook? If it's policy, why not keep  
16 it as a uniform policy?

17 MR. TROUT: Mr. McCausland, from our standpoint,  
18 that is certainly a policy question that is before the  
19 Commission. In this case, this is a rather complicated  
20 transfer. When all of the documents got before all of the  
21 attorneys and got ready to be put together, Hollywood Turf  
22 Club asked to be relieved because they want to get completely  
23 out of this. So we made an investigation of the new people,  
24 which involved not only Hanna Barbera, but Taft Broadcasting  
25 Company and Kroger Company, both of which are listed on the

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1 New York Stock Exchange, and we feel that in this case an  
2 exception to the usual policy is warranted. We have done it  
3 once or twice. There was the option regarding relieving  
4 Phillips Oil Company, for example, totally of liability and  
5 transferring that to Tosco and to their new lenders. But  
6 it's a policy option which is used only rarely where it can  
7 be supported.

8 MR. McCAUSLAND: I would like to discuss the  
9 entire issue on a calendar item in the future before we  
10 take any action on any more of these.

11 EXECUTIVE OFFICER NORTHROP: Would you clarify  
12 that, please?

13 CHAIRPERSON CORY: On the Agenda at the next  
14 meeting or when it fits in -- I don't see any great urgency  
15 even for Hollywood Turf Club -- to have the whole question  
16 -- the staff go through the whole policy and if there are  
17 any objective standards that could be applied as to whether  
18 or not we do release or don't release once we have got  
19 somebody on the hook.

20 EXECUTIVE OFFICER NORTHROP: In other words, some  
21 kind of template that says if you meet these criteria, you  
22 are released?

23 CHAIRPERSON CORY: No, the whole question, rather  
24 than dealing with just this issue. We would like a review  
25 of the whole question. What our policy has been and --

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1 MR. McCAUSLAND: If we haven't had very many of  
2 these cases in the past, it wouldn't be bad to note the  
3 instances in which we have granted the release and those  
4 where it has been requested and we have rejected. I would  
5 assume we have never rejected.

6 EXECUTIVE OFFICER NORTHROP: No. The Commission,  
7 I believe, in our tenure, has rejected the assignment on  
8 one lease, didn't we, Don?

9 (Overlapping.)

10 MR. McCAUSLAND: Well, let's not spend any more  
11 time on it today.

12 CHAIRPERSON CORY: No. Check with Mr. McCausland  
13 and the various Commissioners. We would like a full  
14 item, and I guess we would not like to vote on this item  
15 today.

16 EXECUTIVE OFFICER NORTHROP: Fine.

17 MR. McCAUSLAND: Maybe our existing policy is  
18 wrong. Maybe once you have assigned a lease, everybody  
19 should be off the hook. But maybe just the opposite.

20 CHAIRPERSON CORY: Item 24, approval of revised  
21 beginning date for placement of a floating steamboat in the  
22 Sacramento River, City of Sacramento.

23 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is,  
24 I believe -- if my memory serves me correctly, Mr. Harvey  
25 has been on the Agenda several times. This is a revised

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1 beginning date for the placement of a steamboat. He is  
2 doing a theme plan approved by the City of Sacramento.

3 CHAIRPERSON CORY: Anybody in the audience on  
4 Item 24?

5 MR. McCAUSLAND: I'll move it.

6 MS. SMITH: Second.

7 CHAIRPERSON CORY: Mr. McCausland moves; Miss  
8 Smith seconds. Call the roll.

9 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

10 CHAIRPERSON CORY: Aye.

11 EXECUTIVE OFFICER NORTHROP: Miss Smith.

12 MS. SMITH: Aye.

13 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

14 MR. McCAUSLAND: Aye.

15 CHAIRPERSON CORY: Approved.

16 Item 25, emergency permit, Fish and Game. This is  
17 the land bridge at Mono Lake which needs to be removed  
18 because of the low water.

