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MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, FEBRUARY 28, 1985
10:40 A.M.

Eileen Jennings, C.S.R.
License No. 5122

COMMISSIONERS PRESENT

Nancy Ordway, Chairman, Commission Alternate
for Jesse R. Huff, Director of Finance

Susan Wallace, Commission Alternate
for Leo T. McCarthy, Lieutenant Governor

Lizabath Rasmussen, Commission Alternate
for Kenneth Cory, State Controller

STAFF PRESENT

Claire T. Dedrick, Executive Officer

Robert Hight, Chief Counsel

Jane Smith, Commission Secretary

ALSO PRESENT

Jan Stevens, Senior Deputy Attorney General

Rick Frank, Deputy Attorney General

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CHAIRPERSON ORDWAY: Quorum being present, call to order the meeting of the Lands Commission, February 28th.

Confirmation of minutes of the meeting of January 31st. Any additions, deletions, amendments? Without objection.

Report of the Executive Director.

EXECUTIVE OFFICER DEDRICK: Yes, you have Executive Officer's report before you.

I have issued a letter of advance permission to AT&T to start work on installation of a transcontinental cable over the Colorado River. They asked for advance permission because work has to begin by March 1st in order to comply with their environmental schedule.

The other thing is I wrote a letter of advance permission to the Department of Interior National Park Service for replacement of a viaduct and repair of a small seawall and some protective work for Point Lokos in the Golden Gate National Recreation Area. That's all.

CHAIRPERSON ORDWAY: For the information of the audience, the following items are off calendar for today: C1 (L), Items 21, 22, 29, 31 and 38.

We'll take Items C1 through C19, the Consent Calendar, with one motion. Is there anyone in the audience

1 who wishes to speak on any of these items?

2 Any comments from staff?

3 EXECUTIVE OFFICER DEDRICK: No.

4 CHAIRPERSON ORDWAY: Without objection, Item C1
5 through 19 adopted.

6 Item 20, Mola Development.

7 EXECUTIVE OFFICER DEDRICK: Item 20 is the staff
8 requested the Commission put out a request for proposal for
9 the leasing of some state lands in Huntington Harbor. The
10 Mola Corporation returned two proposals and the City of
11 Huntington Beach returned a proposal. Staff recommends that
12 the City of Huntington Beach proposal be adopted with
13 modifications.

14 Madam Chairman, there are people from Huntington
15 Beach here at least who would like to speak today, City
16 Councilman Jack Kelly among them. Would you like to have the
17 staff review our recommendation to you first?

18 CHAIRPERSON ORDWAY: Yes.

19 EXECUTIVE OFFICER DEDRICK: Then Lance Kiley will
20 speak to that point.

21 MR. KILEY: We have a few proposed changes in the
22 calendar item that's before you, starting on page 3. The
23 paragraph immediately above paragraph numbered 1, we would
24 like to change the option to lease period to 18 months and
25 have it exercisable in two parts. In the event that Mola is

1 able to complete all the things necessary to go forward with
2 its proposal, we'd like the city to be able to go ahead and
3 exercise that portion of the option over that part of the
4 parcel.

5 Then on paragraph 1 at the end we'd like to have a
6 provision for no further subletting without Commission
7 approval in advance.

8 CHAIRPERSON ORDWAY: Were the interested parties
9 made aware of these changes?

10 MR. KILEY: Yes, except for that last one. I don't
11 know how fully they are aware of that one.

12 Then, finally, we'd like to add a paragraph 6 at the
13 end of those. It would authorize acceptance of land or an
14 interest in land of equal or greater value in lieu of the
15 option price.

16 EXECUTIVE OFFICER DEDRICK: That would be at the top
17 of page 2?

18 MR. KILEY: On page 4. That would be on page 4 near
19 the top.

20 The Commission's findings would be amended
21 accordingly.

22 CHAIRPERSON ORDWAY: Any other comments?

23 EXECUTIVE OFFICER DEDRICK: That's fine for now.
24 We'd be glad to respond to questions or other comments.

25 CHAIRPERSON ORDWAY: I have two slips of people who

1 wanted to speak; Mr. Jack Kelly, city councilman from
2 Huntington Beach.

3 COUNCILMAN KELLY: Madam Chairman, Commissioners, I
4 would like to say that from the City of Huntington Beach's
5 side, the city council is quite interested in the formation
6 of the possibility of the lessee's control over this
7 particular piece of property as has been discussed, I
8 presume, with you in documentation by staff.

