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BUSINESS MEETING  
STATE OF CALIFORNIA  
STATE LANDS COMMISSION

CITY HALL  
COUNCIL CHAMBERS  
SACRAMENTO, CALIFORNIA

ORIGINAL

FRIDAY, OCTOBER 30, 1981  
10:00 A.M.

RONALD J. PETERS, CSR  
License No. 2780

**PETERS SHORTHAND REPORTING CORPORATION**

7700 COLLEGE TOWN DRIVE, SUITE 209  
SACRAMENTO, CALIFORNIA 95826  
TELEPHONE (916) 383-3601

MEMBERS PRESENT

- 1  
2 Kenneth Cory, Chairman, State Controller  
3 Susanne Morgan, representing Mary Ann Graves,  
4 Director of Finance, Commissioner  
5 David Ackerman, representing Mike Curb, Lieutenant  
6 Governor, Commissioner

STAFF PRESENT

- 7  
8 Mr. William Northrop, Executive Officer  
9 Mr. James Trout, Assistant Executive Officer  
10 Mr. R. C. Hight, Staff Counsel  
11 Ms. Diane Jones, Secretary  
12 Ms. Jane Smith, Secretary  
13 Mr. R. S. Golder  
14 Mr. Les Grimes  
15 Mr. W. M. Thompson  
16 Mr. David M. Hadley, Staff Counsel  
17 Ms. Jane Mochon, Staff Counsel  
18 Ms. Betty Louie

ALSO PRESENT

- 19  
20  
21 Mr. Jan S. Stevens, Deputy Attorney General  
22 Mr. N. Gregory Taylor, Assistant Attorney General  
23  
24  
25

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I N D E X

1		
2	Proceedings	1
3	Items 32, 48 and 53, off calendar	1
4	Approval of Minutes	2
5	Executive Officer's Report	2
6	State Coastal Commission Report	3
7	Consent Calendar, Items C1 through C19	4
8	Item 20	4
9	Item 21	15
10	Item 22	16
11	Item 23	16
12	Item 24	16
13	Item 25	20
14	Item 26	21
15	Item 27	21
16	Item 28	22
17	Item 29	22
18	Item 30	23
19	Item 31	23
20	Item 33	24
21	Item 34	26
22	Item 35	26
23	Item 36	26
24	Item 37	27
25	Item 38	27

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1	Item 39	28
2	Item 40	28
3	Item 41	28
4	Item 42	29
5	Item 43	29
6	Item 44	29
7	Item 45	29
8	Item 46	29
9	Item 47	30
10	Item 49	30
11	Item 50	43
12	Item 51	44
13	Item 52	45
14	Item 54	45
15	<u>Public Comment</u>	
16	Mr. Dennis Carpenter	49
17	Mr. Dick Stevens	65
18	Mr. Harrison W. Hertzberg	74
19	Mr. Kilpatrick	78
20	Ms. Melissa Jones	82
21	Mr. Larry LaBow	82
22	Mr. George Scott	86
23	Mr. Clancy Leland	88
24	Mr. Joseph Sabad	91
25	Ms. Joanne Swan	91

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1	Mr. Carl Meseck	94
2	Mr. Edward Nichols	100
3	Mr. Mel Richley	101
4	Mr. Ronald A. Geiger	102
5	Mr. Charles Martin	104
6	Mr. Bill Leisk	105
7	Mr. John H. Ewell	107
8	Mrs. Barbara Schuster	109
9	Mr. John Lonergan	110
10	Mr. Burton Buser	115
11	Mr. Henry M. Snyder	116
12	Mr. Jordan Saunders	119
13	Mr. M. Thomas Redler	122
14	Mr. William Davidson	128
15	Mr. Raymond MyrnoId	131
16	Mr. Douglas Oudin	133
17	Mr. Martin McDonough	134
18	Mr. Robert Johnson	134
19	Mr. Cumyns	136
20	Mr. Milt Stein	137
21	Mr. Doug Bombard	138
22	Morning Recess	149
23	Afternoon Session	150
24	General Discussion re:	
25	Clarification of the City of Avalon's and the County of Los Angeles' Concerns	150

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1	Possibility of State Involvement in Fee Scheduling	154
2		
3	Transferability Question	158
4	Channel Width	176
5	Joint use of Piers	181
6	Required Services	183
7	Bid Package Option Variables	193
8	Recap of Bid Package Options by Staff	220
9	Transferability of Lease/Subleases	226
10	Adjournment	248
11	Certificate of Reporter	249
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

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3 P R O C E E D I N G S

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5 CHAIRMAN CORY: " We will call the meeting to  
6 order. And in terms of some housekeeping items before  
7 we get together, there are forms that I think have been  
8 passed out, like this, for anybody who wishes to say anything  
9 at this meeting. I particularly have some indication that  
10 there are some people who wish to speak on Item 54, which is  
11 the Catalina item.

12 We have had a public hearing in the area on the  
13 matter, and so we are not looking for a great deal of  
14 lengthy discussion this morning. We will make available  
15 an amount of time if those of you who wish to speak could  
16 please fill out the forms so we can try to figure out how  
17 to allocate so that each of you have at least some time of  
18 the available time to speak.

19 We plan on concluding the agenda here this  
20 morning and we plan on proceeding with some alacrity. So,  
21 to the extent that you can get together to avoid duplication  
22 amongst yourselves, that would be helpful. If that can't  
23 be done, we will arbitrarily allocate the time available  
24 to the number of people and each person will be given an  
25 equal amount of time. And that's the way we will proceed.

We will go ahead and proceed with our business  
as per the Calendar.

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1           There are certain items that have been taken  
2 off calendar. Calendar Item 32, Calendar Item 53, and  
3 Calendar Item 48 have been removed from the calendar, so if  
4 there is anybody here on those items, they are no longer on  
5 the Calendar.

6           Are there any corrections or additions to the  
7 minutes of the meeting of September 29?

8           Without objection, the minutes will be approved as  
9 presented.

10          The report of the Executive Officer, Mr. Northrop.

11          EXECUTIVE OFFICER NORTHROP: Mr. Chairman, thank  
12 you. Mr. Chairman and Members, today I would like to  
13 introduce Mr. George Wakayama. George, would you stand up?

14          George is retiring from the Commission after more  
15 than 25 years of being on the Long Beach staff.

16          George is the Commission's Senior Subsidence  
17 Engineer. He has played a large role in the compromise  
18 settlement with the City of Long Beach, reached in 1976.  
19 That settlement included \$7.6 million in claims for 36  
20 Expenditure Projects. Twelve such projects are now under  
21 consideration, under construction or awaiting final review  
22 by Long Beach or the State. The potential deduction from  
23 tideland oil revenue is measured in many millions of dollars.

24          George, you have earned the respect of all those  
25 with whom you have worked, including the Attorney General's

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1 Office, and surprisingly, the Long Beach City Attorney's  
2 Office, and the Long Beach City Engineer's Office and the  
3 Harbor Department.

4 The Commission staff will miss your smile and  
5 your cheefulness and the cooperative input that you have put  
6 in for the last 25 years. I want to express my personal  
7 gratitude and wish you best wishes for a long and happy  
8 retirement. Thanks, George.

9 MR. WAKAYAMA: Thank you.

10 (Applause.)

11 CHAIRMAN CORY: We appreciate the kind of work  
12 you did, particularly with making sure that there was a fair,  
13 just and equitable settlement on the Grand Prix parking lot.

14 (Laughter.)

15 EXECUTIVE OFFICER NORTHROP: That concludes my  
16 report, Mr. Chairman.

17 CHAIRMAN CORY: Okay. The next item is the  
18 staff report on the State Coastal Commission. Mr. Golden.

19 MR. GOLDEN: Mr. Chairman and Members of the  
20 Commission, I am going to be very brief this morning because  
21 of the length of the agenda.

22 You have in front of you my staff report. I am  
23 going to just briefly summarize it. There have been some  
24 changes in the membership. Quite a few new members have  
25 come on the State Coastal Commission and the Legislature has

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1 changed some of the charges and has taken off some of the  
2 real controversial items.

3 We have been working primarily in the area of  
4 acquainting those new members with public trust considera-  
5 tions, primarily in the areas of Malibu and Redondo Beach.

6 Also, we have been working on some questions  
7 relative to the sand mining operations in Monterey, which  
8 have come to the commissioners. Thank you, Mr. Chairman.

9 CHAIRMAN CORY: Thank you. Any questions from  
10 Commissioners?

11 ACTING COMMISSIONER ACKERMAN: No.

12 ACTING COMMISSIONER MORGAN: No.

13 CHAIRMAN CORY: The next item is the Consent  
14 Calendar items, which are prefixed by the letter C1 through  
15 C19, and they will be taken up in one motion unless there is  
16 someone in the audience who has an objection to the proposed  
17 staff recommendations on that item. Is there anybody that  
18 has any objection to any Consent Calendar items?

19 Without objection?

20 ACTING COMMISSIONER MORGAN: I approve.

21 ACTING COMMISSIONER ACKERMAN: None.

22 CHAIRMAN CORY: The Consent Calendar will be  
23 approved as presented. These are items C1 through C19.

24 Item 20. This is the Wickland Oil Terminals.  
25 This is a ratification of the Executive Officer's approval

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1 of a security agreement for the lenders on Wickland Oil  
2 terminals.

3 And this morning, as that was explained to me,  
4 there is a relatively short time fuse of notice that, if  
5 there is default, we are given 24 hours, given a list of  
6 proposed bidders, and we have to either reject any of the  
7 proposed bidders that are unacceptable to us within 24 hours  
8 of them telling us. And then, after they have opened the  
9 bids and decided on who is the winning bidder, when they  
10 are cutting their losses at the bank, we have one hour to  
11 approve them.

12 I have some serious problems whether or not the  
13 State Government, given our holidays and the like, can in  
14 fact conform to, in essence, a 25-hour time frame on  
15 approval of a new lessee.

16 And I don't know where we are with this problem,  
17 but I just can't in good conscience agree to that. I  
18 understand that the bank wants a quick and rapid decision on  
19 that, but I don't see how anything short of probably two  
20 working days of the State is realistic.

21 EXECUTIVE OFFICER NORTROP: Mr. Chairman, that  
22 was negotiated by Mr. Dave Hadly. Perhaps he could fill  
23 us in.

24 MR. HADLY: Mr. Chairman, we did discuss at  
25 length, with attorneys from both Wickland Oil and the lender

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1 in this case, Crocker Bank. There are three banks involved  
2 in this agreement. There are two possibilities.

3 What we have given the oil company is, we have  
4 allowed a security interest in the lease issued by the  
5 State. Now, if the lessee defaults on the loan to the  
6 lender, doesn't make the payment, then the lender is faced --  
7 well, they have to decide what to do and they have to  
8 decide whether to replace that lessee with somebody else  
9 who is more responsible.

10 Now, the first thing that they will try to do is  
11 to find, instead of foreclosing and having the sale through  
12 the deed of trust, they are going to try to locate another  
13 responsible party.

14 In that case, the State has at least two days,  
15 and it is more likely going to be a longer period. Their  
16 intent is to have a list of potential lessees and give  
17 that to us well in advance of a decision.

18 CHAIRMAN CORY: What does the contract call for?  
19 I don't care what they intend. What does the contract  
20 obligate us to perform?

21 MR. HADLY: Okay. The contract calls for two  
22 days --

23 CHAIRMAN CORY: Two calendar days or two State  
24 working days?

25 MR. HADLY: Two business days. In other words,

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1 if there is no foreclosure, if they don't foreclose, which  
2 is the case 95 percent of the time, 99 percent of the time,  
3 these matters do not go to foreclosure. There is somebody  
4 else put in in place of the lessee without a foreclosure  
5 sale.

6 It's very very unlikely that a foreclosure sale  
7 would ever happen.

8 So there are two business days for in lieu of  
9 foreclosure.

10 CHAIRMAN CORY: Who's business, the bank's or  
11 ours?

12 MR. HADLY: Our working days and the bank's,  
13 I believe, are on the same schedule. They are working a  
14 five-day week.

15 CHAIRMAN CORY: Not always. And that's why we  
16 have got to be clear that we are talking about two State  
17 working days because there are days that are bank holidays  
18 and days that are State holidays and they don't coincide.

19 What I don't want to get into is a position where  
20 the bank is working and we are not and the thing is  
21 approved by nobody even knowing that it exists.

22 MR. HADLY: Okay. The contract says that the  
23 State shall have at least two business days. That is the  
24 business days of the State. In other words, the days on  
25 which the State conducts their business.

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1 CHAIRMAN CORY: Okay. Now, what is the other  
2 thing on the 24 hours?

3 MR. HADLY: The other possibility, which is,  
4 again, very remote, is if a foreclosure pursuant to the  
5 statute takes place. Now, what's going to happen in that  
6 event -- first of all, we will have notice in 90 days prior  
7 to -- we will have notice of a default and then it will be  
8 at least 90 days before they can schedule a sale.

9 So what we will have is a lot of time. Within  
10 that time, again, the bank will try to locate responsible  
11 lessees to take the place of the party in default.

12 If there is a sale, there will be 20 days notice  
13 of the sale to a formal notice. They will continue to try  
14 to ascertain the likely purchasers or potential bidders  
15 in such a sale.

16 It's very likely they will have a list of those  
17 parties interested, because the parties will inquire. They  
18 will want to know and they will inquire as to what is  
19 entailed in the lease and they will want more information  
20 before they can make a bid. We are going to probably know  
21 the identity well in advance of the sale.