19 EXECUTIVE OFFICER NORTHROP: Right.

20 Mr. Chairman, Mr. Leiby from Fish and Game is in  
21 the audience. I wonder if he wouldn't, Mr. Chairman, want  
22 to address the Commission.

23 MR. LEIBY: I am James Leiby, Chief of Operations  
24 for the Department of Fish and Game.

25 Negit Island is a 160-acre island in Mono Lake.

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1 It's the largest area for breeding of the California gull  
2 in California. Approximately twenty to thirty thousand  
3 gulls use this area. Now because of the declining water  
4 level in Mono Lake, a land bridge will be formed between  
5 the mainland and the island. This will allow predators of  
6 all kinds to cross over and prey upon the young gulls.

7 Our solution to the problem is the use of ammonia  
8 nitrate to dig a channel approximately 100 feet wide, 6 to 8  
9 feet deep, and about 1,000 feet long between the mainland  
10 and the island so that we maintain the water mote and,  
11 therefore, deny the predators use of the island.

12 The actual blasting would be done by the National  
13 Guard. There will be no use of dynamite. No big  
14 explosions. Any noise that would alarm the local residents.

15 We know of no opposition to this project. We have  
16 notified the local legislators, the local residents, the  
17 BLM, the Department of Water and Power, the City of Los  
18 Angeles, and also the Audubon Society who is in favor of  
19 this project.

20 We have miscalculated the drop of the water there,  
21 so as a result we have to have an emergency action by the  
22 State Lands Commission.

23 MS. SMITH: I was previously led to believe --  
24 unless I misinterpreted the staff's presentation -- that  
25 there would be dynamite used.

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1 MR. HIGHT: Yes. I believe that we discussed that  
2 before. It was my understanding that they would use  
3 dynamite, but now we find out that it is a much safer  
4 substance.

5 MS. SMITH: Okay. Thank you.

6 And there are no environmental --

7 CHAIRPERSON CORY: Pardon me. How do you know  
8 that ammonia nitrate is any safer than dynamite?

9 MR. LEIBY: We have used this in several other  
10 areas to blast potholes out of tules and shallow areas so  
11 that you have --

12 CHAIRPERSON CORY: I just never thought dynamite  
13 was that dangerous. You know, it blows up, it blows up.

14 MR. LEIBY: This is more or less of a poof. It  
15 doesn't throw a tremendous blast in the air.

16 MS. SMITH: What are the environmental  
17 consequences of the use of this?

18 CHAIRPERSON CORY: Hungry predators.

19 (Laughter.)

20 MR. LEIBY: There will be some turbidity in the  
21 immediate area where the blasting is taking place. There  
22 will be a minor effect on the brine shrimp, but the lake is  
23 loaded with brine shrimp. That shouldn't be a critical  
24 problem. There is no fish in the lake, by the way.

25 CHAIRPERSON CORY: Are we ready for the question?

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1 MR. McCAUSLAND: I'll move the adoption.

2 CHAIRPERSON CORY: Mr. McCausland moves.

3 Miss Smith seconds. Cal the roll.

4 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

5 CHAIRPERSON CORY: Aye.

6 EXECUTIVE OFFICER NORTHROP: Miss Smith.

7 MS. SMITH: Aye.

8 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

9 MR. McCAUSLAND: Aye.

10 EXECUTIVE OFFICER NORTHROP: Three-0.

11 CHAIRPERSON CORY: Carried.

12 Item 26, Boundary Line Agreement between the City  
13 of Monterey, a legislative grantee, and the United States  
14 Coast Guard at Monterey Bay, City of Monterey.

15 MR. HIGHT: Yes, Mr. Chairman. This is to set up  
16 a boundary line along the waterfront in the City of  
17 Monterey. There is one change we would like to make in  
18 the recommendation on page 68.

19 "We find that the Boundary Line Agreement  
20 on file with the State Lands Commission between  
21 ..." and we would like after the word "the" to insert  
22 "State of California and the" City of Monterey. The State  
23 of California was inadvertently left out. Our MTST machine  
24 sometimes forgets things.

