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MEETING  
STATE LANDS COMMISSION  
STATE OF CALIFORNIA

STATE CAPITOL  
ROOM 447  
SACRAMENTO, CALIFORNIA

THURSDAY, APRIL 23, 1987  
10:00 A.M.

ORIGINAL

Nadine J. Parks  
Shorthand Reporter

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Nancy Ordway, representing the Director of Finance,  
Jesse R. Huff, Commissioner  
Acting Chairwoman

Jim Tucker, representing Gray Davis, State Controller,  
Commissioner

Susan Wallace, representing Leo T. McCarthy, Lieutenant  
Governor, Chairman

Staff Present:

Claire Dedrick, Executive Officer  
James F. Trout, Assistant Executive Officer  
R. C. Hight, Chief Counsel  
Jan Stevens, Department of Justice,  
Deputy Attorney General  
Wilbur M. Thompson  
Lance Kiley  
Jane Smith  
Lorna Burks  
Lisa Lynn

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ACTING CHAIRWOMAN ORDWAY: A quorum being present, we'll start the meeting of the State Lands Commission.

Confirmation of the minutes of the meeting of March 10th, 1987, March 26th, 1987; without objection, they will be confirmed.

For the record, it should be noted that Susan Wallace is sitting in a voting capacity today and Jim Tucker is sitting in a nonvoting capacity.

The consent calendar, Items 1 through --

EXECUTIVE OFFICER DEDRICK: Excuse me, Madam Chair, Item C-1-F has been pulled from the consent calendar.

ACTING CHAIRWOMAN ORDWAY: Consent calendar Items C-1 through 17, with the exception of C-1-F. Anyone who would like to speak on those items?

Without objection, the consent calendar is adopted.

Item 18.

EXECUTIVE OFFICER DEDRICK: 18 and 19 are the Texaco items. We apparently do not have the Texaco people here at the moment. Could we put those over to the end of the meeting?

1           ACTING CHAIRWOMAN ORDWAY: Fine.

2           EXECUTIVE OFFICER DEDRICK: Okay. Would you  
3 like to announce the items that have been pulled?

4           ACTING CHAIRWOMAN ORDWAY: The items that have  
5 been pulled are Item 26, Item 40, Item 42, 43, 44.

6           EXECUTIVE OFFICER DEDRICK: Thank you.

7           ACTING CHAIRWOMAN ORDWAY: Item 20.

8           EXECUTIVE OFFICER DEDRICK: Item 20 is the  
9 staff requesting authorization for denial of an  
10 application and authorization to take necessary steps,  
11 including litigation to close down a recreational facility  
12 in San Joaquin County. This is a trespass. The  
13 applicant, Mr. Collins, has since withdrawn his  
14 application to correct the trespass, so that portion of  
15 the calendar item no longer applies.

16           However, staff would request that you still  
17 give us the authorization to go ahead with litigation if  
18 necessary.

19           ACTING CHAIRWOMAN ORDWAY: Lance, do you want  
20 to --

21           MR. KILEY: That is a correct statement. We'd  
22 like to have the authority to litigate and reserve if we  
23 need it.

24           ACTING CHAIRPERSON ORDWAY: Any questions from the  
25 Commissioners? Comments from members of the audience?

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1 Without objection, Item 20 is approved.

2 Item 21.

3 EXECUTIVE OFFICER DEDRICK: Item 21 is the  
4 approval for a 30-year general lease right-of-way use for  
5 California and Hawaiian Sugar Company in the Carquinez  
6 Strait for existing water pipeline and electrical line.

7 ACTING CHAIRWOMAN ORDWAY: Questions from the  
8 Commissioners? Comments from members of the audience?  
9 Without objection, Item 21 is approved.

10 Item 22.

11 EXECUTIVE OFFICER DEDRICK: Item 22 is an  
12 approval of an amendment to a master lease to Southern  
13 Pacific Pipe Lines Company for a petroleum pipeline in,  
14 gosh, several counties -- Yolo County and Sacramento  
15 County.