22 There is one possibility that is extremely  
23 remote. If it comes down to the day of the sale -- well,  
24 first of all, when you get within the day of the sale --

25 CHAIRMAN CORY Is there or is there not a

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1 requirement of a 24-hour limitation on our time frame, and  
2 if so, when is that operative?

3 MR. HADLY: Okay. That is operative if there are  
4 no parties identified, if the parties decide to go to the  
5 foreclosure sale and have not previously identified them-  
6 selves. In that case, the State must make a decision. If  
7 someone shows up at the sale who is previously unidentified,  
8 the State must make a fairly rapid decision. The problem  
9 is that the statute does not provide -- it just provides for  
10 a sale. It doesn't say that you can hold up the sale.

11 There is one qualifier in the sale where the  
12 parties can be checked for their financial capability, as  
13 far as responsible bidders. We will know the identity,  
14 in other words, the day prior to the sale on that matter.

15 But if somebody shows up that is not previously  
16 identified, which is very unlikely, then we have to make a  
17 decision the day of the sale.

18 CHAIRMAN CORY: I think that is something the  
19 State cannot live with if we are talking about somebody  
20 that nobody has ever heard of in that position.

21 I don't know how to solve the problem, but on the  
22 day of the sale, if somebody shows up, then we are stuck with  
23 a new lessee.

24 MR. HADLY: Mr. Chairman, I think what was  
25 contemplated, we have run into a number of these security

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1 agreements in which it is hard for the State to react because  
2 we have to have a monthly meeting and it has to be brought  
3 to the attention of the Commissioners what the identities  
4 of these parties are, but if we had a delegation of that  
5 to the Executive Officer, I feel that would be one way of  
6 solving it.

7 Again, that decision can be made very swiftly.

8 CHAIRMAN CORY: David.

9 ACTING COMMISSIONER ACKERMAN: Have conditions  
10 like these ever been placed upon the Commission by a lender  
11 in other circumstances?

12 MR. HADLY: No. The previous security agreements  
13 have been executed. The lenders have not asked for -- they  
14 have really not been filled with a lot of uncertainty. These  
15 banks are trying to fill in a lot of uncertainty in the  
16 security.

17 ACTING COMMISSIONER ACKERMAN: It almost gives  
18 me the feeling there is a high likelihood already that  
19 Wickland Oil is going to back out and we are already trying  
20 to approve a stopgap arrangement.

21 MR. HADLY: The problem is that the banks are  
22 very conservative and they are afraid if they conduct the  
23 sale, they want to honor the provision that says that the  
24 State has to identify or approve the identity of any lenders  
25 or any new lessees.

1 But if they have an extremely remote possibility  
2 of a sale with a new party showing up that hasn't indicated  
3 an interest, then we'd have to make a decision. But  
4 that's a very remote situation.

5 ACTING COMMISSIONER ACKERMAN: Is there anyone  
6 from Crocker Bank here?

7 I just wondered if this was not approved as a  
8 condition of the financing agreement, would Crocker Bank  
9 pull out?

10 CHAIRMAN CORY: As I understand it, this was not  
11 originally a part of Crocker's deal, but when Crocker sold  
12 it and established their group for the financing, some of  
13 the other banks have put this in. Is that the case?

14 EXECUTIVE OFFICER NORTHROP: Mr. Trout has some  
15 familiarity with that.

16 ASSISTANT EXECUTIVE OFFICER TROUT: Well,  
17 Mr. Chairman, perhaps we could ask Dave, here, to respond,  
18 but my understanding is that the problem is with the  
19 statutes on foreclosure and on the giving of notice and  
20 not within the province of our own lease.

21 MR. HADLY: That is the problem, Mr. Chairman.  
22 Usually on a foreclosure sale, people just go up and bid.

23 CHAIRMAN CORY: No. You are giving away part of  
24 the Commission's ability to approve the lessee to accommodate  
25 a lender. I don't see that this Commission has an obligation

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1 You know, I think we have to move with speed, make decisions  
2 in a reasonable time, but I think that 25 hours in a worst  
3 case is inappropriate to agree to a contractual thing to  
4 convenience a lender. If the lender is that unreasonable  
5 that they require that, then I think we should look for  
6 another lender.

7 I don't want to get into it, but I just don't  
8 see how we can agree to be able to respond within 25 hours  
9 because in the worst possible case, government doesn't move  
10 that quickly. I think we ought to face that reality rather  
11 than to try to hide from it and say, "Well, gee, it may not  
12 happen."

13 If they can't accommodate that, without leaving  
14 out that specific requirement, then I think we are  
15 contracting away some of our options.

16 ACTING COMMISSIONER MORGAN: May I ask a question?

17 CHAIRMAN CORY: Go ahead.

18 ACTING COMMISSIONER MORGAN: What is the timing  
19 on this?

20 MR. HADLY: Well, the banks have committed to an  
21 \$8.5 million loan based on this agreement.

22 ACTING COMMISSIONER MORGAN: How long is that loan  
23 good for?

24 MR. HADLY: I don't know how long they would leave  
25 that commitment based on this not being approved. I can't

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1 answer that.

2 ACTING COMMISSIONER MORGAN: Would you advise us  
3 to approve what is before us absent by and removing that  
4 section that is objectionable or would you advise us to  
5 defer the matter?

6 MR. HADLY: I think perhaps you should defer it.  
7 The major problem has to be worked out as to how the banks  
8 can, if there is a security agreement, how they can foreclose  
9 according to the statute. That's their big problem.

10 They have to be able to do that in order to  
11 protect their security, and they may not feel they are able  
12 to do that.

13 CHAIRMAN CORY: Well, I find it hard to believe  
14 that all the other lessees that we have dealt with at the  
15 State Lands Commission have been able to deal with  
16 their lenders and haven't had this problem. I mean that's  
17 where I have difficulty with having a great deal of  
18 sympathy with their side.

19 MR. HADLY: Well, one interesting point is that  
20 we have had this agreement with several other banks. I  
21 honestly don't think they have looked at what the potential  
22 consequences are, in other words, as far as going to fore-  
23 closure.

24 CHAIRMAN CORY: Dave.

25 ACTING COMMISSIONER ACKERMAN: Is Wickland Oil

1 in that shaky a position in this case?

2 CHAIRMAN CORY: Well, I would not imply that  
3 from this. I just think that --

4 MR. HADLY: This is the banks.

5 CHAIRMAN CORY: I think this is a deal that has  
6 been over-lawyered, frankly.

7 (Laughter.)

8 ACTING COMMISSIONER ACKERMAN: Is there any major  
9 downside for putting this over?

10 What are we going to gain from putting it over?

11 CHAIRMAN CORY: Well, the lawyers might be able  
12 to work out another agreement if they inform the lenders  
13 that there is some reluctance on the part of the Commission  
14 to go along with the 25 hours.

15 MR. HADLY: Mr. Chairman, may I ask is there a  
16 time frame that would be agreeable, a longer period?

17 CHAIRMAN CORY: I don't think it takes much time,  
18 but I think you need like two working days, the same as you  
19 got in the other, two State working days. Then I think the  
20 State can respond to it and live with the consequences.

21 MR. HADLY. In other words, two working days,  
22 if there were any sale, the State, if we could get them to  
23 agree, would have two days to approve the purchase of it?

24 CHAIRMAN CORY: I think two working days to approve  
25 a new lessee. But for some guy who walks in off the street

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1 with a wine jug and a cashiers' check, to give him a lease  
2 on 24 hours notice, and the sale may be occurring God knows  
3 where, I mean I don't think that is unreasonable for us to  
4 expect.

5 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, would  
6 it be acceptable to the Commission to consider approval,  
7 giving them that caveat you just suggested?

8 CHAIRMAN CORY: I can move that.

9 ACTING COMMISSIONER ACKERMAN: That would be fine.

10 ACTING COMMISSIONER MORGAN: That would be fine  
11 except that this man advised us that he would prefer to have  
12 it put over.

13 MR. HADLY: I guess that's up to the Commissioners.

14 ACTING COMMISSIONER ACKERMAN: What if we just  
15 approve it that way and then we can bring it up again for  
16 further amendment if we need it?

17 CHAIRMAN CORY: Fine with me.

18 Without objection, it will be so approved.

19 ACTING COMMISSIONER MORGAN: Fine.

20 CHAIRMAN CORY: Okay, if you can get two working  
21 days. If not, bring it back.

22 Item 21, amendment of a boundary settlement  
23 between North Coast Village and the City of Oceanside.

24 This is just a redefinition of a boundary.

25 Any questions from the Commissioners?

1 Anybody from the audience on this item?  
2 Without objection Item 21 is approved as  
3 presented.

4 Item 22, authorize the execution of a lease of the  
5 Hayward Land Bank or undivided percentage interests therein  
6 to the East Bay Regional Park District for marsh restoration  
7 and preservation.

8 Is there anybody in the audience on this item?  
9 Questions from Commissioners?

10 ACTING COMMISSIONER MORGAN: No.

11 CHAIRMAN CORY: Without objection, Item 22 is  
12 approved as presented.

13 Item 23, exercise an option under a previous  
14 title settlement agreement to which the State will patent  
15 to the Port of Oakland and terminate the public trust  
16 easement on lands at the Oakland Airport Business Park and  
17 Distribution Center in exchange for a 26.87 percent interest  
18 in the Hayward Land Bank Parcel.

19 Is there anybody in the audience on this item?  
20 Are there any questions from the Commissioners?  
21 Without objection, Item 23 is approved as  
22 presented.

23 Item 24. The staff wants authorization for  
24 coordinating a multi-agency compilation on the cultivation  
25 of Jojoba and --

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EXECUTIVE OFFICER NORTHROP: Guayule.

CHAIRMAN CORY: -- Guayule in the desert.

Is there anybody in the audience on this item?

Any questions from Commissioners?

ACTING COMMISSIONER ACKERMAN: I have one. The Calendar item says that this will be done at no cost to the Commission. I can't believe that something like this can be done at no cost.

CHAIRMAN CORY: It certainly should be done at no cost.

(Laughter.)

ACTING COMMISSIONER ACKERMAN: How much is this costing?

EXECUTIVE OFFICER NORTHROP: In dollars?

ACTING COMMISSIONER ACKERMAN: In dollars.

(Laughter.)

EXECUTIVE OFFICER NORTHROP: Well, it could be in Jojobas and Guayules.

ACTING COMMISSIONER ACKERMAN: How many man-hours on this?

MR. GRIMES: Mr. Chairman and Commissioners, one land agent working perhaps two half days a week. It is primarily --

CHAIRMAN CORY: For how long?

ACTING COMMISSIONER ACKERMAN: For how long?

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1 MR. GRIMES: I think the target date for printing  
2 this thing at no cost through the University Extension  
3 Facilities --

4 CHAIRMAN CORY: I hope the Reporter is getting  
5 these chuckles.

6 (Laughter.)

7 MR. GRIMES: -- is this December. It is going to  
8 be a compendium and not an original work.

9 CHAIRMAN CORY: And what does it cost to defend  
10 the copyright infringements?

11 ACTING COMMISSIONER MORGAN: What do we know about  
12 this?

13 MR. GRIMES: We know only that a lot of people  
14 are interested in cultivating not only Jojobas but Guayules.

15 CHAIRMAN CORY: And a lot of other things, too,  
16 but I am not going to get into that.

17 ACTING COMMISSIONER MORGAN: Are we the experts?

18 MR. GRIMES: No. The Governor is vitally  
19 interested in doing this, and we are the land owner. We  
20 have people coming in and they want us to tell them how to  
21 grow Jojoba beans, and of course we don't know how.

22 (Laughter.)

23 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, I think  
24 it is fair to point out that much of the desert land that  
25 we have currently returns no revenue to the State at all.

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1 It is suitable for the cultivation of Jojoba and Guayule,  
2 so if we are going to put it out, we should at least know  
3 what we have got to lease and make sure we are leasing an  
4 area that is correct.

5 CHAIRMAN CORY: Do you mean to tell me that people  
6 are really willing to come in and lease that land to grow  
7 these things on?

8 EXECUTIVE OFFICER NORTHROP: Yes, sir.

9 MR. GRIMES: Yes, sir.

10 EXECUTIVE OFFICER NORTHROP: It has been done.

11 ACTING COMMISSIONER ACKERMAN: Is it our  
12 responsibility to give them that feasibility study, how to  
13 do that?

14 EXECUTIVE OFFICER NORTHROP: I think it is our  
15 responsibility, Mr. Ackerman, to know whether the land that  
16 we have to lease is suitable for this kind of cultivation,  
17 and not attempt to lease it when it's not suitable.

18 ACTING COMMISSIONER MORGAN: I think the staff  
19 ought to do it.

20 CHAIRMAN CORY: Well, you want the staff to do  
21 this and you are going to have it done by December?

22 MR. GRIMES: Yes, I believe that's the target date.

23 ACTING COMMISSIONER MORGAN: Could they give us a  
24 report at our December meeting?

25 CHAIRMAN CORY: No, I would prefer that you would

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1 proceed on nonobjections of the Commission. I am willing to  
2 go along that far with you.

3 Is that okay?

4 ACTING COMMISSIONER MORGAN: Yes, I really am  
5 interested.

6 MR. GRIMES: Thank you.

7 ACTING COMMISSIONER ACKERMAN: I abstain.

8 CHAIRMAN CORY: Mr. Ackerman abstains. I am  
9 willing to allow the staff to proceed on a nonobjection basis  
10 That's something out of the Long Beach 138 contract.