25 (Laughter.)

1 CHAIRPERSON CORY: Anybody in the audience on this  
2 item?

3 Ready for questions?

4 Miss Smith moves; Mr. McCausland seconds with the  
5 amendment. Call the roll.

6 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

7 CHAIRPERSON CORY: Aye.

8 EXECUTIVE OFFICER NORTHROP: Miss Smith.

9 MS. SMITH: Aye.

10 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

11 MR. McCAUSLAND: Aye.

12 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, three-0.

13 CHAIRPERSON CORY: Carried.

14 Item 26 (sic), compromise title settlement at  
15 Belmont and O'Neill Sloughs, City of Belmont.

16 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, that is  
17 27. I think you misspoke yourself.

18 CHAIRPERSON CORY: Okay. 27.

19 Tell us about that one.

20 MR. HIGHT: Yes, Mr. Chairman, this is the  
21 settlement of a slough that runs through a parcel of land.  
22 The State will acquire title to portions of the slough that  
23 is still wet and will acquire an interest in Brown's Island  
24 which you will remember is the area that was set up as a  
25 land-bank situation. We will acquire a 33/100ths additional

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1 interest in the island in addition to acreage within the  
2 settlement parcel.

3 CHAIRPERSON CORY: Anybody in the audience on  
4 Item 27?

5 Questions by Commissioners?

6 Mr. McCausland moves. Miss Smith seconds. Call  
7 the roll.

8 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

9 CHAIRPERSON CORY: Aye.

10 EXECUTIVE OFFICER NORTHROP: Miss Smith.

11 MS. SMITH: Aye.

12 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

13 MR. McCAUSLAND: Aye.

14 EXECUTIVE OFFICER NORTHROP: Three-0, Mr. Chairman.

15 CHAIRPERSON CORY: Approval is granted.

16 Item 28, Litigation. The Attorney General wants  
17 to file a disclaimer of interest on the parcel.

18 MR. McCAUSLAND: Move the adoption.

19 CHAIRPERSON CORY: Anybody in the audience on this  
20 one?

21 Mr. McCausland moves; Miss Smith seconds. Call  
22 the roll.

23 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

24 CHAIRPERSON CORY: Aye.

25 EXECUTIVE OFFICER NORTHROP: Miss Smith.

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1 MS. SMITH: Aye.

2 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

3 MR. McCAUSLAND: Aye.

4 EXECUTIVE OFFICER NORTHROP: Three-0.

5 CHAIRPERSON CORY: Approved.

6 29, amicus curiae brief which is an appeal on in

7 essence the same issues of Gion?

8 MR. HIGHT: Yes.

9 CHAIRPERSON CORY: We want to make sure that those

10 are not altered?

11 Anybody in the audience?

12 Miss Smith moves; Mr. McCausland seconds. Call the

13 roll.

14 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

15 CHAIRPERSON CORY: Aye.

16 EXECUTIVE OFFICER NORTHROP: Miss Smith.

17 MS. SMITH: Aye.

18 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

19 MR. McCAUSLAND: Aye.

20 CHAIRPERSON CORY: Approved.

21 Item 30, approval of a proposed drilling of a new

22 well on Gas Lease Easement, Rio Vista Gas Field, Sacramento

23 and Solano Counties, for Chevron.

24 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is

25 Chevron alone. This is not a unit in which anyone else

1 participates.

2 CHAIRPERSON CORY: Okay.

3 MR. McCAUSLAND: Do we have that in writing?

4 EXECUTIVE OFFICER NORTHROP: No, but --

5 CHAIRPERSON CORY: Our records reflect the same.

6 EXECUTIVE OFFICER NORTHROP: Our records will  
7 reflect the same.

8 (Laughter.)

9 CHAIRPERSON CORY: I understand we have a letter  
10 off to Chevron. The records of the Commission do not reflect  
11 that any assignment of their interest was given to Shell.  
12 So Shell may not own anything, but at some point that will  
13 come out in the wash.