16 ACTING CHAIRWOMAN ORDWAY: Questions from the  
17 Commissioners? Members of the audience?

18 EXECUTIVE OFFICER DEDRICK: Item 23 --

19 ACTING CHAIRWOMAN ORDWAY: Item 22 is approved.

20 EXECUTIVE OFFICER DEDRICK: I'm sorry.

21 ACTING CHAIRWOMAN ORDWAY: If I'm not moving  
22 fast enough, just let me know.

23 (Laughter.)

24 ACTING CHAIRWOMAN ORDWAY: It's Thursday. I'm  
25 a little slow toward the end of the week.

EXECUTIVE OFFICER DEDRICK: I think I have one of

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1 those space lags, you know, that you have on the  
2 telephone (speaking of 7-second delay).

3 (Laughter.)

4 EXECUTIVE OFFICER DEDRICK: Item 23 is a 30-  
5 year general lease to the Smiths for a parcel of tide  
6 and submerged land in San Joaquin County -- in Sacramento  
7 County on the San Joaquin River.

8 ACTING CHAIRWOMAN ORDWAY: Questions from the  
9 Commissioners? From the audience?

10 Without objection, Item 23 is approved.

11 Item 24.

12 EXECUTIVE OFFICER DEDRICK: Item 24 is an  
13 application for Dennis Sheridan for a lease for cattle  
14 grazing on a portion of Goose Lake in Modoc County. For  
15 technical reasons, we request that the Commission deny  
16 the application at this time. Would you like to hear from  
17 counsel on the subject when he's available?

18 ACTING CHAIRWOMAN ORDWAY: Questions from the  
19 Commissioners? Would Commissioners like to hear from  
20 counsel on the subject? Questions from the audience?

21 Without objection, Item 24 is approved.

22 Item 25.

23 EXECUTIVE OFFICER DEDRICK: Item 25 is a  
24 staff recommendation for a new recreational lease to the  
25 Golden Gate Water Ski Club; in this instance, the Middle

1 River in San Joaquin County. There are several people in  
2 support of the application I believe that are here.

3 ACTING CHAIRWOMAN ORDWAY: Are there some people  
4 who are here who would like to speak?

5 EXECUTIVE OFFICER DEDRICK: So, other than to  
6 say that the staff feels that it's a justified use and  
7 that the applicant is a reliable applicant who we think  
8 would be a good lessee, we'd be happy to respond to  
9 anything else you'd like to hear from us.

10 ACTING CHAIRWOMAN ORDWAY: Any additional questions  
11 from the Commissioners?

12 All right. There's no guarantees how I will  
13 handle some of these names. Bob Abbadie? Would you like  
14 to step forward? President of the Golden Gate Water Ski  
15 Club.

16 EXECUTIVE OFFICER DEDRICK: (Addressing the  
17 witness about the microphone) You have to bellow.

18 MR. ABBADIE: You have to bellow?

19 Good morning, Commissioners. I'm not too  
20 accustomed to public speaking, but I do have some  
21 pictures here that show my sons water skiing. This is what  
22 our club is all about. It's a family organization and the  
23 area that we're seeking a permit for is for a slalom course,  
24 which teaches children like this -- the smallest one is 29  
25 and the oldest is 34 now. And this is a slalom course.

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1 And it's the only way you can learn slalom skiing. And  
2 this particular spot is off the beaten path. It's out of  
3 boat traffic. And it's a very necessary thing. I know the  
4 government gives permits for snow skiers to practice their  
5 sport, and water skiing is the same thing. Our club does  
6 a lot of community service work.

7 We have a "Learn to Ski" week in Berkeley at  
8 Aquatic Park for underprivileged children. We take our  
9 boats down there and free of charge teach them how to  
10 water ski. We actually put on a show for the City of  
11 Oakland for the 4th of July. This picture here is a bunch  
12 of our -- this is all under ten. For the finale, we have  
13 all the children that are under ten ski around the lake.  
14 This is actually a 30-year-old picture. And my boys are  
15 there.