11 MR. GRIMES: Thank you.

12 CHAIRMAN CORY: Make sure that you don't engage  
13 in any other form of cultivation out there.

14 Item 25, negotiated subsurface oil and gas lease  
15 located in the Grays Bend area of the Sacramento River  
16 involving 80 acres of tide and submerged land in Sutter and  
17 Yolo Counties.

18 This is a negotiated thing to give access, is that  
19 it?

20 EXECUTIVE OFFICER NORTHROP: Yes, that is correct,  
21 Mr. Chairman, there is no State-owned access with  
22 accessibility.

23 CHAIRMAN CORY: Is there anybody in the audience  
24 on Item 25?

25 Any questions from Commissioners?

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1 Without objection, Item 25 is approved as  
2 presented.

3 --Item 26. Aminoil wishes to replace an access  
4 trestle located in Elwood Field, Santa Barbara County.

5 Is there anybody in the audience on this?  
6 Any questions from Commissioners?

7 Without objection, Item 26 is approved as  
8 presented.

9 Item 27. This is a request for an award of a  
10 Geothermal Resources Lease of 800 acres in Lake County to  
11 the Central California Power Agency. The high bid was 70  
12 percent of net profit.

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

15 ACTING COMMISSIONER MORGAN: I have a question.  
16 How many bidders are there?

17 EXECUTIVE OFFICER NORTHROP: There were three  
18 bidders on that one.

19 ACTING COMMISSIONER MORGAN: How close were they?

20 EXECUTIVE OFFICER NORTHROP: Seventy percent was  
21 the high, 62.3 was the second bid, and the third bid was  
22 30 percent of net profit.

23 CHAIRMAN CORY: Any further questions?

24 Without objection, we will approve the high  
25 bidder, Central California Power Agency.

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1 Item 28 is another award of a Geothermal Resources  
2 Lease. The high bidder was Central California Power Agency  
3 at 80.1 percent of net profits.

4 Is there anybody in the audience on this item?  
5 Any questions from the Commissioners?

6 ACTING COMMISSIONER MORGAN: Were these all the  
7 same bidders?

8 EXECUTIVE OFFICER NORTHROP: Yes, appreciably  
9 the same bidders. There were three bidders. The second  
10 bid was 36.7 against the 80.1, and the third was 18.67.

11 CHAIRMAN CORY: Further questions from  
12 Commissioners?

13 Without objection, Item 28 is approved as  
14 presented.

15 Item 29, award of a 440-acre parcel of geothermal  
16 land in Mendocino and Sonoma Counties.

17 The high bid, submitted by Central California  
18 Power Agency was 97.5 percent of the net profits.

19 Is there anybody in the audience on this item?  
20 Any questions from Commissioners?

21 ACTING COMMISSIONER MORGAN: What are the other  
22 bids?

23 EXECUTIVE OFFICER NORTHROP: The other bids were  
24 38.7 percent and 20.3 percent.

25 ACTING COMMISSIONER ACKERMAN: Why did they bid

1 so high?

2 EXECUTIVE OFFICER NORTHROP: They need power,  
3 apparently.

4 ACTING COMMISSIONER MORGAN: How does this compare  
5 to other geothermal bids we have had?

6 EXECUTIVE OFFICER NORTHROP: We have been  
7 approximately in the high sixties, low seventies, in that  
8 general area on the other bids.

9 ACTING COMMISSIONER MORGAN: Okay.

10 EXECUTIVE OFFICER NORTHROP: This is an  
11 exceptionally high bid on the last one.

12 CHAIRMAN CORY: Without objection, Item 29 is  
13 approved as presented.

14 Item 30, authorizing competitive bidding on another  
15 parcel in Sonoma County, geothermal land.

16 Any questions from the Commissioners? Anybody  
17 in the audience?

18 Without objection, authorization is granted.

19 Item 31, Engineering Specialties Inc. wants a  
20 non-exclusive Exploration Permit in Shasta County on  
21 Latour State Forest.

22 This is seismic?

23 EXECUTIVE OFFICER NORTHROP: Yes, sir.

24 CHAIRMAN CORY: Any questions?

25 Any comments from anybody in the audience?

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1 Questions from Commissioners?

2 Without objection, Item 31 is approved as  
3 presented.

4 Item 32 is off calendar.

5 Item 33. This is a proposal of a sale, right?

6 EXECUTIVE OFFICER NORTHROP: Yes, this is a  
7 proposed sale, right, Mr. Chairman, about 270 barrels a day.

8 CHAIRMAN CORY: And you are thinking of going to  
9 bid when?

10 EXECUTIVE OFFICER NORTHROP: I believe we are  
11 about in March, early March is what we are looking at. That  
12 will give us a test of the market at that time.

13 CHAIRMAN CORY: Anything from the audience on  
14 Item 33?

15 David.

16 ACTING COMMISSIONER ACKERMAN: Since the market  
17 is rather soft right now, does the Commission have the option  
18 of rejecting bids or do you have to take the highest?

19 EXECUTIVE OFFICER NORTHROP: We are just going out  
20 to bid, and when we bring the bids back, of course, we have  
21 to accept or reject at that time.

22 ACTING COMMISSIONER ACKERMAN: Do we have an  
23 obligation to take the highest bid?

24 EXECUTIVE OFFICER NORTHROP: No, we can reject  
25 all the bids.

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1 CHAIRMAN CORY: No. And we have got the March  
2 time, as I understand it, is the OPEC change. We are trying  
3 to see what the Saudis do with total production. In March  
4 we might get some movement in the marketplace by then.

5 ACTING COMMISSIONER MORGAN: How long will this  
6 bid process take?

7 EXECUTIVE OFFICER NORTHROP: What is it, Moose,  
8 thirty days after the bids are received?

9 MR. THOMPSON: We should have the bids in in  
10 December.

11 EXECUTIVE OFFICER NORTHROP: Bids in in December  
12 and we will award it in March.

13 CHAIRMAN CORY: You are talking about requesting  
14 the bids in December for award in March, or are you talking  
15 about requesting in March for awards the following December.

16 MR. THOMPSON: It is presently a sell-off contract  
17 that expires March 1st. We expect bids back in December.  
18 We will bring them back to the Commission at that time. You  
19 can decide whether you want to accept that bid and extend  
20 it from March 1st on.

21 EXECUTIVE OFFICER NORTHROP: Or let it go back to  
22 basic price.

23 MR. THOMPSON: The OPEC countries agreed yesterday  
24 to a ceiling, but we still don't know about the production,  
25 when the cutback will be on that from the Saudis.

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1 CHAIRMAN CORY: Okay.

2 Without objection, the proposed selloff is  
3 approved.

4 Item 34, Third Modification of the 1981-82 Plan  
5 of Development and Operations of the Long Beach Unit,  
6 Wilmington Oil Field. As I understand it, we are just turn-  
7 ing \$1.3 million around within the budget, no increase  
8 in total cost, but moving it from one place to another.

9 MR. THOMPSON: Yes.

10 CHAIRMAN CORY: Any questions from Commissioners?  
11 Any questions from the audience on this?

12 Without objection, 34 is approved as presented.

13 Item 35, expenditure for construction of street  
14 improvements for Long Beach.

15 Anybody in the audience on this item?

16 Any questions from Commissioners?

17 Without objection, Item 35 is approved as  
18 presented.

19 Item 36. This is a termination of the new price  
20 mechanism, leaving out the retroactive issue.

21 EXECUTIVE OFFICER NORTHROP: Yes, sir.

22 CHAIRMAN CORY: And this will change the mechanism  
23 by which we price the dry gas?

24 EXECUTIVE OFFICER NORTHROP: The purchasing of  
25 dry gas at absorption plants has just about disappeared, so

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1 we needed to settle on a new price formula.

2 CHAIRMAN CORY: Anybody in the audience on this  
3 one?

4 Any questions from Commissioners?

5 Without objection, 36 will be approved as  
6 presented.

7 Item 37. Mr. Hight, you are going to tell us that  
8 you have settled a Mcor V. Knob Hill lease, Knob Hill lease,  
9 is that correct?

10 MR. HIGHT: That is correct, Mr. Chairman.

11 CHAIRMAN CORY: And this is Seahawk?

12 MR. HIGHT: This is Seahawk and Mcor Oil, which is  
13 a controversy in access that arose several months ago.

14 CHAIRMAN CORY: So you worked out a settlement  
15 with which everyone can live with and we start collecting  
16 money forthwith. How much a day?

17 MR. HIGHT: About \$13,000 a day.

18 CHAIRMAN CORY: We are taking out \$13,000 a day  
19 rather than spending two or three years litigating?

20 MR. HIGHT: Correct, Mr. Chairman.

21 CHAIRMAN CORY: Anybody in the audience on this  
22 item?

23 Questions from Commissioners?

24 Without objection, Item 37 is approved.

25 Item 38, approval of proposed boundaries relative

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1 to annexation of tide and submerged lands to the City of  
2 Laguna Beach, Orange County.

3 Is there anybody from the audience on this?  
4 Any questions from Commissioners?

5 ACTING COMMISSIONER ACKERMAN: This is just a  
6 recognition of the boundaries, but not an approval of the  
7 annexation?

8 MR. HIGHT: It is an approval of the legal  
9 sufficiency, but not an approval of the annexation.

10 CHAIRMAN CORY: Without objection, Item 38 is  
11 approved as presented.

12 Item 39 is an authorization for a disclaimer in  
13 the lawsuit of the United States of America against a  
14 section of land in Sacramento County. No involvement?

15 MR. HIGHT: Correct, Mr. Chairman.

16 CHAIRMAN CORY: Without objection, 39 is approved  
17 as presented.

18 Item 40 is 1.56 acres of land and 2.51 acres of  
19 land in Trinity County.

20 MR. HIGHT: That's for a road easement,  
21 Mr. Chairman.

22 CHAIRMAN CORY: A road easement. Without  
23 objection, Item 40 is approved as presented.

24 Item 41 is 4.8 acres in a U.S. lawsuit in Yolo  
25 County.

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1 Any problems?

2 Without objection, 41 is approved as presented.

3 Item 42 is a disclaimer on .32 acres of land in  
4 Yolo County. Another road?

5 MR. HIGHT: This is for part of the Central Valley  
6 Project.

7 CHAIRMAN CORY: CVP Project.

8 Any questions from Commissioners?

9 Without objection, 42 is approved as presented.

10 Item 43, 280 acres of land in Trinity County.

11 Any questions from Commissioners?

12 Without objection, Item 43 is approved as  
13 presented.

14 Item 44 is 49.21 acres of land in Trinity County,  
15 a U.S. lawsuit. We have no involvement.

16 Any questions from Commissioners?

17 Without objection, it will be approved as presented.

18 Item 45, .18 acres of land in Yolo County.

19 Any questions from Commissioners?

20 Without objection, Item 45 is approved as  
21 presented.

22 Item 46, .45 acres of land, again in Trinity  
23 County. This is a U.S. lawsuit without any involvement.

24 Any questions from the Commissioners?

25 Without objection, Item 46 is approved as

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1 presented.

2 Item 47 is a disclaimer on 1.69 acres of land  
3 in Yolo County. There is no involvement and no questions  
4 from the Commissioners?

5 Authorization is granted.

6 Item 48 is off calendar.

7 Item 49.

8 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, on  
9 Item 49, for the record, at 3:55 p.m. yesterday,  
10 Kevin Pedrotti from Assemblyman Wally Herger, called and  
11 requested that Item 49, adopting water levels in Lake Tahoe,  
12 be pulled from today's agenda because of the concern of  
13 several constituents. Assemblyman Herger has not had  
14 sufficient time to review this item and has requested that  
15 the item be pulled. Thank you.

16 CHAIRMAN CORY: Jan, can you fill us in on whether  
17 we can put this over or what we would be jeopardizing if we  
18 did so?

19 MR. STEVENS: Mr. Chairman, I'd recommend against  
20 putting it over because there is a need for an interim  
21 position to implement the California Supreme Court's  
22 decision in the Lyon and Fogerty cases. They held, of  
23 course, that the State owns fee to low water and that there  
24 is a public trust to ordinary high water on non-title,  
25 navigable waterways.

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1           At Lake Tahoe, which is what Item 49 is  
2 addressed to, the State has been leasing for many years at  
3 the low-water level, which is recommended that the  
4 Commission reaffirm today, at 6,223 feet above sea level  
5 by Tahoe data.

6           By the same token, the high level which is  
7 recommended has been utilized by the regulatory agencies  
8 at the Lake, by the Corps of Engineers and by the local  
9 governments, as we understand, for some time as well.

10           There is pending litigation which cannot wait  
11 for another 30 days, because of various statutory limitations  
12 in which the State is involved and in which settlement is  
13 very close.

14           In addition, of course, the existence of all these  
15 leases would be thrown in some confusion if the Commission  
16 did not make it clear that it reaffirms the levels which have  
17 been recognized these many years, to let us go forward  
18 toward a final adjudication of these matters. The Court  
19 eventually may have a different idea about what the proper  
20 lows and highs are, but in the meantime, life must go on, and  
21 we need an interim operating position for litigation and for  
22 leasing purposes.

23           I think we haven't had an opportunity, of course,  
24 to talk to Mr. Herger or his aide, but I think it should be  
25 made clear that these lines would be adopted solely for those

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1 purposes, solely for the present ongoing programs of the  
2 Commission, and as the basis on which to continue toward  
3 a final resolution of the levels in the trial court, which,  
4 of course, is going to be necessary.

5 CHAIRMAN CORY: So that we would have the flexi-  
6 bility of changing this if it was causing particular grief  
7 to somebody?