9 We are in consort in terms of philosophical
10 agreement with the Mola Development Corporation on this
11 project. And I would like to recommend for your increased
12 awareness level, if you don't have it already, that this has
13 been kind of a monumental snarl, though its dimension is
14 quite small, to the City of Huntington Beach, Mola
15 Development Company. And I've got to say that Ms. Dedrick
16 and the staff that you are represented by in the field did
17 one tremendous job in helping us get through this.

18 These recommendations that have just been made, I
19 understand, are within an area of negotiation, or have they
20 been established clearly? That is one thing I'm not certain.

21 CHAIRPERSON ORDWAY: My understanding is they would
22 be conditions of the arrangement.

23 COUNCILMAN KELLY: The in-lieu-of question related
24 to the land, I'm not certain how that works. I know that we
25 have been working closely with staff. But, as was stated --

1 MR. KILEY: We are asking for authority to negotiate
2 that particular point only.

3 CHAIRPERSON ORDWAY: Fine.

4 COUNCILMAN KELLY: That notwithstanding over the
5 last several months, the recommendation of staff certainly is
6 approved by me as a representative of my full council in the
7 City of Huntington Beach.

8 EXECUTIVE OFFICER DEDRICK: Mr. Kelly, before you
9 leave -- with your permission, Madam Chairman -- one of the
10 concerns that staff has had, Commissioners, is to be sure
11 that the project for the public marina will go forward in a
12 timely way. Of course, that's going to take longer because
13 of permits than the private portion of the marina.

14 The city, Mr. Kelly and the city manager, have
15 assured us that the city is very sincere about that. And I
16 just wanted to ask Councilman Kelly to tell you briefly for
17 the purposes of the record what the city's record is on this
18 and what their basic intentions are.

19 COUNCILMAN KELLY: In the proposal which was
20 submitted by the city, a piece of evidentiary material, which
21 is numbered -- I don't see the index here and I must have a
22 copy that's short.

23 However, I would like to comment referring to this
24 certifiable copy of the action of the City of Huntington
25 Beach City Council, which was made on Monday evening, January

1 7, 1985, that we have unanimously approved our Public Works
2 Department to proceed with the proposal offer to the
3 California State Lands Commission and that we are concerned
4 with, as rapidly as possible, the development of the portion
5 of the marina which will not be involved in what we call in
6 the works of our mutual staffs the main channel area, which
7 is the portion that is considerably important to the already
8 in-place development of the upland property.

9 I was very happy to hear just now that the
10 recommendation of staff was to approve that portion of this
11 lease, which is strangely in two pieces right now.

12 The City of Huntington Beach and its elected
13 officials are in favor of the development and have approved
14 the participation by virtue of submitting a proposal to the
15 State Lands Commission.

16 So, in answer to Ms. Dedrick's comment, yes, the
17 City of Huntington Beach is prepared.

18 CHAIRPERSON ORDWAY: Wonderful.

19 COUNCILMAN KELLY: And hopeful that the decision
20 today may help us to rapidly unsnarl one of the snarls, which
21 is that there is a very questionable difficulty in terms of
22 the Mola Development Company's progress until the good office
23 of this Commission makes a decision on the recommendation of
24 staff.

25 CHAIRPERSON ORDWAY: Which will be soon, I can

1 guarantee you that.

2 COUNCILMAN KELLY: Thank you very much, ma'am.

3 CHAIRPERSON ORDWAY: Mr. Peter Von Elten, Executive
4 Vice President, Mola Development.

5 MR. VON ELTEN: Yes, good morning, Madam Chairman,
6 members of the Commission. I can only echo once again Mr.
7 Kelly's comments.

8 Very briefly, I would like to thank staff for their
9 very close cooperation and for the ultimate decision -- or
10 recommendation -- that they have made.

11 Mola Development Corporation can live with all of
12 the modifications and the existing proposal and we are very
13 thankful.

14 We do have a recent problem that's arisen, which I
15 think staff is now aware of, with the Coastal Commission.
16 And it does require immediate action and, hopefully, very
17 close contact between State Lands Commission and the Coastal
18 staff in San Francisco, possibly even after the meeting.

19 But we are in full accord with staff's
20 recommendation. We are very pleased and very thankful. It
21 has been a long ordeal, but I think an equitable and fair
22 solution has been proposed and I'd like to thank the staff
23 and Ms. Dedrick especially once again.