16 We have -- our club has two National, State, and  
17 World Champions as honorary members. They actually  
18 learned to ski on this course and another course that we  
19 had previous to this. Chris and Bobby LaPoint. Bob  
20 LaPoint right now holds the world's record for number of  
21 goals achieved. And we have some others that probably  
22 would like to make a few other points.

23 We've been using -- I just don't know how long this  
24 course has been there. It's been in our possession I  
25 believe for 11 years. And we're now attempting to legalize,

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1 getting a permit in our own name. We have insurance and  
2 all the requirements that the State Lands requires.

3 ACTING CHAIRWOMAN ORDWAY: Are you supporting  
4 the staff recommendation?

5 MR. ABBATIE: Yes, definitely. Thank you.

6 ACTING CHAIRWOMAN ORDWAY: Thank you. Lou Pope,  
7 Board of Directors, Golden Gate Water Ski Club?

8 MR. POPE: Well, I'm also along with this.

9 ACTING CHAIRWOMAN ORDWAY: Get a little closer  
10 to the microphone.

11 MR. POPE: Okay. I'm also recommending that you  
12 approve this if you can. I have a son that's a tournament  
13 water skier, along with myself. And without it, we would  
14 be without a course and unable to practice it.

15 And my son and a lot of little kids are looking  
16 forward to the fact that possibly tournament water skiing  
17 will become part of the Olympics and one of their goals  
18 would be to possibly make it to the Olympics.

19 And they also look forward to, you know, going  
20 to the Nationals, which is a tournament held between all  
21 the best skiers in the United States. And that's kind of  
22 their goal. And without it, we have got no place to  
23 practice. It does keep the kids busy, especially from the  
24 months of May all up through October. Every week we're out  
25 there skiing. It keeps them out of trouble. And it's

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1 another little leverage. You say, "Hey, if you're not  
2 good, you're not going to do it." But, I mean, it keeps  
3 the kids -- we have no problems being mischievous or  
4 anything like that. And that's kind of what it's all  
5 about, I think, really to hopefully keep the kids busy  
6 and help them become good citizens.

7 And we've told you that we have people from our  
8 club who've made, you know, contributions to, you know,  
9 the world in the way of water skiing. And without it,  
10 we can't. Thank you.

11 ACTING CHAIRWOMAN ORDWAY: Thank you. Carl  
12 Nelson? Golden Gate Water Ski Club.

13 MR. NELSON: Thank you. I really don't know  
14 what remains to be said, other than we are very intense  
15 people as far as water skiing and slalom course are  
16 concerned.

17 I think that the State Lands pointed out that our  
18 facilities are well-maintained. They're in a very safe  
19 area. And all the years that we have been in this  
20 location we have not had one accident of any kind. We do  
21 not pester or impede the general boating public in any way.

22 The location is very, very ideal. One thing I  
23 would like to point out in addition to what has been  
24 already said in relation to our children, I also have  
25 raised five children within the Golden Gate Water Ski Club.

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1 And they're very -- of course, I'm prejudiced. They're  
2 very outstanding children, all of them, as are all of our  
3 children, because we have provided for the last 30 years  
4 an environment that is conducive to fair play, sports, and  
5 a good, clean environment.

6 ACTING CHAIRWOMAN ORDWAY: You're allowed to be  
7 biased.

8 MR. NELSON: We do also provide for our children  
9 a water ski scholarship every year. We award to one of  
10 our children who's most improved as an incentive, two  
11 weeks, one week at an authorized water ski school. This  
12 has proven to be a very tremendous thing.

13 It's essential that we -- to us and our way of  
14 life that we continue with this course. I hope there are  
15 no objections from anywhere.

16 We have, as was previously pointed out, competed  
17 in BATA, Bay Area Tournament Association, and cosponsoring  
18 world championships in the Berkeley Park Department's  
19 slalom and jump and trick skiing, which is all part of our  
20 curriculum.