14 Anybody in the audience on Item 30?

15 MR. PRATER: Yes. I'm Jeff Prater and I'm with  
16 Chevron, U.S.A.

17 CHAIRPERSON CORY: Okay. You came in the middle  
18 of the movie, so to tell you what that dialogue was about  
19 so you can take it back and underline it.

20 MR. PRATER: I have already heard about it.

21 CHAIRPERSON CORY: Okay. You are willing to  
22 stipulate for the record that you are the sole owner of this  
23 lease and you haven't assigned anything without anyone else?

24 MR. PRATER: Okay.

25 CHAIRPERSON CORY: Okay. Mr. McCausland moves;

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1 Miss Smith seconds. Call the roll.

2 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

3 CHAIRPERSON CORY: Aye.

4 EXECUTIVE OFFICER NORTHROP: Miss Smith.

5 MS. SMITH: Aye.

6 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

7 MR. McCAUSLAND: Aye.

8 CHAIRPERSON CORY: Approved.

9 Item 31, a question of approval of the Sixth

10 Modification of the Plan of Development of Long Beach

11 Operations.

12 Moose.

13 MR. THOMPSON: Mr. Chairman, --

14 CHAIRPERSON CORY: Four and a quarter million

15 dollars for the funding of the second payment of the

16 property taxes which we are currently appealing?

17 MR. THOMPSON: Right; but we still have to pay the

18 taxes.

19 CHAIRPERSON CORY: We have to pay the taxes to

20 appeal. Is there anybody in the audience on this item?

21 Miss Smith moves approval.

22 MR. McCAUSLAND: Second.

23 CHAIRPERSON CORY: Call the roll.

24 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

25 CHAIRPERSON CORY: Aye.

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1 EXECUTIVE OFFICER NORTHROP: Miss Smith.

2 MS. SMITH: Aye.

3 EXECUTIVE OFFICER NORTHROP: Mr. McCausland,

4 MR. McCAUSLAND: Aye.

5 CHAIRPERSON CORY: Approved.

6 Item 32, Seventh Modification.

7 MR. THOMPSON: Just in passing, on that last one,  
8 you might be interested in the fact that our total tax bill  
9 for the Long Beach Unit is on \$19.3 million, which is about  
10 20.5 percent of our total budget expenditure and it looks on  
11 a cash basis even higher than that. But this is just to give  
12 you a concept of the tax burden we have. That tax appeal will  
13 be coming up sometime the end of this year, first of next  
14 year. And this will be paid under protest.

15 CHAIRPERSON CORY: Okay. Item 32 is Sventh  
16 Modification?

17 MR. THOMPSON: This is just a revision of  
18 economic projections for the current budget year. We have  
19 received some small crude oil price increases and some gas  
20 price increases and the net effect is it about offsets our  
21 increased expenditures. As far as crude oil pricing  
22 itself is concerned, January 1st we were given an entitlement  
23 adjustment for lower tier oil. To date, two companies  
24 of the four that posted had no response from their postings  
25 late in '77. One company increased some postings on January 1st for

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1 upper tier for five cents a barrel for 29 gravity and above,  
2 which does not apply to us. A fourth company then,  
3 effective February 1st, increased prices at our particular  
4 gravity about 20 to 30 cents. But under the contract terms  
5 -- this is averaged with the other four posters, the net  
6 effect, we get about a four-and-a-half cent per barrel  
7 increase out of \$1.74 entitlement adjustment.

8 This will be about \$150,000 more a month  
9 additional revenue.

10 The Department of Energy has scheduled hearings  
11 to review this problem on March 16th and 17th in Long Beach,  
12 and we are still more or less in limbo as far as receiving  
13 ceiling prices.

14 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, along  
15 these lines, staff plans on making a presentation to the  
16 hearing outlining the Commission's historic position in  
17 these issues.