8 MR. STEVENS: Definitely. We have to have a line  
9 to work with from day to day. This is what it comes down  
10 to. These are the lines that we have been, in fact,  
11 utilizing. The Commission has been utilizing for many years  
12 a low-water line, and this simply calls for a reaffirmation  
13 so that everybody knows where we are today with respect to  
14 Lake Tahoe. We think it's necessary in terms of the pending  
15 litigation.

16 CHAIRMAN CORY: Commissioners?

17 ACTING COMMISSIONER ACKERMAN: How many cases  
18 are pending that require this decision today?

19 MR. STEVENS: At least three at Lake Tahoe  
20 and, four, if the lawsuit pending with Nevada in Incline  
21 Village is added to it.

22 ACTING COMMISSIONER ACKERMAN: Those are cases  
23 that would be decided within the next 30 days?

24 MR. STEVENS: There's only one that will be  
25 decided within the next 30 days, but that is the case in which

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1 the five-year mandatory dismissal was extended by the Court  
2 on the sole condition that it go to trial within the next  
3 30 days. And if we are going to resolve that one, it's  
4 going to be necessary to have some kind of line to call our  
5 own.

6 ACTING COMMISSIONER ACKERMAN: So, in other words,  
7 if we postponed this for 30 days, technically we would --

8 CHAIRMAN CORY: Lose the lawsuit because we  
9 don't have a boundary.

10 MR. STEVENS: And, de facto, I think this  
11 Commission has to have a line in any event, because if it  
12 took the position that it didn't, until every line resulted  
13 in the litigation that is pending, its leases would be  
14 thrown into considerable confusion.

15 CHAIRMAN CORY: Okay.

16 MR. STEVENS: Ultimately it will have to be  
17 resolved in court, and the private parties who are objecting  
18 through Mr. Herger and otherwise will certainly have a full  
19 opportunity to litigate and to present their views. We hope  
20 they will be resolved soon.

21 ACTING COMMISSIONER ACKERMAN: What is the  
22 interface between this item and the one that was pulled  
23 off the calendar?

24 MR. STEVENS: The one pulled off is a general  
25 policy item containing a number of recommendations with

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1 respect to how the public trust should be treated by the  
2 Commission, how the Commission should deal with consistent  
3 and inconsistent uses, what the Commission should do in terms  
4 of giving people findings that their projects are  
5 consistent with the trust in that zone, and it is a much  
6 more complex policy matter that I know deserves a good deal  
7 of study.

8           And other persons, the Director of Fish and  
9 Game, for one, has requested that he be given an opportunity  
10 to meet and discuss it. It justifies being put over,  
11 certainly.

12           The Clear Lake and Tahoe items simply represent  
13 the setting of specific lines for now, which we have to use  
14 in leasing and in litigation, with the understanding that  
15 ultimately a court will have to make this resolution.

16           We'd like to put it over, but we don't think we  
17 will be any further a month from now than we are now.

18           CHAIRMAN CORY: And the other problem is for  
19 one lawsuit where the Court is saying that you can go to  
20 trial within 30 days and we will try to work that way.

21           MR. STEVENS: That is right.

22           ACTING COMMISSIONER ACKERMAN: Are there any  
23 similar situations with Clear Lake?

24           MR. STEVENS: Yes, there are. The county, of  
25 course, is a grantee at Clear Lake, but the State is

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1 necessarily a party in litigation as to the title at  
2 Clear Lake, and there are some cases which are hanging fire,  
3 at least two I can think of now, in which the parties are  
4 pressing for immediate summary judgment and disposition in  
5 the next 30 days.

6 They have waited for us as a courtesy because  
7 we wanted to come back and touch base with the Commission  
8 to get the accepted lines reaffirmed.

9 ACTING COMMISSIONER ACKERMAN: I understand that  
10 this morning a petition for rehearing was filed on the  
11 entire case. Does that have any impact on the Commission  
12 taking action this morning?

13 MR. STEVENS: Yes, a petition for rehearing was  
14 filed, I understand, in the U.S. Supreme Court. The  
15 Court previously denied it. We still are obligated, of course,  
16 to follow the California Supreme Court's decision, which is  
17 final, and it is essential for us to have a position in the  
18 meantime.

19 The only alternative would be to suspend all of  
20 our programs, operations, and positions in litigation until  
21 every last petition for rehearing would finally be resolved  
22 and I think that would be a long time down the line.

23 CHAIRMAN CORY: I am inclined to go ahead and  
24 adopt the level with the understanding that it is the sort  
25 of existing governmentally agreed to boundary which is subject

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1 to change by the Court and subject to change even by the  
2 Commission if there were facts that were brought to us  
3 at some time.

4 ACTING COMMISSIONER ACKERMAN: Jan, could we  
5 adopt this as an interim position on behalf of the Commission  
6 for a period of 90 days or something like that, or come back  
7 at a subsequent date with the final declaration? Because,  
8 administratively, I think we should go forward and not  
9 hold up anything, but yet I am concerned that an appeal  
10 for rehearing has been filed, and to my way of thinking, the  
11 issue is not final yet, and I certainly don't want to  
12 prejudice anyone.

13 MR. STEVENS: It could certainly be adopted as  
14 an interim position and pending final disposition of the  
15 petition for rehearing, which the private parties have just  
16 filed.

17 ACTING COMMISSIONER ACKERMAN: Let's do that.

18 CHAIRMAN CORY: I am not so sure. I am just  
19 wondering if we shouldn't have at each of our meetings a  
20 report to us on the status of this, rather than tie it just  
21 to the rehearing, because there might be other things that  
22 are coming up in terms of various lawsuits. I would feel  
23 more comfortable about adopting this, but instructing the  
24 staff to, in essence, have a report for us, at every meeting,  
25 of the current status.

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1 MR. STEVENS: I would be delighted to.

2 CHAIRMAN CORY: This way there will be an item  
3 on the calendar that we can deal with at any subsequent  
4 meeting rather than pegging it just to a petition for  
5 rehearing. That may sound silly, but I am not sure what  
6 other issues might come up, rather than having somebody get  
7 ground up in the mill somewhere, and it shouldn't cause us  
8 that much grief to have it printed on the calendar, so that  
9 if there is something that needs to be dealt with, we can  
10 act.

11 MR. STEVENS: We never tire of talking about our  
12 cases, Mr. Chairman.

13 CHAIRMAN CORY: It is called billable hours.

14 (Laughter.)

15 MR. CHIDLAW: Mr. Chairman, may I make a comment?

16 CHAIRMAN CORY: Yes.

17 MR. CHIDLAW: Mr. Chairman, my name is Bill  
18 Chidlaw, and I represent shore owners at Lake Tahoe. It  
19 is true that there were two petitions for a rehearing filed  
20 in two Lake Tahoe cases before the U.S. Supreme Court  
21 this morning. So, therefore, I think it is premature to  
22 act on either one of those matters at this point. But,  
23 listening to Mr. Stevens talk, it seems to me that we could  
24 improve the situation we are in today in a couple of ways.

25 One would be to make this item relate only to the

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1 one that you appear to have a five-year statute difficulty.  
2 As I understand what he said, there are no other cases that  
3 there is a 30-day time limit on.

4 So it isn't necessary to do that to the other  
5 pending matters.

6 And secondly, my principal problem with the two  
7 agenda items, the Clear Lake and the Tahoe items, 49 and  
8 50, was that in the Clear Lake description of what you are  
9 asked to adopt, it clearly relates to a position to be  
10 taken and authorized in litigation.

11 In the Tahoe agenda item, it simply is in the  
12 abstract. It just simply is an attempt by the Commission  
13 to set high and low water marks at Lake Tahoe without any  
14 discretion as to what the purpose of that setting is.

15 I think it could be improved in that respect.

16 CHAIRMAN CORY: I am not sure. I hear your  
17 words, and I understand that they have a subject and  
18 a predicate, but I don't understand what you are telling us.  
19 I'm sorry.

20 MR. CHIDLAW: If you look at Item 49, the  
21 recommendation of what you adopt, at Lake Tahoe it simply  
22 asked you to adopt an elevation for the high water and an  
23 elevation for the low-water mark period. It doesn't say why.

24 In the Clear Lake agenda item, which is Number 50,  
25 you not only are setting a high-water mark at Clear Lake,

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1 but you are relating the purpose of that setting to litigation.  
2 tion.

3 CHAIRMAN CORY: Will you feel more comfortable  
4 if we deleted the purpose out of the second item?

5 MR. CHIDLAW: No, I'd feel more comfortable if  
6 you put in the purpose in the first item.

7 CHAIRMAN CORY: Given where we are, and what  
8 your business is, and what our business is, I think our  
9 interest is better served by not putting a reason in there.

10 MR. CHIDLAW: Well, there's no reason for an  
11 inconsistency between the two items.

12 CHAIRMAN CORY: I am prepared to delete the  
13 reasons in the second item unless the staff can give me a  
14 reason why we need to state those reasons.

15 ASSISTANT EXECUTIVE OFFICER TROUT: There is a  
16 difference in the two items, Mr. Chairman, because one, the  
17 Commission is directly responsible for the lands in Lake  
18 Tahoe, and the Commission is kind of in an oversight  
19 condition in Lake County, because the lands have been granted  
20 to Lake County and we have to deal through the County.

21 So the position is that we are leasing directly  
22 at Tahoe. In the Clear Lake case, we are dealing with the  
23 County and the County officials, and the litigation in which  
24 pursuant to Code we must be involved.

25 ACTING COMMISSIONER MORGAN: I don't grasp the

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1 significance of that.

2 CHAIRMAN CORY: In terms of how do we get the  
3 reasons, if we are going to adopt a plan which is adopted  
4 for administrative, court or whatever and have it on the  
5 calendar at each subsequent meeting, whether we can deal  
6 with the changes as they come up rather than get us into a  
7 box as to why we have adopted.

8 MR. STEVENS: That's fine. I think it's clear  
9 in the Tahoe item that we are adopting it solely for the  
10 purposes of the Commission's programs and litigation.

11 Certainly the Commission wouldn't have authority  
12 to make an adoption extend beyond those things. That's  
13 all we are asking, really, that the record should be clear  
14 in that respect.

15 ACTING COMMISSIONER ACKERMAN: Jan, the gentleman  
16 did ask, could we approve an approval of the high water and  
17 low-water marks pertaining only to the case that is pending  
18 in the next 30 days. Is that appropriate?

19 MR. STEVENS: I'd be afraid that if that happened,  
20 that Mr. Chidlaw or somebody else would come back tomorrow  
21 and say, "Well, this means it doesn't apply to my client's  
22 lease."

23 I think it has to be answerable to every program  
24 of the Commission as an interim position.

25 CHAIRMAN CORY: Or in that particular case, if I

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1 were handling that case, I would come in and argue equal  
2 protection, that why have you done it here and nobody else  
3 have you imposed this boundary on.

4 MR. STEVENS: It's difficult making any kind of  
5 distinction why.

6 CHAIRMAN CORY: It's not like this is precipitating  
7 the lawsuit. I just don't want to foul up the lawsuit.  
8 That's why I wanted to have it on the calendar item so that  
9 we can deal with it if something's gone wrong. I would feel  
10 more comfortable with the deletion of any reasons out of the  
11 next item when we get to it.

12 ACTING COMMISSIONER ACKERMAN: Ken, does our  
13 approval of this, if we approve it, just simply suspend the  
14 statute of limitations on the one case yet pending in the  
15 next 30 days?

16 MR. STEVENS: Basically it gives us the necessary  
17 standard to go ahead and settle that case.

18 CHAIRMAN CORY: Or to litigate it.

19 MR. STEVENS: Or to litigate it, exactly.

20 ACTING COMMISSIONER ACKERMAN: So what if we  
21 come back and subsequently then make a change in our  
22 procedure. Does that go back and affect that case?

23 Because I don't want to put someone at a  
24 disadvantage because we act today and then change the rules  
25 three months from now.

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1 MR. STEVENS: I don't think so. I think there is  
2 going to be a judicial determination of this in any event,  
3 and that's really where this question belongs. I really  
4 don't think that we can litigate the proper place between  
5 low and high before this Commission. It's going to have to  
6 be decided by the Court.

7 CHAIRMAN CORY: Pardon me. Did you not mean the  
8 proper place of low and high rather than the proper --

9 MR. STEVENS: The proper location.

10 CHAIRMAN CORY: Of low and high rather than  
11 between low and high.

12 MR. STEVENS: Yes.

13 CHAIRMAN CORY: Because, as I understand it, in  
14 this case we need to have both of them adopted to conform  
15 to the Supreme Court's decision. Those are relevant  
16 boundaries.

17 MR. STEVENS: That is right.

18 CHAIRMAN CORY: The problem is that we can end up  
19 getting a case thrown out maybe even with prejudice if we  
20 don't foresee, and it seems to me that we have to go somewhere,  
21 and that's why having it on the calendar, if somebody is  
22 getting done in or if we have to go back and make an equity  
23 settlement later on --

24 ACTING COMMISSIONER ACKERMAN: We can do it.

25 CHAIRMAN CORY: We can do it.

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1 With that understanding, I'm going to go ahead  
2 and not comply with Assemblyman Hergert's wishes.

3 ACTING COMMISSIONER ACKERMAN: Yes.

4 ACTING COMMISSIONER MORGAN: Yes.

5 CHAIRMAN CORY: So we adopt as requested in 49  
6 and request the staff to have both of those items back on  
7 subsequent calendars?