21 I certainly recommend and hope for approval of  
22 this permit. Thank you very much.

23 ACTING CHAIRWOMAN ORDWAY: Thank you.

24 Dan Wathor, Golden Gate Water Ski Club.

25 MR. WATHOR: I'm a new member of the club, about

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1 one year now. And I'm a young family man with two  
2 daughters, three and a half and one-year old. I didn't  
3 start water skiing till I was 24 years of age, which is  
4 kind of late. I still enjoy it and I'm a tournament skier  
5 now. I ski through the course.

6 The thing I'd like to stress is it is a family  
7 activity. The girls go out with us in the boat. Our  
8 three-and-a-half-year-old does some knee board in the  
9 course. She knows how to hold the flag for a fallen  
10 skier. She works the stop watch around our watch. It's  
11 all imitation, but she enjoys being out there. And it is  
12 a family sport.

13 Unfortunately, growing up, my parents were unable  
14 to afford a boat or going to too many outdoor activities,  
15 so as a family, we get out there from May through October.

16 Also, now that water skiing is being more and  
17 more popular, we have new members coming into the club all  
18 the time. Tournaments are being televised on TV. It's  
19 become more popular. And Lou's talked a little bit about  
20 the Olympics.

21 There are also State colleges and universities  
22 that are offering water ski scholarships. So, naturally,  
23 as a parent wanting to give your kids more than what you  
24 had, it would be ideal for our kids to ski the course and  
25 get good enough and possibly attend a college under a

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1 scholarship.

2 I would like the thing to be approved, and I  
3 support it.

4 ACTING CHAIRWOMAN ORDWAY: Thank you.

5 MR. WATHOR: Thank you.

6 ACTING CHAIRWOMAN ORDWAY: Dean Wilson, Golden  
7 Gate Water Ski Club.

8 MR. WILSON: I'd like to speak on behalf of my  
9 wife and myself.

10 ACTING CHAIRWOMAN ORDWAY: That would mean Lisa  
11 is not going to be speaking?

12 MR. WILSON: Yes. We both grew up in Michigan,  
13 grew up on a lake in Michigan, and we've skied all our  
14 life.

15 When we moved to California, we learned of the  
16 Delta and we right away -- we wanted to look for a place  
17 to live on the Delta. Now, we also discovered Golden  
18 Gate Water Ski Club. And we joined Golden Gate Water Ski  
19 Club with the intensions of participating in their  
20 tournaments. And as we raise a family, we could bring our  
21 kids into it and raise our children in a water-orientated  
22 area themselves.

23 And we just really enjoy the tournaments that  
24 we ski in each year. And we have moved to the Delta to  
25 enjoy the water sports and the tournaments and everything.

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1 I just wanted to say that I really would like  
2 to see this permit approved also.

3 Thank you.

4 ACTING CHAIRWOMAN ORDWAY: Thank you. Lisa  
5 Wilson?

6 MR. WILSON: I spoke for her.

7 ACTING CHAIRWOMAN ORDWAY: Oh, okay. Excuse me.  
8 Jim Ingoglia; even close?

9 MR. INGOGLIA: Pretty close.

10 Yes. I'd like to just say that I'm here to show  
11 my support for the club and that I really hope this gets  
12 passed. And I'm just here to put in my two cents to say  
13 I'm here and wishing us a lot of luck and this measure  
14 passes.

15 ACTING CHAIRWOMAN ORDWAY: Thank you.

16 Duffy Schneider.

17 MR. SCHNEIDER: I'd just like to say I support  
18 all the speakers prior to myself. The only thing I  
19 believe I could add to it is the fact that our club is  
20 committed to safe boating on the Delta. I think that's a  
21 very important point out in the Delta these days. It can  
22 be a very dangerous area.

23 We have a committee within our club that is  
24 dedicated to nothing but boat safety and reporting boat  
25 safety to our members and all the things that relate to

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1 that.

2 I think the continuance of our club on the  
3 Delta is a positive influence, and I think that's one other  
4 aspect of it.