18 CHAIRPERSON CORY: Questions?

19 That's an informational item? Do you need  
20 approval of that?

21 MR. THOMPSON: Approval.

22 CHAIRPERSON CORY: Mr. McCausland moves; Miss  
23 Smith seconds. Call the roll.

24 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

25 CHAIRPERSON CORY: Aye.

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1 EXECUTIVE OFFICER NORTHROP: Miss Smith.  
2 MS. SMITH: Aye.  
3 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.  
4 MR. McCAUSLAND: Aye.  
5 CHAIRPERSON CORY: Item 31 (sic), closing accounts  
6 on a what? Water main?  
7 MR. THOMPSON: Yes.  
8 CHAIRPERSON CORY: Subsidence cost of \$147,515.62.  
9 This is pursuant to 138 --  
10 MR. THOMPSON: Yes. We have about 6 to 9 feet of  
11 subsidence on this. The project had about 50.1 percent  
12 subsidence cost in it. These have already been deducted.  
13 This is merely a closing of it. There will be no further  
14 cash calls.  
15 CHAIRPERSON CORY: Anyone in the audience on this item?  
16 Any questions by Commissioners?  
17 Mr. McCausland moves; Smith seconds. Call the  
18 roll.  
19 EXECUTIVE OFFICER NORTHROP: Chairman Cory.  
20 CHAIRPERSON CORY: Aye.  
21 EXECUTIVE OFFICER NORTHROP: Miss Smith.  
22 MS. SMITH: Aye.  
23 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.  
24 MR. McCAUSLAND: Aye.  
25 CHAIRPERSON CORY: Approved.

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1           Item 34, Parcel "A," review.

2           MR. THOMPSON: This is merely an informative item.  
3 In effect, there will be a little more net revenue because  
4 we have cut back on expenditures for redrilling and certain  
5 facility installations.

6           CHAIRPERSON CORY: Any questions by members?

7           Item 35. This is the Micellar -- Report on that.

8           MR. THOMPSON: Status report. And this project  
9 is running about four or five months behind time, primarily  
10 because of the attempt to utilize what was approved for our  
11 agent in the future. That was the only way it could be a  
12 real commercial venture.

13          CHAIRPERSON CORY: Okay. Any questions by members?

14          MR. THOMPSON: Last time you wanted me to report  
15 on some status on oil pricing and also the status of the  
16 drilling rig purchased, when we had that last modification.

17          CHAIRPERSON CORY: Yes.

18          MR. THOMPSON: We expect bids back on that drilling  
19 rig about March 1st.

20          CHAIRPERSON CORY: When is that hearing? March  
21 16th?

22          MR. THOMPSON: We probably will have 15 to 20 days  
23 that this will be good for at that particular time. The  
24 rig will probably be somewhere around three and a half  
25 million dollars. We would be required to make a ten-percent

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1 down payment within 30 days of accepting the bid, which  
2 means we would then have to pay out about \$350,000.

3 Your question as to what our liability might be.  
4 It would cancel it after that. This again would depend on  
5 how far the work had progressed, as far as the special items  
6 that we had in it. We are buying a whole drilling rig with  
7 drill pipes and a special sub base that has special moving  
8 facilities on it for taking it between locations. They are  
9 wheels that actually jack up when we move it between  
10 locations. So depending on how far along the work had  
11 progressed on the specialty items is what we would then have  
12 to negotiate out of the contract. This conceivably could be  
13 maybe 100 to 150 thousand dollars. There could be possibly  
14 someone who actually purchased the rig at that time. This  
15 is the problem committing the capital expense.

16 CHAIRPERSON CORY: We are still okay. We have got  
17 a little bit of money coming in on the four cents.

18 MR. THOMPSON: And we do have assurance from the  
19 DOE that they are going to redo this and have a special  
20 hearing, and hopefully that there will be something done --

21 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, I  
22 think along this line that it is important to report to the  
23 Commission that the Assembly Energy Natural Resources full  
24 committee approved the resolution unanimously commending the  
25 DOE and the President for the actions they have taken up till  
26 now, but asking them to please keep an eye on our

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1 serious problem here in California.