8 Without objection, 49 will be approved as  
9 presented.

10 Item 50. We'd like to amend to delete any  
11 reference to reasons, which I hope that is not an agenda  
12 preference for the rest of the meeting and we will not state  
13 any reasons in that, but we will adopt the high and low-  
14 water lines for whatever purpose.

15 ASSISTANT EXECUTIVE OFFICER TROUT: Then, on page  
16 180, in Recommendations 2 and 3, it appears that the  
17 intention of the Commission is, in 2, on the third line,  
18 after "Clear Lake", to strike the rest of the recommendation.

19 And on Recommendation 3, the next to the last  
20 line, put a period after the word "grant", and strike the  
21 rest of the recommendation.

22 CHAIRMAN CORY: Well, with the record reflecting  
23 that the deletion of that should not be taken in any great  
24 significance by anyone other than to provide bilateral  
25 symmetry with Item 49.

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1 MR. STEVENS: Incidentally, we have been told by  
2 the Lake County counsel, that their supervisors are delighted  
3 with those two lines, Mr. Chairman. Somebody is happy at  
4 least.

5 CHAIRMAN CORY: Okay, with those amendments in,  
6 we will adopt Item 50 and also ask the staff to include that  
7 item on subsequent meetings unless further noted.

8 EXECUTIVE OFFICER NORTHROP: Yes, sir, Mr.  
9 Chairman, we will take those steps.

10 CHAIRMAN CORY: Item 51, approval to readopt  
11 modifications to the Commission's regulations concerning  
12 surface use and the environment.

13 These are the Office of Administrative Law.

14 EXECUTIVE OFFICER NORTHROP: My staff tells me  
15 that from a very bad start, we are now moving very well with  
16 the Office of Administrative Law.

17 (Laughter.)

18 CHAIRMAN CORY: The only way to get along with  
19 that agency is to get rid of it. To have more bureaucrats  
20 looking after you bureaucrats isn't doing those folks sitting  
21 out there any good.

22 (Applause.)

23 CHAIRMAN CORY: I hope somebody from the Office  
24 of Administrative Law is here. They are costing the State  
25 of California \$10 million a month on a welfare beef that

1 the State can't afford. That is just absolutely outrageous.

2 Is there anybody that would like to speak to  
3 Item 51?

4 Any questions from the Commissioners?

5 Without objection, very reluctantly, I will vote  
6 to make the changes to accommodate that group of idiots.

7 Would the other Commissioners want to go along,  
8 or do you want to disassociate yourselves from my outrageous  
9 comments?

10 Okay. Without objection, Item 51 is approved.

11 Item 52 is likewise a modification for the OAL  
12 on geothermal.

13 Any questions?

14 Without objection, Item 52 is approved as  
15 presented.

16 Item 53 is off calendar.

17 EXECUTIVE OFFICER NORTHROP: Yes, sir.

18 CHAIRMAN CORY: Okay. Item 54.

19 Would somebody please bring me the filled-out  
20 forms? We will see what we are looking at in terms of any --  
21 is there anybody in the audience who wishes to be heard that  
22 doesn't have one of these?

23 ACTING COMMISSIONER ACKERMAN: There is 300 coming  
24 up from the audience.

25 (Laughter.)

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1 (Thereupon a short discussion was  
2 held off the record.)

3 CHAIRMAN CORY: Okay. Could we have some order  
4 in the room. We have now 56 requests from people who wish  
5 to speak. If each of you wish to speak, the calendar item  
6 is there, the staff report is available, and I presume that  
7 all of you have copies of that.

8 If you have not made any arrangements amongst  
9 yourselves to group that, you are each going to get 60  
10 seconds, one minute.

11 We can take you in order that way. If you want  
12 to group your interests and share time, we have got an  
13 hour before lunch, and we will take the testimony.

14 If I don't hear anything specific, then we will  
15 start through the list as we have them here and crank them  
16 off. You have got 60 seconds. When your time is up, your  
17 time is up.

18 MR. CARPENTER: Does that refer to the principals  
19 also?

20 CHAIRMAN CORY: I assume every taxpayer is a  
21 principal, Mr. Carpenter.

22 I don't know who is out there. I don't know  
23 who's there. There's not a great deal of coordination  
24 and I don't know how I can impose my views as to who speaks  
25 for whom.

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1           If you people want to do that amongst yourselves,  
2 if you want to take a five-minute recess to do that, then  
3 we can. But otherwise, I think we are going to be here  
4 forever.

5           ACTING COMMISSIONER ACKERMAN: It would be  
6 beneficial to us, I think, at least for myself.

7           First off, I am willing to be here as long as  
8 necessary to hear it.

9           (Applause.)

10          ACTING COMMISSIONER ACKERMAN: But secondly,  
11 good bedside reading was the testimony from the hearing  
12 held in Long Beach, and I read that well and I think it has  
13 been fairly clearly summarized in the staff report. I think  
14 that testimony should be at least condensed so that we don't  
15 have one person after another saying the same thing. I  
16 think that the Commission should be exposed to each separate  
17 idea and each separate interest, however the parties wish  
18 to present that to the Commission, but I think, Mr. Chairman,  
19 that 60 seconds is a little unreasonable.

20          MR. KILPATRICK: May I offer one suggestion?

21          CHAIRMAN CORY: Yes, sir. And you are?

22          MR. KILPATRICK: My name is Kilpatrick and I am  
23 a lawyer in Long Beach.

24          If the time were divided, whatever the time is  
25 given, between those who support the staff recommendations

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1 and those who opposed them, we might find out and we might  
2 get a better distribution of time.

3 FROM THE AUDIENCE: Why don't we vote for for  
4 and against?

5 CHAIRMAN CORY: I think we ought to establish,  
6 first of all, that the votes are here on this side of the  
7 table and we have got an agenda to go through, and we are  
8 going to get through it.

9 There is a time problem and the problem with that  
10 suggestion is I am not sure the issue falls that cleanly  
11 as to whether people are for or against, because I don't  
12 think that on this side of the table there is a clear belief  
13 that we are going to adopt a staff recommendation in toto.

14 There has been numbers of hours of hearings to  
15 gather testimony, and I don't wish to engage in further  
16 gathering of testimony reploting the ground.

17 We will recess for five minutes. At 11:10 we will  
18 reconvene and we will commence. If there are any suggestions  
19 as to how you people wish to allocate time and group together  
20 we will try to proceed. But I don't think that we can from  
21 here impose constraints upon people as to segregating the  
22 one position or another, because it seems to me that there  
23 are a multiplicity of positions. That's my difficulty with  
24 it.

25 If you wish to group yourselves, fine. We stand

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1 in recess until 11:10. We are in recess until 11:10.

2 (Thereupon a short recess was taken.)

3 CHAIRMAN CORY: Okay. We will call the meeting  
4 back to order. Have we got any ways to start attempting to  
5 get us down to a reasonable working frame?

6 MR. CARPENTER: Mr. Cory and Members, my name  
7 is Dennis Carpenter representing the Santa Catalina Island  
8 Company Conservancy.

9 I have a purchased air time, Mr. Cory, from  
10 15 or more people, who's names I have on this list and  
11 whose names will not have to be called from your draw.  
12 All right.

13 CHAIRMAN CORY: Okay.

14 MR. CARPENTER: This is the one occasion, Mr. Cory,  
15 where your well-known sense of fair play broke down.

16 CHAIRMAN CORY: We have made some progress, though.

17 MR. CARPENTER: Perhaps. I should like to make  
18 a few comments on behalf of my clients.

19 CHAIRMAN CORY: Can we have the list?

20 MR. CARPENTER: Yes, sir. It's right here.

21 CHAIRMAN CORY: Because I want to make sure that  
22 everybody does, in fact, get a shot at it.

23 MR. CARPENTER: Yes, some of them got their  
24 sheets back.

25 CHAIRMAN CORY: I want to be very sure that we

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1 don't leave somebody out. Go ahead with your time.

2 MR. CARPENTER: Yes. There are some statewide  
3 organizations who, I hold, ought to speak for themselves  
4 and put forth their point of view. I think all of you are  
5 totally familiar with the information contained in the  
6 staff report, and so I would, in the few minutes I have,  
7 appreciate the opportunity to address what I consider to be  
8 the most salient points in this issue.

9 In addition to representing the Conservancy,  
10 which is 86 percent of the land mass of Catalina Island,  
11 and the Island Company, which is the rest of it with the  
12 exception of the City of Avalon, I also am a user of the  
13 Island and the water facilities around it for some 30 years  
14 plus.

15 As you know, there are already the capabilities  
16 here for the arousal of strong feelings about that segment  
17 of California's population in Southern California which has  
18 only one place to go primarily for that type of a boating  
19 experience, and that is Santa Catalina Island.

20 I want to go through, if I may, point by point,  
21 the issues that I think in this time limitation we should  
22 address, that come from the staff report and these  
23 recommendations which set forth properly that the best  
24 interests of the State of California are those which are  
25 your obligation as a Commission to undertake, and that the

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1 best interests in our recommendation is to negotiate a lease  
2 with the littoral owner, which is the Island Company and the  
3 Conservancy on the historical basis, on the basis of past  
4 performance, and on the basis of fairness, and on the basis  
5 primarily of what is the best interest of the State and its  
6 people, and particularly those who are users, and future  
7 users of the tidelands in this context.

8           Historically I would like to submit to the  
9 Commission, and if the staff feels this is inaccurate,  
10 perhaps they can enlighten you otherwise at an appropriate  
11 time, that in the State of California, I don't believe ever  
12 there has been a tideland interest leased to other than an  
13 upland owner or a littoral owner, without first negotiating  
14 with that owner to determine whether or not it had an  
15 interest and whether or not it would fairly compensate the  
16 State for its interests and therefore treating it in a  
17 natural sense that the upland or littoral owner was the  
18 primary person in interest, even though all tidelands are  
19 property, albeit granted originally by the Federal  
20 Government, of all of the people of California through the  
21 Tidelands Law, as administered by the State Lands Commission.

22           So it seems that the natural thing to do in this  
23 case would be to turn to those who have been operating it  
24 and who are the littoral owners as set forth in the analysis  
25 of the staff. And so that is my first point, that I believe

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1 should be given considerable weight.

2           The question might then arise, why negotiate  
3 otherwise? You have options set forth here by the staff, one  
4 of which isn't really an option. It is to postpone this  
5 matter a year or so and to let the current lessees continue  
6 to operate it during that course of action. And you might  
7 say, why don't we jump at that?

8           Fine. We can do that. The difficulty with that  
9 problem is that we know who is here in these seats now.  
10 We have seen the attitude of the public and the users, and  
11 demonstrated here, and even more emphatically down south,  
12 and we feel that the postponement of it is not a necessary  
13 thing to undertake. Obviously, we will live with it if we  
14 have to, but we don't think it is an appropriate step to take.

T4 15           The public users of the tidelands issues here,  
16 principally as it relates to mooring and anchorage areas,  
17 and according to your own Commission's staff and your  
18 report, and I think by common knowledge of all of you,  
19 agree that the Island Company and its handling of the mooring  
20 situation for an extremely long period of time has been  
21 exemplary. They have been involved in it for some 60 years,  
22 although the current lease, obviously, has not run for that  
23 long, and have done a magnificent job in my opinion as a  
24 boater and in the opinion of the boaters who are involved.

25           I can't tell you that there is nobody in the

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1 world who has been unhappy because we are unhappy in the first  
2 place because it is a limited access area anyway. This is  
3 a moropoly that you are talking about that is in the hands  
4 of the Lands Commission that cannot be granted to everyone  
5 because there isn't enough to go around.

6 Therefore, you have been fortunate, in my opinion,  
7 to have a family operation originally, and now a company  
8 with the small holdings and the Conservancy with a public  
9 use orientation and public access of the lands to continue  
10 that use, to continue it as it has been because it has  
11 basically been a nonprofit operation.

12 Your staff has audited the books of the Island  
13 Company and the Conservancy, and of the Island Company's  
14 subcontractor, Bombard Enterprises, and found that obviously  
15 they have run in the Black. But, with the exception of  
16 Mr. Bombard, who makes a living doing it, and the benefits  
17 that ultimately flow to the Conservancy, which are not  
18 enormous, that the Island Company has done it out of an  
19 act of not just love, but their interest in the overall  
20 Island properties that have been theirs for so long.

21 And so why change it? When you have got a good  
22 operation and you have no one complaining about it except the  
23 other potential bidders --

24 (Applause.)

25 MR. CARPENTER: I assure you, Mr. Chairman, that

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1 that is not orchestrated and anticipated by me, and I am  
2 not used to that sort of thing, as you know.

3 (Laughter.)

4 CHAIRMAN CORY: Having heard you speak, I can  
5 understand why.

6 (Laughter.)

7 MR. CARPENTER: I will reserve my usual sense  
8 of humor as it applies to you, Mr. Cory. You have me  
9 at a disadvantage.

10 (Laughter.)

11 CHAIRMAN CORY: It is so seldom that I have you  
12 at a disadvantage.

13 (Laughter.)

14 MR. CARPENTER: Thank you.

15 To speak further on this question of why  
16 negotiate otherwise, with regards to SCI, the Island  
17 Company, and the Conservancy, they together own all of the  
18 uplands that are involved here, since the mooring areas  
19 adjacent to Avalon are not subject to these tidelands and  
20 are in the control of the City.

21 It has the facilities required to operate these  
22 things which your own staff has recognized in their  
23 proposed lease terms are absolutely essential, a place to  
24 dump the trash, the place for emergency landings, and  
25 emergency service and service to the boats, a fuel supply,

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1 et cetera, et cetera.