5 Thank you.

6 ACTING CHAIRWOMAN ORDWAY: Thank you.

7 Questions from Commissioners? Any other comments  
8 from the audience?

9 Without objection -- Yes?

10 MS. NICHOLS: Yes. My name is Carolyn Nichols.

11 ACTING CHAIRWOMAN ORDWAY: Would you use the  
12 microphone, please?

13 MS. NICHOLS: My name is Caroline Nichols. I'm  
14 here on behalf of the landowners, the people who own the  
15 landdock -- the land which the dock is attached.

16 EXECUTIVE OFFICER DEDRICK: Excuse me. Could  
17 you pull that microphone closer to you?

18 MS. NICHOLS: Can you hear me now?

19 I have some pictures of the dock. And it's on  
20 a berm owned by Nichols. And there is currently no lease  
21 between the Golden Gate Water Ski Club and Victoria  
22 Island, which is part of Victoria Island.

23 And we had a lease with the predecessor in  
24 interest to the Golden Gate Water Ski Club, a Roland  
25 Smith. It expired in 1977. And by the terms of the lease,

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1 the dock reverted to the landowners at that time. And  
2 there's never been any new lease.

3 And the dock right now is attached to the berm  
4 above the high tide line. It was high tide when those  
5 pictures were taken.

6 And in order for them to use this dock, they  
7 have to attach it to this berm. And we have no desire to  
8 lease the property to the Golden Gate Water Ski Club at  
9 this time.

10 ACTING CHAIRWOMAN ORDWAY: Any comments from  
11 staff?

12 MR. KILEY: Yes. I spoke with Miss Nichols and  
13 Mr. Nelson yesterday at some length about this. The  
14 water ski club is willing to move its facilities away from  
15 that berm and put in some kind of piling structure or  
16 something that would be off the edge of the berm. So,  
17 my staff feels and I feel that the thing should be  
18 allowed in the waterway area, which the State does have  
19 control over, and that it won't necessarily have an adverse  
20 impact on the berm area itself.

21 And if there's a real serious trespass problem  
22 on the berm, that that's not something that should be  
23 in front of the Commission anyway. It's something for a  
24 different forum.

25 MS. NICHOLS: The application shows that they're

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1 applying for a permit also for a dock and for toilet  
2 facilities and a covered dock that is on the berm right  
3 now. And that's in the application itself.

4 MR. KILEY: The Commission is basically being  
5 asked to approve only those facilities that would exist  
6 on the Commission land. We're not asking the Commission  
7 to approve the facilities that are off the Commission  
8 land; obviously, the Commission doesn't have any authority  
9 to approve those facilities at this time anyway.

10 ACTING CHAIRWOMAN ORDWAY: Would you identify  
11 exactly which facilities we are approving and make that  
12 very clear?

13 MR. KILEY: Those facilities that are water  
14 related or the ordinary high water mark.

15 EXECUTIVE OFFICER DEDRICK: Those are the only  
16 facilities which the Commission has the authority to lease.

17 MS. NICHOLS: But the permit application does  
18 show that dock that is the part of the dock that is on  
19 the berm itself in the permit application.

20 MR. KILEY: It may. And if it does, we will  
21 modify the permit before it is signed to cover only those  
22 facilities that are actually water related. Our  
23 description of land use would ordinarily cover that anyway,  
24 the land description specifically describes only that area  
25 that's water related, ordinary high water mark.

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1           ACTING CHAIFWOMAN ORDWAY: Mr. Tucker, do you have  
2 a question?

3           MR. TUCKER: Yes. Do you know how the users,  
4 the water skiers get access to the river?

5           MR. KILEY: The access is entirely by water.  
6 This is on a berm that is entirely out in the middle of the  
7 river. The berm is a very low-lying area that is at or  
8 very close to the actual mean high tide line, just a little  
9 bit above. So, it would go under water at very high  
10 waters and is only visible during the drier months of the  
11 year.

12           And this particular berm is only accessible by  
13 water. It can't be gotten to any other way. So they come  
14 in routinely by water.