2 CHAIRPERSON CORY: Okay. That's informational  
3 only? Thank you.

4 Item 36.

5 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this  
6 is a recommendation to augment the Lobel, Novins and Lamont  
7 contract to provide services to the Franchise Tax Board.

8 MR. McCAUSLAND: Mr. Chairman, the Department of  
9 Finance has reviewed the material that is available, which  
10 in reality is not very much to date; but it appears to our  
11 budget staff that this recommendation really exceeds the  
12 intent of the original contract with Lobel, Novins and  
13 Lamont, and, in fact, the proposed contract change would  
14 be very difficult for us to approve or authorize funding  
15 for. I want that to be part of the record.

16 CHAIRPERSON CORY: Do you know what it is for?

17 MR. McCAUSLAND: I do know what it is for, and  
18 I do know that the Franchise Tax Board has not submitted  
19 a proposal to the Department of Finance on this particular  
20 issue so I'm not quite certain why the State Lands Commission  
21 should jump into the breach and volunteer to do that which  
22 the Franchise Tax Board would normally be required to do on  
23 its own.

24 CHAIRPERSON CORY: Procedurally, I would like for  
25 us to at least get at this question as cleanly as possible

1 because there is a disagreement, at least in terms of where  
2 you are coming from and where I am coming from. I'm not  
3 sure what Franchise Tax Board has done in regard to this  
4 issue.

5 MR. McCAUSLAND: Well, I can tell you  
6 specifically. To the best of my knowledge, Franchise Tax  
7 Board -- the Executive Officer -- has discussed the issue  
8 with me and the Director, and has received negative  
9 indications from us essentially to the point that the  
10 contract would have to be carefully drawn and all  
11 supporting evidence rather conclusive for it to get  
12 favorable consideration by our budget staff. And the  
13 contract approval would not be easily to acquire. I assume  
14 that on the basis of that discussion it was the wish of the  
15 Chairman of the Franchise Tax Board that the State Lands  
16 Commission carry the shield for the Franchise Tax Board  
17 in the matter.

18 CHAIRPERSON CORY: Now, what is going on was in  
19 essence trying to get the services of those people on the  
20 project available to the Franchise Tax Board, and it was  
21 explained to me that it was more convenient and expeditious,  
22 but whatever hammer you had or didn't have existed whether  
23 we did it one way or the other. I have told the Executive  
24 Officer that I wanted him to discuss it with you and, you  
25 know, figure out how he wanted to proceed, that I was in

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1 favor of trying to provide that ability for the Franchise  
2 Tax Board, that there was a split vote on the item but that  
3 we ought to deal with it. And he indicated to me that he had  
4 been discussing with you people up front.

5 MR. McCAUSLAND: He has discussed the matter with  
6 me. I think that the record should be clear that our  
7 contract with the principals of Lobel, Novins and Lamont  
8 is principally for gas pricing issues, if I understand the  
9 relationship.

10 CHAIRPERSON CORY: That's correct.

11 MR. McCAUSLAND: And that the matter that is  
12 proposed for work for the Franchise Tax Board is totally  
13 unrelated. I really don't need to make any further comment.

14 MS. SMITH: I have one question.

15 CHAIRPERSON CORY: Yes.

16 MS. SMITH: Could we get stuck with the \$20,000?

17 EXECUTIVE OFFICER NORTHROP: Pardon me?

18 MS. SMITH: Could we get stuck for the \$20,000?

19 EXECUTIVE OFFICER NORTHROP: Mr. Golden is our --

20 (Overlapping.)