2 These things all go with the ownership of the up-  
3 lands and make it convenient, I think absolutely necessary,  
4 that they should occur that way. They own the moorings  
5 currently. They own the boats and the equipment and the  
6 shoreside facilities to do this properly.

7 And no one has any complaint ever about the  
8 handling of the moorings and their mechanical perfectness  
9 and so forth. This is a good operation by everyone's  
10 admission.

11 What is someone else going to have to do who comes  
12 in and takes them over? I hope it would not be anticipated  
13 by the Lands Commission that the Island Company would be  
14 swept out and the Conservancy would be swept out, and would  
15 graciously leave one more gift to the people you anoint  
16 them to take over the operation with a good profit motive.

17 No, they would have to go out and start from  
18 scratch. They would not have any shoreside facilities or  
19 any rights to any uplands adjacent, except some 20-some  
20 miles away, which would be inconvenient and more costly.

21 They would not have the boats. They would have  
22 to purchase those. The moorings themselves are \$1500 to  
23 \$2,000 apiece. And with several hundred of them, we would  
24 anticipate that you are looking at a two or three million  
25 dollar capital outlay just to start up a minimal operation.

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1           Where would they dump the trash that is now picked  
2 up? If people want to dump their trash, for instance, at  
3 the Isthmus, they can come in free and can dump that trash.  
4 The alternative is that they throw it in the ocean. They  
5 have a service that goes around and collects it for two bits,  
6 50 or 75 cents, depending on the distance from the shore  
7 from the boats out there, a very nominal fee, to keep the  
8 water clean and protect the environment and the enjoyment  
9 that everyone has.

10           These will be difficult things, if not  
11 impossible, for some other stranger to come in and operate.  
12 So I think that the capital outlays is an important fact,  
13 which I will dwell on a little further in a moment, in  
14 talking about why I think the current lessees are the  
15 appropriate ones.

16           Thirdly, the facilities issue and the dump itself  
17 become very important. There is a dump on Catalina Island,  
18 incidentally. The City of Avalon uses it for ones, but it is  
19 not a public dump. It is on the Santa Catalina Island's  
20 private property, a lease, which I might point out to you,  
21 also ends at the end of 1981. And I think that that should  
22 be borne in mind.

23           (Laughter.)

24           MR. CARPENTER: The mooring space itself is an  
25 interesting one. As I said before, this is a monopoly,

1 because there isn't enough to go around. So it is a  
2 question of how is this segment of the public going to enjoy  
3 itself in this form of recreation under the State's control?

4 In the first place, the issue of very little  
5 profit has been brought up here, and a new lessee who comes  
6 in is going to have to, just as we propose and we expect  
7 to make a significant increase in the contribution of the  
8 State of California over the obviously too low, almost  
9 insignificant rental, of the past lease, which is not your  
10 fault or the Island Company's. It is a different ball game  
11 now.

12 And so that is one factor. Everybody is going to  
13 expect that increase.

14 The next thing is that even if the State or some  
15 other public agency did this itself, or any private bidder did,  
16 it would have to come up with the private capital outlay  
17 which has to be recouped and recovered and interest paid  
18 on.

19 And thirdly, the other people can only be doing  
20 it for one reason, and you don't often hear me criticize  
21 that reason, except that we are talking here about a public  
22 facility, and that can only be to make a profit.

23 So, when you add those three things together, you  
24 are asking for, and submitting the people who are the users  
25 on the State tidelands here, an enormous increase in the cost

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1 of operations to use those moorings.

2 So I think that the State's public interest  
3 may be served by a slight increase in income, and you and I  
4 know that this is not the solution of the State of  
5 California's problems. If you increase the rental here  
6 tenfold, it won't be noticed in the large cracks in the ship  
7 of which you are a significant part.

8 Yes, sir?

9 CHAIRMAN CORY: Seven hundred moorings, roughly?

10 MR. CARPENTER: Yes, sir, 711.

11 CHAIRMAN CORY: So if we can get a million apiece  
12 per year --

13 (Laughter.)

14 MR. CARPENTER: Strangely, this leads directly  
15 into my next point.

16 If you put this in the hands of someone, and  
17 incidentally, if it is going to go to a public bid where  
18 high bid gets it, I'm going to get on the action myself,  
19 because if you are going to appoint some corporation or  
20 some citizen with the ability to rip off the public to make  
21 a profit, I can relate to those things and I want to be a  
22 part of it.

23 (Laughter.)

24 (Applause.)

25 MR. CARPENTER: But that brings me, Mr. Cory,

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1 to, I think, a very important point here, and that is if you  
2 do that, and a private operator for profit comes in who is  
3 going to undertake this, and I expect him to go for the top  
4 dollar on it, what you are really going to do, then, is to  
5 decrease the ability of those who are in boating, yes,  
6 that have the lower cost and smaller boats and so forth,  
7 because the guy who can afford to pay the biggest price is  
8 going to have the rights to the moorings. And a lot of that  
9 happens now in the subleasing procedure about which I have  
10 talked to your staff, and I know everyone else has, and they  
11 have some questions about, that we don't get involved in as  
12 a lessee, because there are transfers of these things, and  
13 leases and sales that do amount to a lot of money.

14 But the object, in our opinion here, and we  
15 submit it very strongly to the State, should not be to  
16 maximize totally the dollars involved here which are not  
17 that significant for the State, and should not be to shut  
18 out everybody unless he happens to own a 200-foot \$5 million  
19 yacht, because those guys can get a mooring and they can buy  
20 their own island.

21 (Laughter.)

22 MR. CARPENTER: So finally, I think that the best  
23 interests of the State are to increase its income, which we  
24 are prepared to do, through negotiations or bidding, if that's  
25 necessary, but not that that should be the major consideration.

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1 The State here has absolutely no capital investment. You  
2 don't have a dime in the tidelands. You won't have on the  
3 continued leasing operation. It's strictly income.

4 The management required is nil. You have to  
5 audit, if you choose to do so, you have to cash our checks  
6 and things like that. Basically this is not a management  
7 problem for the State.

8 You have happy users in the public, which is not  
9 something I can say about everything that relates to the  
10 State Government. The people who use these tidelands and  
11 who moor and anchor over there are delighted with it.

12 (Applause.)

13 MR. CARPENTER: Incidentally, you have good  
14 environmental protection, which is a consideration I put  
15 last year, but in this type of operation, I don't think it's  
16 the overwhelming consideration.

17 But there is something in the staff report that  
18 indicates that the least environmental impact comes from  
19 anchorages rather than moorings. Gentlemen, that is  
20 patently not the case. A mooring is sunk there, and it is  
21 there underground and the disturbance of the bottom is  
22 minimal. It's whatever happens when you put the mooring  
23 there unless you move it. Where you have anchorages, you  
24 have the flukes going into the mud or the rock or the  
25 flora and fauna on the floor of the ocean in different places

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1 and shifting all night long and slopping around. They cause  
2 much more damage. There is certainly no environmental impact  
3 from moorings, but there is a good deal of impact in  
4 anchors.

5 CHAIRMAN CORY: You almost sound like a posey  
6 plucker.

7 (Laughter.)

8 MR. CARPENTER: That's not the way you remember  
9 me, is it, Mr. Cory?

10 (Laughter.)

11 MR. CARPENTER: Well, I am, I am a fanatic posey  
12 plucker on the floor of the ocean around Catalina Island,  
13 Mr. Cory.

14 And so I think the environmental question is  
15 important.

16 Another point is that, and your staff points  
17 that out here --

18 (Thereupon an automobile siren interrupted  
19 the proceedings.)

20 MR. CARPENTER: I didn't think I said anything  
21 that overwhelming.

22 (Laughter.)

23 MR. CARPENTER: Staff points out here that if  
24 you make any significant changes in this operation, you may  
25 very well invite back into this consideration the California

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1 Coastal Commission, the CEQA requirements and the Corps  
2 of Engineers and who knows what other agencies to reevaluate  
3 and perhaps mess up something, which is their general  
4 history, which has been functioning very well.

5 Finally, on the question of the lease proposal  
6 of format that you have put in here, and I think we get down  
7 to another gut issue here, we support the conditions that  
8 your staff has put in here with regard to surety bonds,  
9 financial ability, shoreside capability, safety factors,  
10 et cetera, et cetera.

11 But we think that there are a couple of things  
12 that ought to be added and I thought that they would be,  
13 because I understood your staff to have a concern about them.  
14 First of all, there ought to be the allowance that the public  
15 could continue to use these moorings when they are not in  
16 use. As you know, during the week, very often, and during  
17 the wintertime now, when I like to go, there are deserted  
18 coves and so forth. And I think that's something that's  
19 not a problem. It's pretty much the way we do it right now.

20 CHAIRMAN CORY: I am not sure.

21 MR. CARPENTER: Well, there isn't coverage to  
22 collect day rent on moorings in every cove where there  
23 happens to be a mooring, and we think that's something where  
24 you could expand the lease a little bit to ensure public  
25 access when the owners, that is the lessees, of the moorings

1 are not there, and it's not in an area where there happens  
2 to be a rent check collected daily.

3 Secondly, and finally, and we think most  
4 importantly, when you look at the lease over there, and I  
5 think this might maybe have a little impact on the interest  
6 of some of the other bidders here, but I want to make sure  
7 that you understand it does not impact the Island Company  
8 and especially the Conservancy, but either one of them, that  
9 there should be a provision in any lease here that in the  
10 tideland mooring area, that none of the moorings involved  
11 here should be tied to any real estate development or  
12 available for bulk utilization in the sales --

13 (Applause.)

14 MR. CARPENTER: And I want to emphasize that that  
15 goes for any such project on Catalina Island, which will  
16 only be under my clients' jurisdiction, because they own  
17 all the land, and on the mainland of the United States,  
18 because anybody who wanted to do it over there could find  
19 this a useful sales tool and it should not be. And I think  
20 that's a very strong point to make, because I think that  
21 is the best way to cut down and eliminate public access to  
22 an already limited resource that we just can't afford to  
23 undertake in California.

24 What we need is more islands and they aren't  
25 likely to show up during our current lifetime.

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1 CHAIRMAN CORY: The earthquake is coming.

2 (Laughter.)

3 MR. CARPENTER: I have read that.

4 In closing, I want to thank you for your courtesy,  
5 and I didn't realize that I was going to have a cheering  
6 section here, but it makes me feel even more confident that  
7 you will weigh these considerations. We would be happy to  
8 undertake negotiations, as we suggested, that we think are  
9 appropriate. If you find the Island Company-Conservancy,  
10 with whom you have done business for 60 years, and who are  
11 not only popular with the people you serve but with your  
12 staff, so unwilling and incapable to make an appropriate  
13 arrangement with the State, then this hearing and the process  
14 of bidding would make much more sense, and I think would  
15 better serve the people of California.

16 But until that time, we'd strongly urge that the  
17 Lands Commission take the recommendation that the littoral  
18 owner, the Island Company and Conservancy be negotiatory  
19 with the Commission for a new lease, and that this will be  
20 the course of action you take.

21 Thank you so much for your courtesy.

22 (Applause.)

23 MR. CARPENTER: Where were they, Mr. Cory, when  
24 I was running for office?

25 (Laughter.)

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1 CHAIRMAN CORY: Here you get paid and applause too.  
2 It hardly seems fair.

3 MR. DICK STEVENS: Mr. Cory and Members of the  
4 commission, I am Dick Stevens. I came in with the black  
5 hat, and, as always, I am awed and in great admiration of my  
6 friend, Denny, and I am not sure that he isn't running for  
7 Governor, too, the way he is putting on today.

8 Denny is a good friend and an articulate spokesman  
9 I will keep my comments short. I don't have a stock of  
10 proxies here because most of mine are out there with the  
11 people at work who are taxpayers of the State of California.

12 (Boos.)

13 CHAIRMAN CORY: Moving right along.

14 MR. DICK STEVENS: This is the first opportunity  
15 we have had to tell anybody why we are involved, and I think  
16 that the case that the Island Company, and I say the Island  
17 Company, because that's what we are dealing with, has done  
18 a great job in raising all of the fear elements, the great  
19 things that might happen, the terrible things that are going  
20 to happen to yachtsmen in the State of California, and the  
21 ecology. I say that is baloney. The fear elements, the  
22 issues that have all been raised, can be handled and handled  
23 well by the staff constraints on the bidding, and I think  
24 that it is in the best interests of the State of California  
25 that these issues be bid and brought out, because certainly,

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1 the Island Company has done a reasonable job through Doug  
2 Bombard, who has a separate company out there and who has  
3 done a reasonable job, but who knows that there isn't  
4 a better way to do it? Who knows there isn't a better way  
5 to serve the yachtsmen and the public at large, and not just  
6 from a monetary standpoint?

7 I am really here because I am sore. We expressed  
8 an interest in bidding on this lease because we have had a  
9 long standing interest in Catalina and in recreation in  
10 boating in water oriented activities. We honestly feel and  
11 felt that a better job could be done and that a little  
12 competition to the Island Company might be very very healthy  
13 indeed.

14 The reason I'm mad is because we have been  
15 subjected to a vicious round of criticism, letter writing,  
16 speech making, throughout the state, and I would like to  
17 quote from Mr. Propst who purports to be the president of  
18 the Conservancy.

19 In his letter, it said, "This occurred because  
20 of the intervention of several firms who heretofore have no  
21 connection with the interior of Catalina Island. We can't  
22 help but feel that their interest in leasing the submerged  
23 lands around Catalina is in the pursuit of their own  
24 financial gain at the expense of the boaters, and with little  
25 or no respect for Catalina as a natural area."