15           MR. TUCKER: Does that -- does his representation  
16 regarding amending the application take care of your concern?

17           MS. NICHOLS: Well, I believe so.

18           MR. TUCKER: Okay.

19           MS. NICHOLS: We would like the dock removed  
20 because it's -- but --

21           MR. KILEY: The club has exhibited a willingness  
22 to lease the berm from the --

23           MS. NICHOLS: We're not interested in doing  
24 that.

25           MR. KILEY: The club has also exhibited their

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1 willingness to do whatever they have to with their  
2 facility to make sure they only occupy the State-owned  
3 property.

4 MS. NICHOLS: Yeah. We've asked them to remove  
5 it several times and they have not done so.

6 ACTING CHAIRWOMAN ORDWAY: Further questions  
7 from Commissioners?

8 Comments from the audience? I think we have  
9 another.

10 You'll have to come up and use the microphone.

11 MR. SCHNEIDER: I could have raised my hand  
12 too early. I was going to make some comments concerning  
13 the dock itself as far as it being on the land, but as  
14 this gentleman pointed out, that is probably something  
15 not to be covered here. So, maybe that doesn't make any  
16 sense at this point.

17 What I was going to say is that at high tide  
18 our dock is completely under water. I mean, the stakes  
19 that it sits on -- even the top of the dock is under water  
20 at high tide. Even at low tides -- it takes the very  
21 lowest of tides to get our dock to even show the mud under  
22 the dock.

23 MR. KILEY: My staff has not done any kind of  
24 extensive boundary determination to determine the  
25 boundary in this area, so we really don't know exactly

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1 where the mean high tide is. We would have to send land  
2 surveyors down there to do a fairly extensive survey to  
3 determine exactly where that is.

4 But, in any event, the Commission is only being  
5 asked to lease that area the Commission has jurisdiction  
6 over, nothing more.

7 ACTING CHAIRWOMAN ORDWAY: Come forward, please.

8 MR. ABBADIE: Yes. As a representative of the  
9 Golden Gate Water Ski --

10 ACTING CHAIRWOMAN ORDWAY: Please speak into  
11 the microphone, sir, for the record.

12 MR. ABBADIE: All right. Our main concern is  
13 the slalom course and the dock that's floating in the  
14 water. And the slalom course is what we need to practice  
15 our slalom skiing. We will work out or attempt to work  
16 out some arrangement with the landowners. If we can't  
17 work something out and they could show us where we are on  
18 their land, and I would be willing -- the club would be  
19 willing to remove anything that they find objectionable.

20 The slalom course and the dock that is in the  
21 water is what this permit is mainly shooting for.

22 ACTING CHAIRWOMAN ORDWAY: We would ask that  
23 in the event that this gets approved, that the permit be  
24 clarified.

25 EXECUTIVE OFFICER DEDRICK: Yes.

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1 MR. KILEY: Yes.

2 ACTING CHAIRWOMAN ORDWAY: Any further comments?

3 MS. NICHOLS: The only other comment I have was  
4 that the dock, according to the lease that we had, is not  
5 owned by the water ski club. And that's a further reason  
6 for it not to be included in the permit.

7 EXECUTIVE OFFICER DEDRICK: All of those --  
8 we can assure you, Commissioners, that we will clarify  
9 all of those ownerships, including the State's versus the  
10 upland -- where the mean high tide line is and where the  
11 State for certain owns the property.

12 ACTING CHAIRWOMAN ORDWAY: All right. Miss  
13 Wallace, do you have a question?

14 MS. WALLACE: The gentleman started to say  
15 something in the back.

16 MR. NELSON: I just wanted to comment --

17 ACTING CHAIRWOMAN ORDWAY: You have to use the  
18 microphone.

19 MR. NELSON: Carl Nelson. I just wanted to point  
20 out that we're discussing docks and decks here. The deck  
21 is the objection. That is on land. The dock is floating.  
22 So, there is a distinguishing factor there between the two.