21 CHAIRPERSON CORY: There is no way unless all  
22 necessary approvals are granted that I would envision us  
23 opting to allow that law firm or Franchise Tax Board to spend  
24 the money, and I will make that very clear to Mr. Huff that  
25 everything has to be laid out that either it is legal to spend

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1 the money or it isn't. And I would take it that if it meets  
2 Finance's approval that they have to have an overwhelming  
3 case given the circumstances. And Mr. Huff has to deal with  
4 that or we will not authorize the release, if this item is  
5 approved.

6 MR. McCAUSLAND: May I ask, under those  
7 circumstances, why it wouldn't be just more appropriate  
8 for Mr. Huff to pursue the avenue of an independent  
9 contractor?

10 CHAIRPERSON CORY: I asked that question. For  
11 some reason they thought it would be quicker because this  
12 meeting was coming sooner than the FTB meeting.

13 MR. McCAUSLAND: I appreciate that. That was  
14 appropriate. That was at that time, but then the matter  
15 was put off for a month.

16 CHAIRPERSON CORY: Yes. So I really don't know.  
17 I just felt that about that other Agenda that was an  
18 unresolved issue. I wasn't sure what the Executive Officer  
19 had done. We had a rather full Agenda, and I just figured  
20 there was no sense in arguing about it at that time.

21 So I have got no qualms one way or the other,  
22 except the timing, if our approval here would enable people  
23 to go to work back there if, in fact, it is legal, and I  
24 raise that question in terms of whether or not Finance is  
25 going to have to sign off or not have to sign off. They

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1 said it is irrelevant as to which way they went.

2 MS. SMITH: Do we need, then, to amend the  
3 calendar item to reflect the Chairman's position?

4 CHAIRPERSON CORY: That there will be no  
5 notification or approval of any increase, if this item is  
6 approved, unless all --

7 MR. HIGHT: That's understood, Mr. Chairman.

8 CHAIRPERSON CORY: That they need their clear shot,  
9 whatever it is, and if they don't have it --

10 MR. GOLDEN: Right.

11 MS. SMITH: With that understanding, I move the  
12 adoption of Calendar Item 36.

13 CHAIRPERSON CORY: I would second it.

14 Call the roll.

15 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

16 CHAIRPERSON CORY: Aye.

17 EXECUTIVE OFFICER NORTHROP: Miss Smith.

18 MS. SMITH: Aye.

19 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.

20 MR. McCAUSLAND: No.

21 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, two  
22 ayes, one no.

23 CHAIRPERSON CORY: Motion is carried.

24 Item 37, authorization of settlement of litigation  
25 in Roberts versus City of Carpinteria.

1 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,  
2 Mr. Yang from the Attorney General's Office is going to  
3 handle this item.

4 CHAIRPERSON CORY: Okay.

5 MR. YANG: Mr. Chairman, Commissioners, Richard  
6 Yang from the Attorney General's Office. I wasn't sure  
7 exactly whether you wanted me to present this, but since I  
8 am up here, I will.

9 This case, I think, is one of the longest-standing  
10 cases that the State Lands Commission has been involved with.  
11 It began in '68. Sometime in '73, part of the litigation  
12 was settled and they agreed on a judgment line which located  
13 a portion of the beach areas near Carpinteria State Beach.  
14 The case involves quiet title to portions of State lands  
15 as well as part of a public beach area where there were  
16 claims of implied dedication.

17 The case was bifurcated in '74. Part of the  
18 case was settled, as I said. The remaining portion was  
19 treated separately for purposes of trial.

20 In early '77, the Commission approved an  
21 Interlocutory Judgment settling the remaining parcel --  
22 settling the judgment line for the remaining parcel for  
23 purposes of further negotiation. Those negotiations are  
24 now culminated and a final settlement which we are proposing  
25 for approval today. That final settlement will locate a

1 judgment line which will fix the rights of the private  
2 parties in the area and the public portion of the beach.  
3 The judgment line is substantially landward of the ordinary  
4 water mark and is entirely consistent with the judgment  
5 line that was previously approved in '77 as well as the  
6 partial settlement in '73 and '74.