24 So, I have no further comments and thank you once
25 again.

1 CHAIRPERSON ORDWAY: Thank you.

2 Any other individual choosing to speak on Item 20?

3 Do I have a motion?

4 COMMISSIONER WALLACE: So move.

5 CHAIRPERSON ORDWAY: Without objection, Item 20 is
6 passed as recommended by staff and amended.

7 Item 23.

8 EXECUTIVE OFFICER DEDRICK: Yes, Commissioner. This
9 is approval of an operating agreement and lease between the
10 City of Los Angeles and Union Ice Limited Partnership.

11 CHAIRPERSON ORDWAY: Any individual who would like
12 to speak to this item?

13 Comments from staff?

14 Motion?

15 COMMISSIONER WALLACE: Yes.

16 CHAIRPERSON ORDWAY: Without objection, Item 23 is
17 passed.

18 MR. HIGHT: Madam Chairman, for the record I'd like
19 to make it plain that Lizabeth Rasmussen is sitting in a
20 non-voting capacity for the State Controller.

21 CHAIRPERSON ORDWAY: Thank you.

22 Item 24.

23 EXECUTIVE OFFICER DEDRICK: City of Redondo Beach.
24 Is an approval of an 18-month extension to the city for the
25 transfer of privately-owned lands to the trust as part of its

1 Harbor Center Redevelopment. This is a second extension.

2 CHAIRPERSON ORDWAY: Any individual from the
3 audience who would like to speak to Item 24?

4 Motion?

5 COMMISSIONER WALLACE: Yes.

6 CHAIRPERSON ORDWAY: Without objection, Item 24 is
7 passed.

8 Item 25.

9 EXECUTIVE OFFICE DEDRICK: Item 25, the Beach Colony
10 One and Two, a boundary line agreement in a portion of San
11 Dieguito Lagoon in the City of Del Mar in San Diego County.

12 CHAIRPERSON ORDWAY: Any individual who would like
13 to speak to Item 25?

14 Motion?

15 COMMISSIONER WALLACE: Yes.

16 CHAIRPERSON ORDWAY: Without objection, Item 25 is
17 passed.

18 Item 26.

19 EXECUTIVE OFFICER DEDRICK: This is the City of
20 Monterey, a lessor under their grant to the Cannery Row
21 Company and some determinations under Section 6701 regarding
22 that lease in essence approving the conditions of the lease.

23 CHAIRPERSON ORDWAY: Any individual interested in
24 speaking to Item 26?

25 Without objection, Item 26 is passed.

1 EXECUTIVE OFFICER DEDRICK: Item 27 is a proposed
2 sale of royalty crude oil from oil and gas leases in Orange,
3 Ventura and Santa Barbara County.

4 CHAIRPERSON ORDWAY: Any comments or questions on
5 Item 27?

6 Without objection, Item 27 is passed.

7 Item 28.

8 EXECUTIVE OFFICER DEDRICK: South Bay Boat Yard.
9 It's a permit to supercede a letter of permission issued by
10 the EO on January 24th of this year. It's approval of a
11 one-year dredging permit for 44,500 cubic yards.

12 CHAIRPERSON ORDWAY: Any comments or questions on
13 Item 28?

14 Without objection.

15 Item 29 is off calendar. Item 30.

16 EXECUTIVE OFFICER DEDRICK: Item 30 is the Sixth Mod
17 of the Long Beach Plan of Development and Operations and
18 Budget, which is a matter of transfer of funds between
19 accounts which must be approved by the Commission.

20 CHAIRPERSON ORDWAY: Comments or questions on Item
21 30?

22 Without objection Item 30 is passed.

23 Item 31 is off calendar. Item 32.

24 EXECUTIVE OFFICER DEDRICK: Getty Oil Company
25 assigning to the Mobil Oil Corporation a state oil and gas

1 lease in Santa Barbara County.

2 CHAIRPERSON ORDWAY: Comments or questions on Item
3 32?

4 Without objection, Item 32 is passed.
5 Item 33.

6 EXECUTIVE OFFICER DEDRICK: Item 33, the Clocks
7 assignors to Amcoil the assignee. Assignment of interest in
8 25 state oil and gas leases located within the Huntington
9 Beach field in Orange County.

10 CHAIRPERSON ORDWAY: Comments or questions on Item
11 33?

12 Without objection, Item 33 is passed.
13 Item 34.

14 EXECUTIVE OFFICER DEDRICK: This is an award of a
15 Royalty Oil Sales Contract for Tract 2 of the Long Beach unit
16 for 355 barrels of oil to the Crysen Trading & Marketing
17 Company, the highest responsible bidder. Dollar one over the
18 posted price.