23 The deck is one thing; the dock is another.  
24 Thank you.

25 ACTING CHAIRWOMAN ORDWAY: Final comments?

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1 Without objection, I have a motion. Item 25 is approved.

2 Item 26 is off calendar. Item 27.

3 MR. TROUT: Item 27 is the approval of a  
4 nonexclusive geological survey permit for three companies  
5 on the offshore. This is not geophysical activity. This  
6 is for them to use grab sampling techniques.

7 ACTING CHAIRWOMAN ORDWAY: Comments from the  
8 Commissioners? From the public? Without objection, Item  
9 27 is approved.

10 Item 28.

11 EXECUTIVE OFFICER DEDRICK: Item 28 is the  
12 eleventh modification of the 86-87 Plan and Budget, City  
13 of Long Beach.

14 ACTING CHAIRWOMAN ORDWAY: Questions from  
15 Commissioners? From the audience? Without objection,  
16 Item 28 is approved.

17 Item 29.

18 EXECUTIVE OFFICER DEDRICK: Item 29 is the 87-88  
19 Plan of Development and Operations and Budget of the Long  
20 Beach Unit. Mr. Thompson is here. Moose, did you want to  
21 speak to this at all?

22 MR. THOMPSON: Not particularly.

23 EXECUTIVE OFFICER DEDRICK: Unless you have  
24 questions.

25 ACTING CHAIRWOMAN ORDWAY: Questions from the

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1 Commissioners? Comments from the audience? Without  
2 objection, Item 29 is approved.

3 Item 30.

4 EXECUTIVE OFFICER DEDRICK: Item 30, again, the  
5 City of Long Beach, monitoring, their usual report on  
6 monitoring of possible subsidence and seismic hazards.

7 Mr. Thompson has his maps on the wall back there  
8 in the corner.

9 MR. THOMPSON: The City of Long Beach twice a  
10 year conducts elevation surveys on a series of benchmarks  
11 in this area. All this is reporting to show and make a  
12 record that there has been no subsidence occurring in the  
13 area of the Long Beach Unit, this area right here.

14 The contour maps actually show that this ground  
15 is now higher by anywhere from three-tenths to six-tenths  
16 of a foot than it was in May of 1965 before production.

17 So, this shows there has been no subsidence  
18 in this area since the time Long Beach has been in  
19 production.

20 ACTING CHAIRWOMAN ORDWAY: Questions from the  
21 Commissioners? Comments from the audience?

22 Item 30 is accepted.

23 Item 31.

24 EXECUTIVE OFFICER DEDRICK: Item 31 is again the  
25 City of Long Beach. This is a notification to the City to

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1 direct the field contractor for a royalty oil sale of oil  
2 from Tract 1.

3 ACTING CHAIRWOMAN ORDWAY: Questions from  
4 Commissioners?

5 Comments from the audience? Without objection,  
6 Item 31 is approved. Item --

7 Excuse me. Yes?

8 MR. SCHNEIDER: We're not familiar with the  
9 procedures here. Is it okay for --

10 ACTING CHAIRWOMAN ORDWAY: Oh. You're passed.  
11 Have a nice day. And I think I can speak for the three  
12 Commissioners here. We'd rather be skiing, too.

13 (Laughter.)

14 MR. SCHNEIDER: Thank you.

15 ACTING CHAIRWOMAN ORDWAY: Item 32.

16 EXECUTIVE OFFICER DEDRICK: Item 32 is the  
17 annual report covering the first six months of 86-87 and  
18 revenue estimates from State Lands Commission.

19 Mr. Thompson is available to answer your  
20 questions.

21 ACTING CHAIRWOMAN ORDWAY: Do you have any?

22 MR. THOMPSON: I think the clue to the whole thing  
23 right here is the oil price, the dollars per barrel  
24 (indicating). I think this would be the crude oil price  
25 starting back here in December through April. This would be

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1 the oil price level, twelve and a half dollars. And we're  
2 now running about \$14.