7 State Lands Commission approval is required  
8 because it was joined as a party defendant pursuant to  
9 Section 6308 of the Public Resources Code which requires  
10 the Commission's joinder at any time the boundary of State  
11 tidelands is involved.

12 We have done a thorough investigation and are in  
13 full agreement with the City of Carpinteria. The case  
14 should be settled according to this.

15 CHAIRPERSON CORY: Anybody in the audience?  
16 We have a representative of the City that wishes to speak,  
17 as I understand it, only if there are some difficulties.

18 FROM THE AUDIENCE: That is correct.

19 CHAIRPERSON CORY: Any questions by Commissioners  
20 on this proposed litigation settlement?

21 MR. McCAUSLAND: Move adoption.

22 MS. SMITH: Second.

23 CHAIRPERSON CORY: Mr. McCausland moves; Smith  
24 seconds. Call the roll.

25 EXECUTIVE OFFICER NORTHROP: Chairman Cory.

1 CHAIRPERSON CORY: Aye.  
2 EXECUTIVE OFFICER NORTHROP: Miss Smith.  
3 MS. SMITH: Aye.  
4 EXECUTIVE OFFICER NORTHROP: Mr. McCausland.  
5 MR. McCAUSLAND: Aye.  
6 CHAIRPERSON CORY: Approved.  
7 MR. YANG: Thank you, Mr. Chairman.  
8 CHAIRPERSON CORY: Status of Major Litigation.  
9 MR. STEVENS: Mr. Chairman, the Murphy case was  
10 argued before the Court of Appeal last week and submitted.  
11 Presumably, the Court will come out with a Proposed Decision  
12 to the California Supreme Court which has jurisdiction.  
13 It was made clear at the hearing that no claim has been made  
14 to the filled portions of the City of San Francisco, an  
15 assertion which was made by various parties in the past.  
16 On California versus Nevada, Assemblyman Cullen  
17 has moved for permission to file an amicus brief in which he  
18 has suggested that the line should be resurveyed. The brief  
19 makes the statement that we would obtain approximately  
20 another 80 square miles of land if the resurvey was made.  
21 However, our boundary people look at the line which was  
22 proposed and ran it to the Oregon border and ascertained  
23 that in fact if this line was used -- the line suggested by  
24 the amici, California could in fact lose a square mile of  
25 land overall.

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1 CHAIRPERSON CORY: Are you accusing Mr. Cullen of  
2 being amici?

3 (Laughter.)

4 MR. STEVENS: Only in Latin.

5 Anyway, no decision has been made whether or not  
6 they will be allowed to file that particular brief.

7 CHAIRPERSON CORY: Any questions?

8 Okay.

9 The next item is time and place of the next  
10 meeting which was tentatively scheduled in Monterey. Is  
11 that other item going to be on?

12 EXECUTIVE OFFICER NORTHROP: Yes. Mr. Chairman,  
13 in light of the questions raised at the time of confirmation  
14 of the minutes of the last meeting, I suggest we should meet  
15 probably back in Sacramento, even though the area in  
16 question, Moss Landing Harbor District, has done an  
17 outstanding job in working with their grant. We felt that  
18 the staff would have liked to have had the Commission --  
19 because we get involved in a lot of hassles where grants  
20 are treated questionably, and even in some cases where we  
21 are even talking about taking them back. Where one group  
22 has taken a grant and done a very nice job, we think the  
23 encouragement would have been important. The Monterey  
24 meeting would have encouraged or would have been that sort  
25 of a gesture.

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1 STATE OF CALIFORNIA )  
 2 COUNTY OF YOLO ) ss.

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I, DELORES I. DALTON, a Notary Public in and for the County of Yolo, State of California, duly appointed and commissioned to administer oaths, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission Meeting was reported in shorthand by me, Delores I. Dalton, a shorthand reporter, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office this 7th day of March, 1978.

*Delores I. Dalton*  
 DELORES I. DALTON  
 Notary Public in and for the County of Yolo, State of California

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