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1 This same Mr. Propst in 1974, when he worked for  
2 the Island Company, wrote a letter to the County of Los  
3 Angeles that says, "We, as the land owner, should receive  
4 a proportionate share of the fees charged at the county-  
5 developed campgrounds and other recreation on Catalina Island."

6 The Santa Catalina Island Company felt it was  
7 essential that the public pay for the recreation services  
8 offered on Catalina while under the terms of the agreement  
9 the Company reserves the right to develop the airport, the  
10 middle ranch, the stables, and areas where the lodge, the  
11 hotel and other similar public accommodations, beginning after  
12 1979.

13 Now, that came about by the formation of the  
14 Conservancy. And the Conservancy, and it bears a relationship  
15 here, because the Conservancy was formed as a tax boondoggle  
16 to avoid having Mr. Wrigley avoid to have to pay \$250,000  
17 in taxes.

18 Now, I'd like to quote from Baxter Ward, then  
19 supervisor, who stated, "We got sold a bill of goods by the  
20 Santa Catalina Island Company. There is a loss of tax  
21 money and a great limitation on access to the coast."

22 My point here is that the Island Company, and I  
23 put the three of them together, I think as you dig into it  
24 and as anyone would dig into it, you find out that they  
25 are interrelated and they in fact act as one entity, and if

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1 talk about development on the land side, I couldn't agree  
2 with Mr. Carpenter more, but it is of interest that the  
3 local coastal plan, which is an appendix to the staff  
4 report, shows that there is 127 acres of residential  
5 development scheduled in the area that the Island is  
6 supposedly protecting, and it is my understanding that there  
7 is active negotiations for condominiums on the land side  
8 right now in that area. What's the importance of it? I can  
9 stipulate and agree that we, as a bidder, will not have an  
10 interest in it, but I also put forth that it is in the vital  
11 commercial interests of the Island Company to maintain control  
12 of those moorings and do whatever is necessary to continue  
13 that control.

14 We don't think that is healthy. We don't think that's  
15 healthy for the public and we think that a good, fair, honest  
16 competition is deserved here.

17 First of all, in terms of the public sentiment  
18 here, obviously these people behind me are emotionally  
19 involved. If you had paid \$40,000 for a mooring --

20 (Boos.)

21 CHAIRMAN CORY: Okay. Look, we are going to try  
22 to keep the room quiet so people can say what they have to  
23 say and get through what has to be done. Susanne has to leave  
24 here to go to a Public Works Board meeting that has to take  
25 place today. It is extremely important as to whether or not  
the State of California is going to be able to pay its bills.

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1 There are other problems elsewhere in government, just as  
2 this is a serious problem.

3 This is a public meeting. I think it is important  
4 that we try to move ahead and take in as much information  
5 as we can in the limited time that we have available, but  
6 we have Commissioners that must attend other meetings. And  
7 if we are going to have all the Commissioners here to make  
8 a decision, we need to get on with it as rapidly as  
9 possible.

10 Now, if you would get on with it as rapidly as  
11 possibly, please.

12 MR. DICK STEVENS: I will. My point is that it  
13 is no secret that there has been an exchange, a major  
14 exchange, of dollars that goes with the yearly mooring leases  
15 and anyone who contests that I would be very happy to take  
16 them around to show them some moorings that have been  
17 recently sold.

18 No one is going to throw out yacht clubs. No  
19 one is going to throw out the people who have existing  
20 moorings. All that we are asking is a fairer price and  
21 a fair chance for competition on public tidelands.

22 I think the State staff has done a magnificent  
23 job in pulling together their proposals and the options  
24 available, and under it I would add several comments with  
25 specific suggestions under bidding. And they are, one, that

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1 -- well, first, a general comment. There was a great deal  
2 of concern raised about the relocation of moorings, of  
3 piers and so forth. As a practical matter that isn't going  
4 to happen.

5 The guy in Newport Beach who has a mooring out  
6 there is not going to pull up his concrete block and move it  
7 somewhere else. So there is going to be a logical negotia-  
8 tion between a successful bidder and the people with moorings  
9 to acquire them where indicated.

10 The second thing is I think Doug Bombard does  
11 a good job. I think he needs some fresh ideas, some fresh  
12 capital and perhaps a little more supervision, but that's  
13 a subjective opinion that I think that if we were the  
14 successful bidder, we would logically go, as the first  
15 individual, to go to Doug Bombard Enterprises and say, "We'd  
16 like to contract with you."

17 Now, as a free, independent, sublessee of the  
18 Island Company, he would be crazy not to negotiate in good  
19 faith with the successful bidder because what is he going to  
20 do, not open his restaurant to the public and not let people  
21 land on the shore when he charges a landing fee? Absolutely  
22 not.

23 So I would fully anticipate that Doug would  
24 continue to provide the services for whoever wins.

25 As far as the level of services is indicated that

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1 the staff reported that Doug Bombard does provide, I would  
2 say it is stretching the point a bit. He does provide shore  
3 and boat services, but not down to some of the remote  
4 harbors and coves and so forth on the Island. And I think  
5 that whole area of services is a very complicated matter.

6 Now, in terms of the staff recommendations  
7 specifically, I would like to speak to a couple of concerns.  
8 One was that the open coves be left open and excluded from  
9 the lease.

10 I think that they should be included in the lease  
11 for a couple of reasons.

12 One, it may prove out to be over a period of years  
13 that the relocation, and not addition, but the relocation  
14 of certain moorings to other locations would not only be  
15 in the public benefit, but be better environmentally.  
16 Secondly, that by extending, including those open anchorage  
17 coves, you provide services to them by making it mandatory  
18 that the lessee or sublessee, in fact, provide those services.

19 So, I think, in terms of their recommendations,  
20 A-1 should be changed to include the entire existing parcels  
21 and coves that are in the existing lease.

22 A-2 is fine.

23 A-3, that tidelands be maintained as open space,  
24 I just talked about.

25 Now, when you get down to the recommendations

1 B, B-A is fine.

2 B-B, "transfers of individual mooring subleases  
3 will not be permitted." I agree with that.

4 So, in Paragraph III, where they say "Staff  
5 recommends that the Commission adopt options IA1, I merely  
6 say that should be opened up to the entire area that is  
7 presently leased. IB2 relates to the bid mechanism. I  
8 am against having the only definitive financial criteria  
9 in the bid being a percentage of gross. I think it inhibits  
10 creative proposals, and I think it is in the State's best  
11 interests. While it may provide some complications in sorting  
12 out the various numbers, I think that we should try to be as  
13 broad and open so that creative ideas can be expressed and  
14 can be brought before the State and the community at large.

15 So I feel that IB2 should be expanded so that the  
16 bids relate to an open minimum against an open percentage  
17 and that any other financial considerations that the  
18 lessee, proposed lessee, wishes to offer be included, and  
19 then the staff can sort that through and come up with the  
20 winning bidder.

21 (Thereupon a short discussion was held  
22 off the record.)

23 CHAIRMAN CORY: Will you please conclude your  
24 remarks?

25 MR. DICK STEVENS: Yes, this is my last point.

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1 I think that the desire timewise to effect this and  
2 enter into a definitive lease agreement by January 1 is  
3 very ambitious. I would suggest that the successful bidder  
4 be granted an exclusive option to negotiate a definitive  
5 lease document with the staff and be brought back to the  
6 Commission for approval.

7 I think you can tighten up on the time for  
8 monetary bidding because all the parties involved, I think,  
9 have pretty well in mind what their plan is. We could come  
10 back with a bid in two weeks. You could grant a 30-day  
11 option to the successful bidder to work out the details of  
12 a very complicated lease.

13 I know that our position is controversial and  
14 I know that there are people, including good friends of mine,  
15 in the audience, who disagree with me, but it's the  
16 American way of life.

17 And I think that to stifle that would be  
18 wrong for the people of California.

19 Thank you very much.

20 CHAIRMAN COKY: Dave, do you have a question?

21 ACTING COMMISSIONER ACKERMAN: Dick, one question.

22 MR. DICK STEVENS: Yes, sir.

23 ACTING COMMISSIONER ACKERMAN: Will you support  
24 Mr. Carpenter's suggestion that a prohibition be put in  
25 any lease to tie the moorings to any one --

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1 MR. DICK STEVENS: Absolutely. But I think you  
2 have to -- we would in our bid, but I think you have to  
3 identify whether the bidder on the other side is the Island  
4 Company, the Conservancy, or Bombard, or all three as one  
5 entity. But we would.

6 CHAIRMAN CORY: Okay. Mr. Hertzberg?

7 MR. HERTZBERG: My name is Harrison W. Hertzberg,  
8 and I represent Pioneer Take-Out Corporation. I will try  
9 to be brief. I know that this is a little bit of galloping  
10 justice. I am an attorney and I realize how hard it is to  
11 be brief.

12 Mr. Ackerman, on behalf of my client, I would  
13 support the same anti-tie-in arrangements you just  
14 referred to.

15 Since the last speaker did aptly state, and we  
16 agreed too, that is that the matter should go out to bid.  
17 We feel that that is the American way. I'd like to  
18 be as definitive as I can and as accurate as I can as to  
19 what I feel it should contain. First of all, I agree with  
20 the open bidding --

21 CHAIRMAN CORY: I am trying to work with elapsed  
22 time here. Your position is you prefer bidding. If you  
23 could just give us a quick thumbnail of the type of bidding  
24 you think it should be, then, after we hear from everybody,  
25 if we make a decision, at that point if we decide to go to

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1 bidding, we, as Commissioners, are likely to have some  
2 questions that we will be asking people who have indicated  
3 an interest in the detail at that time rather than having to  
4 get through a definitive --

5 MR. HERTZBERG: I will be fast.

6 CHAIRMAN CORY: Go ahead.

7 MR. HERTZBERG: Open bidding, different  
8 percentages on different commodities. You can't pay the  
9 same thing on food, ice, beer, that you pay on moorings.  
10 So, open bidding as to percentage.

11 Number two, you need open bidding because of the  
12 competitive effect. If you are going to extract from  
13 Exhibit B, the tidelands and submerged lands for the piers,  
14 then you are going to have competition. The winning bidder  
15 is going to compete with those people. Are they going to  
16 have the percentages?

17 If they don't have those percentages, then you  
18 have got a real difficult competitive problem. All right.  
19 That's the bidding situation.

20 Number two, what are you bidding on? Number  
21 one, the Isthmus. They have exempted a channel, 100 feet  
22 wide, which now turns out to be closer to 300 feet wide  
23 and 11,500 feet in length. That's for the Long Beach boat  
24 to come in and out. It isn't necessary for that wide of  
25 a channel. It only takes 60 feet.

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1           Number two, Cat Harbor, 12.8 acres, at Ballast  
2 Point. Why was it exempt from the lease? It wasn't exempt  
3 from the last lease. It is submerged lands. It is tidelands.

4           Number three. They have exempted the following  
5 coves which were in the 1966 lease which they had. Now,  
6 why were these exempted from this lease? Marine Preserve,  
7 Willow Cove, Empire Landing, Smeltz Cove, Little Harbor,  
8 Doctor's Cove, Ripper's Cove, Cabrillo Harbor, Parson's  
9 Landing.

10           Incidentally, I am as much a boater as anybody  
11 in this audience.

12           ACTING COMMISSIONER ACKERMAN: I have a question  
13 to the staff. Do any of those coves have moorings or are  
14 all of those free anchorings?

15           ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Ackerman,  
16 if you will look at the chart. The coves with the red  
17 lines under them are coves that are improved with moorings.  
18 The other coves, which are in the 1966 lease but which do  
19 not have the red lines under them, are unimproved coves.  
20 They may have a clorox bottle or something, but they do not  
21 have an established mooring, buoy system in those coves.

22           MR. HERTZBERG: So I pose the question to this  
23 Commission, why were they in the 1966 lease and why were  
24 they in the 1950 lease and why are they being excluded now?  
25 Should not this bidder have the same alternatives that the

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1 prior lessee had?

2 Number three --

3 ACTING COMMISSIONER ACKERMAN: Why do you feel  
4 they should be included?

5 MR. HERTZBERG: For the same reason that Mr. Stevens  
6 stated, that there may be in the future the need to move  
7 some of these buoys around. Maybe you will take some of  
8 them out of one cove and put them in another cove. But we  
9 should be free to do that.

10 ACTING COMMISSIONER ACKERMAN: Okay.

11 MR. HERTZBERG: Now, number three, continuing  
12 obligations under the lease, the duty of the tenant.

13 Garbage pickup. I think it has to be more  
14 accurately delineated. What coves is it going to be picked  
15 up? I go to Cat Harbor all the time and I have never had  
16 my garbage picked up there.

17 Patrol boat service. There is no patrol boat  
18 service in Cat Harbor. I have moored in the Cat Harbor at  
19 any hour of the day and I have never seen a patrol boat  
20 there. The only one that comes around Cat Harbor is the  
21 one that comes to collect the money. Then they come around  
22 the next day.

23 Anchorage and mooring systems. Fine. Let's  
24 define it more accurately. Fine. All these items and  
25 obligations which are continuing obligations of this lease,

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1 have to be negotiated and defined properly.

2 Now, you have exempted the piers from the lease,  
3 together with 10 feet on each side of them. Yet you have  
4 required the lessee to supply fuel. How is he going to  
5 supply the fuel if he doesn't have the piers?