19 CHAIRPERSON ORDWAY: Nice.

20 Comments or questions on Item 34?

21 Without objection, Item 34 is passed.

22 Item 35.

23 EXECUTIVE OFFICER DEDRICK: Item 35 is the
24 semi-annual report required by the statute. And Moose
25 Thompson will give you details on that.

1 CHAIRPERSON ORDWAY: More good news, Moose?

2 MR. THOMPSON: This is an easy one. In other words,
3 the money's up.

4 CHAIRPERSON ORDWAY: It must mean it's good news.

5 MR. THOMPSON: Right. In fact, this should be an
6 all-time high for oil and gas revenue from State Lands.
7 Previous high was somewhere around 475 million. We
8 anticipate \$510 million in the present year.

9 CHAIRPERSON ORDWAY: Wonderful.

10 MR. THOMPSON: Of course, a big part of this is the
11 Long Beach unit and a part of that is the oil rate's up
12 because of the past expenditures that you and the Commission
13 have approved in the last four or five years. And those
14 couple hundred million dollars you've spent on new wells and
15 facilities are now paying off and will continue to pay off in
16 the future.

17 So, it's all good news.

18 CHAIRPERSON ORDWAY: Always glad to have you here
19 when you bring good news. Even when you don't, but more so
20 when you do.

21 Without objection, the report has been accepted.

22 Item 36.

23 EXECUTIVE OFFICER DEDRICK: Item 36 is our request
24 for approval of a prospecting permit for minerals other than
25 oil, gas, geothermal, sand and gravel to the Texasgulf

1 Minerals Company. The prospecting permit is for a site in
2 Imperial County.

3 CHAIRPERSON ORDWAY: Comments or questions on Item
4 36?

5 Without objection, Item 36 is passed.

6 Item 37.

7 EXECUTIVE OFFICER DEDRICK: Item 37 to the County of
8 Orange. It's an amendment of the existing permit to waive
9 the 15 cent per yard royalty for disposal in an EPA dump.

10 The waiver is in consideration of the fact that the
11 project is in the public interest for navigation and safety
12 and it is a public agency.

13 CHAIRPERSON ORDWAY: Comments or questions on Item
14 37?

15 Without objection, Item 37 is passed.

16 Item 38 is off calendar. Item 39.

17 MR. HIGHT: Item 39 is the 49-year Public Agency
18 Lease for park purposes to the City of San Mateo.

19 CHAIRPERSON ORDWAY: City of San Mateo?

20 MR. HIGHT: City of Belmont in the County of San
21 Mateo.

22 CHAIRPERSON ORDWAY: One more time.

23 MR. HIGHT: County of San Mateo, City of Belmont.

24 CHAIRPERSON ORDWAY: Comments or questions on Item
25 39?

1 Without objection, Item 39 is passed.

2 Item 40.

3 MR. HIGHT: City of San Mateo, 49-year --

4 EXECUTIVE OFFICER DEDRICK: Come on now.

5 CHAIRPERSON ORDWAY: Try Milpitas.

6 MR. HIGHT: City of Milpitas, a 49-year Public

7 Agency Permit.

8 EXECUTIVE OFFICER DEDRICK: Again for a park.

9 CHAIRPERSON ORDWAY: Comments or questions on Item

10 40?

11 Without objection, Item 40 is passed.

12 Item 41.

13 MR. HIGHT: Is a Compromise Title Settlement, the
14 City of Union City. \$28,000 will go into the land bank.

15 CHAIRPERSON ORDWAY: Comments or questions on Item

16 41?

17 Without objection, Item 41 is passed.

18 Any further business to come before the Commission?

19 EXECUTIVE OFFICER DEDRICK: That's it.

20 CHAIRPERSON ORDWAY: Meeting adjourned. Thank you
21 very much.

22 (Thereupon the meeting of the State Lands

23 Commission adjourned at 11:00 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

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2
3 I, EILEEN JENNINGS, a Certified Shorthand
4 Reporter of the State of California, do hereby certify:

5 That I am a disinterested person herein; that
6 the foregoing meeting was reported in shorthand by me, Eileen
7 Jennings, a Certified Shorthand Reporter of the State of
8 California, and thereafter transcribed into typewriting.

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

12 IN WITNESS WHEREOF, I have hereunto set my hand
13 this 7th day of March, 1985.

14
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16
17
18 Eileen Jennings
19 EILEEN JENNINGS
20 Certified Shorthand Reporter
21 License No. 5122
22
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