6 I submit, and it's in your recommendations, I  
7 submit this as a thought for this Commission. You have  
8 exempted the tidelands and the submerged lands underneath  
9 the piers so the piers can remain. It has been told to  
10 us here that how are we going to run this without access to  
11 the land? You have the power, this Commission has the power,  
12 to extract joint use of these piers, so that everybody,  
13 us and everybody else who wants to bid, can bid equally,  
14 competitively.

15 We are almost here in fear of blackmail in such  
16 a bid because they say, "Hey, you can't win it. You have  
17 no access to the land."

18 You have the power to give every bidder equality,  
19 and I think you should do it in all sense of fairness.

20 Thank you.

21 CHAIRMAN CORY: Okay. Mr. Kilpatrick, represent-  
22 ing Mr. Fennie.

23 MR. KILPATRICK: I may need more than one minute,  
24 but I won't need more than two.

25 I have three points to make. I represent a

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1 Mr. Fennie, who does business as Seaway Company of Catalina  
2 and Catalina Freight Lines.

3 You should know that he has 17 years working  
4 with the Santa Catalina Island Company, working with Mr.  
5 Phillip Wrigley. One of his jobs is the allocation of  
6 rentals on these moorings. You should also know that  
7 Mr. Fennie has shoreside facilities, so the point that  
8 Mr. Carpenter makes, that nobody but the Island Company  
9 is in a position to service these moorings does not fly  
10 at all to Mr. Fennie. He is in a position --

11 CHAIRMAN CORY: Question, Dave.

12 ACTING COMMISSIONER ACKERMAN: Does Mr. Fennie  
13 lease those facilities from the Island Company?

14 MR. KILPATRICK: Yes, he has a long-term lease.

15 ACTING COMMISSIONER ACKERMAN: How long?

16 MR. KILPATRICK: Forty years, if I remember  
17 correctly, 35-plus years. And Mr. Fennie, with his two  
18 companies, is in a position to provide all of the services  
19 that would ever be required by any of the moorings.

20 My next point is that the staff's suggestion  
21 on page 2 that it has been suggested that the Lands  
22 Commission, the people of the state, may obtain additional  
23 rentals from competitive bidding, that's more than a  
24 suggestion. It is a demonstrated fact. And I want you to  
25 understand why it is demonstrated.

1 In January of this year the Commission set about  
2 to negotiate a new lease with the Island Company. And  
3 remember, Mr. Carpenter made the comment a littler earlier,  
4 that everybody recognizes that we need a drastic increase  
5 here.

6 I have a copy of that lease with me. It shows  
7 a rental of close to \$40,000. My understanding is that it  
8 was raised to \$60,000 during negotiations, but I don't know  
9 whether that's true.

10 But the proof of its inadequacy and unfairness  
11 and the Island Company's position with respect to the  
12 State, can be demonstrated by the fact that Mr. Fennie could  
13 come in, and in writing, offer to double the \$60,000 rental,  
14 and that's where your staff now comes up with a proposed  
15 minimum rental of \$125,000 per year.

16 Because of the inadequacy of negotiations and the  
17 basic unfairness of the Island Company's position, which  
18 was demonstrated by what happened in those negotiations  
19 earlier this year.

20 My next point is this. There is a great deal of  
21 fear expressed here by the people of this room of exorbitant  
22 rates. I do not see how it would be possible to have a  
23 situation where there is in the way of exorbitant rates being  
24 charged than that which exists today when people are paying,  
25 as one of the speakers before me pointed out, in excess of

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1 \$40,000 and \$50,000 for a mooring which consists of nothing  
2 more than a buoy and an anchor line and a piece of cement  
3 on an annual permit from the Island Company.

4 That produces the worst of all possible situations.  
5 You have no rent to the State from those huge prices. You  
6 have exorbitant amounts being paid by wealthy boat owners,  
7 and you have large opportunities for private gain from  
8 undisclosed cash payments involved in those transactions.

9 I am not going to tell you that there have been  
10 any. I will only tell you that anybody with the experience  
11 in government that you people have knows of the opportunities  
12 that are available in a situation like that.

13 One more point and I'm done. The minimum is  
14 said to be based on estimated gross fees, but nobody has  
15 really an accurate estimate of what the gross receipts are  
16 at the present time, notwithstanding present audits.

17 For instance, the staff tells us that there are  
18 714 moorings. At Moonstone Bay, there are said to be 33.  
19 A direct personal count within the last two weeks demonstrates  
20 that there are 40 there. We really don't know what the  
21 number of moorings are accurately and we don't know what  
22 the revenue is accurately.

23 And my suggestion to staff earlier, and I repeat  
24 it here, and it's my last point, is you ought to have a  
25 thorough audit and you ought to know from the experience of

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1 Island Company and from the present rate being paid, just as  
2 you would if you were leasing a State building. You ought  
3 to know what the real situation is so that you know whether  
4 the competitive bids that come in are fair.

5 I'm not going to go into any details on bids.  
6 If you decide to go to bid, I'm prepared to say some things  
7 on that.

8 CHAIRMAN CORY: Any questions from Commissioners?  
9 Mr. Hertzberg, does Mr. Kaufman wish to speak?

10 MR. HERTZBERG: No.

11 CHAIRMAN CORY: Melissa Jones.

12 MS. JONES: I am representing Pete Dangermond.

13 MR. DANGERMOND: Ken, I'd like to yield my time  
14 to one of the boating organizations that represent a lot  
15 of these people, Barry Labow.

16 MR. LABOW: Thank you.

17 Mr. Cory, I trust that since the last three  
18 speakers took in excess of 35 minutes without any yield,  
19 I sincerely hope that you are going to go beyond your  
20 one-hour time limit that you set up originally.

21 I am going to give Mr. Northrop copies so that  
22 you can have this in writing.

23 My name is Barry Labow. I am representing Boat  
24 Owners Associated Together.

25 B.O.A.T. is a non-profit corporation organized

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1 to foster the recreational use and development of California's  
2 waterways. B.O.A.T. was founded in 1968 and represents more  
3 than 30,000 boating families from areas throughout California.

4 I am mandated to make this statement by the  
5 unanimous vote of 18 directors, 9 from Southern California  
6 and 9 from Northern California.

7 Obviously, your decision on the lease of the  
8 moorings at Santa Catalina Island will affect the thousands  
9 of boaters and their families who use these moorings.

10 My purpose in being here today is to ask you to  
11 consider the interests of the recreational boater as you  
12 reach your decision in this matter.

13 It is essential that these moorings continue to  
14 be available to recreational boats, especially to those  
15 boaters who can rent a mooring only on a daily basis from  
16 time to time.

17 We are also concerned that these moorings be  
18 available with the high level of quality of maintenance that  
19 is currently provided.

20 It is also important that the services  
21 provided to those who lease the moorings be maintained.  
22 I'm talking about such services as garbage pickup, tow service  
23 and emergency services.

24 "Maximizing" the income to the State may appear  
25 as a desirable route. However, if that is your decision,

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1 you will effectively be eliminating the majority of the  
2 boaters from use of these moorings. It will become a rich  
3 man's area. That is a result that appeals to no one,  
4 except perhaps a rich man.

5 It is not the business of the State to bleed the  
6 person who wants to use these facilities. The State has not  
7 adopted a policy of maximizing income on other recreational  
8 facilities such as parks and campgrounds.

9 The State Recreational Trails Program administered  
10 by the Department of Parks and Recreation is operated at a  
11 substantial cost to the State and produces no revenue. The  
12 current Catalina lease does not cost the State anything and  
13 produces revenue. We submit it should remain that way.

14 We are very troubled by the staff report which  
15 indicates unanimous public support of our position and  
16 yet their recommendation fails to take heed of the very  
17 substantial boating input at their recent hearing in Long  
18 Beach, California.

19 The importance of this issue is evidenced by the  
20 fact that the recreational boating community has more  
21 representation at this hearing than at previous hearings in  
22 Sacramento on any boating related matter. And I want to  
23 tell you that that should mean something to you.

24 We feel this should mandate your Commission to  
25 arrive at a solution that meets the needs of the boating

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1 community as well as the State of California.

2 Thank you.

3 (Applause.)

4 CHAIRMAN CORY: How is the public served by  
5 granting a lease at all? A lot of what you say seems to  
6 indicate that by not granting anyone a lease anybody can  
7 use any part of the bays and coves on their own since they  
8 belong to all the people of California. Why not make it  
9 continuously available to all the people without fees to  
10 anyone?

11 MR. LAHOW: Mr. Cory, I served as a member of the  
12 National Boating Safety Advisory Council, which is an  
13 advisory group to the Boating Safety Branch of the Coast  
14 Guard. Nothing is greater in my mind than boating safety.

15 If a lease was not granted, and anybody could  
16 come and anchor at will, we would have not only utter  
17 chaos, but we would have the darndest safety hazard you have  
18 ever seen. Some of these open anchorage areas that have  
19 been mentioned, and to be specific, Little Harbor, is  
20 constantly a problem.

21 All we need is just a little bit of a seaway and  
22 it is utter chaos in there, because you have various levels  
23 of experience, and it does tend to be dangerous.

24 CHAIRMAN CORY: Are you then saying that we  
25 shouldn't have any open coves?

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1 MR. LABOW: Negative, no sir. I think that there  
2 is a fine balance at this moment between moorings and coves,  
3 because the inexperienced boaters tend to be fearful of  
4 operating in those open coves and therefore tend to go in  
5 and lease moorings on a daily basis. And I might say that  
6 that is done at low cost because the major cost of that  
7 is being paid by the person who leases it.

8 CHAIRMAN CORY: Questions from the Commissioners?  
9 Thank you.

10 MR. LABOW: Thank you.

11 CHAIRMAN CORY: George Scott, Mayor of Avalon.

12 MR. SCOTT: The City would like to read to you  
13 what the Council has proposed.

14 "At our general meeting of the  
15 Avalon City Council, held on October  
16 27th, 1981, the matter of the tidelands  
17 around Catalina Island was discussed by  
18 the Avalon City Council.

19 "Avalon is the only incorporated  
20 city on Catalina Island.

21 "After lengthy considerations, the  
22 Council determined to support the last  
23 paragraph of staff report Exhibit A,  
24 which appears on page 13 of this Exhibit.

25 "The first sentence of this

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1 paragraph provides 'staff also  
2 recommends that the two Pobbly Beach  
3 sites described in the introduction  
4 of this Staff Report be excluded  
5 from any new lease or agreement for  
6 recreational boating purposes because  
7 they are removed from the remainder  
8 of the parcels geographically and  
9 by type of use.'"

10 I don't know if the Commission is familiar, but  
11 the County and the City are trying to build an airport in  
12 this and we do have a grant for feasibility study in this  
13 area. One time, they were trying to build an airport before.  
14 The airport was, the design, everything was ready to go  
15 and something came up which I don't know what it was, but  
16 something came up to stop it. And always something comes  
17 up to stop things that the people are trying to do or the  
18 Councils are trying to do.

19 And why we would like this to be this way, we  
20 would like -- the County and the City would like a protec-  
21 tion so if, when we do have a feasibility study, there is  
22 the possibility that we can go ahead with an airport which  
23 is vastly needed.

24 I believe you read in the papers about the heli-  
25 copters, the trouble we have had, and the F.A.A. closed them

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1 down. Also, the City, we discussed this, but if the  
2 tidelands do go out to bid, we discussed proposing to the  
3 Lands Commission that the two public entities form a  
4 partnership sharing all things equally, expenses, profits,  
5 planning and so forth. That's the Commission, the Lands  
6 Commission, and the City of Avalon.

7 This would be public lands run by public entities  
8 for the benefit of the public.

9 Now, the City of Avalon, we have the boats, we  
10 have the men and we have the interests of the Island in  
11 keeping them down for the boaters.

12 Thank you very much.

13 CHAIRMAN CORY: Clancy Leland.

14 MR. LELAND: Jerry Cunningham is also here.

15 CHAIRMAN CORY: Do you speak for both?

16 MR. LELAND: Yes.

17 CHAIRMAN CORY: Fine.

18 MR. LELAND: Members of the Commission, my name  
19 is Clancy Leland, representing the Board of Supervisors of  
20 Los Angeles County. The Board proposal for your consideration  
21 is one of the alternatives that was listed in your staff  
22 report and would provide the County of Los Angeles with  
23 a management agreement to operate these mooring sites.

24 The County has a long history of supporting  
25 recreational and boating activities at the Island and

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1 currently operates a number of recreational boating and  
2 safety activities at the Island, and is the logical agency  
3 to manage these resources in the best interests of the  
4 public.

5 Currently, the County of Los Angeles, at Santa  
6 Catalina Island, operates patrol boats, a paramedic team  
7 at the City of Avalon and the Isthmus, plus lifeguards at  
8 public beaches and operation of public facilities in the  
9 over 41,000 acres managed by the Island Conservancy. In  
10 1980-81, the county will expend approximately \$500,000 to  
11 maintain these activities on the Island.

12 The County's proposal to adopt such a management  
13 agreement is partly due to some of our background that we  
14 have in the operation of the Marina del Rey on the mainland.  
15 At the Marina, the County provides over 6,000 boat slips for  
16 wet storage, and additional dry storage facilities. These  
17 facilities are operated by private lessees who developed and  
18 operate the facilities and leases that are administered by  
19 the County Department of Small Craft Harbors.

20 These leases contain strong public use provisions  
21 and are operated for the benefit of all the public in the  
22 County.

23 CHAIRMAN CORY: David, do you have a question?

24 ACTING COMMISSIONER ACKERMAN: Would the County's  
25 position be that if the Commission entered into a management

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