3 ACTING CHAIRWOMAN ORDWAY: Questions from the  
4 Commissioners? Comments from the audience?

5 Item 32 is accepted.

6 Item 33.

7 EXECUTIVE OFFICER DEDRICK: Item 33 is a  
8 staff request for a re-offer of a royalty oil sales  
9 contract in the Belmont field in Orange County at the time  
10 that we think the market looks good enough to make a  
11 re-offer.

12 ACTING CHAIRWOMAN ORDWAY: Questions from the  
13 Commissioners? From the audience?

14 Without objection, Item 33 is approved.

15 Item 34.

16 EXECUTIVE OFFICER DEDRICK: Item 34 is an award of  
17 a royalty oil sales contract to Caljet, Inc., Huntington  
18 Beach Field, Orange County.

19 ACTING CHAIRWOMAN ORDWAY: Questions from  
20 Commissioners?

21 From the audience? Without objection, Item 34  
22 is approved. Item 35.

23 EXECUTIVE OFFICER DEDRICK: Item 35 is another  
24 royalty oil sales award, this time to the Alton Corporation.

25 ACTING CHAIRWOMAN ORDWAY: Questions from

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1 Commissioners?

2           Comments from the audience? Without objection,  
3 Item 35 is approved.

4           Item 36.

5           EXECUTIVE OFFICER DEDRICK: Item 36 is a staff  
6 request for authorization to put out a royalty oil sale  
7 in Los Angeles and another in Santa Barbara County.

8           ACTING CHAIRWOMAN ORDWAY: Questions from  
9 Commissioners?

10           From the audience? Without objection, Item 36  
11 is approved.

12           Item 37.

13           EXECUTIVE OFFICER DEDRICK: Item 37 is  
14 acceptance of a quitclaim deed from the Ocean Front Oil  
15 Company in Huntington Beach.

16           ACTING CHAIRWOMAN ORDWAY: Questions from  
17 Commissioners? From the audience? Without objection,  
18 Item 37 is approved. Item 38.

19           EXECUTIVE OFFICER DEDRICK: Item 38 is an  
20 authorization to release a bond for a former geothermal  
21 operator at Sonoma State Hospital. Indemnity Company of  
22 California is the applicant.

23           ACTING CHAIRWOMAN ORDWAY: Questions from  
24 Commissioners? From the audience? Without objection,  
25 Item 38 is approved.

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1 Item 39.

2 EXECUTIVE OFFICER DEDRICK: Item 39 is a  
3 proposed award of a mineral extraction lease by competitive  
4 bid to Aggregate Transport. This is a lease on the  
5 Sacramento River.

6 ACTING CHAIRWOMAN ORDWAY: Questions from the  
7 Commissioners? We have Lee Roy Pierce, Jr. who would like  
8 to speak or make a statement.

9 MR. PIERCE: Yes. Good morning, Commissioners.  
10 I'm here on --

11 ACTING CHAIRWOMAN ORDWAY: You have to get very  
12 close to that microphone.

13 MR. PIERCE: I'm here on behalf of International  
14 Mineral Services. I've prepared a written submittal  
15 on this matter and I'm wondering if the Commissioners  
16 have had a chance to review that.

17 EXECUTIVE OFFICER DEDRICK: The reporter cannot  
18 pick up what you're saying. Could you speak more closely  
19 into the mike, please?

20 MR. PIERCE: I've prepared a written submittal  
21 on this matter. I'm wondering if the Commissioners have  
22 had a chance to review that.

23 ACTING CHAIRWOMAN ORDWAY: I think we're receiving it  
24 now.

25 MR. PIERCE: Is there a formal procedure to have

1 this entered into the record?

2 EXECUTIVE OFFICER DEDRICK: Enter into the record?  
3 It's in the record.

4 MR. PIERCE: Thank you.

5 ACTING CHAIRWOMAN ORDWAY: Would you like to give  
6 us a few summary comments from it?

7 MR. PIERCE: Well, it's -- what we have here  
8 is a fairly tough situation.

9 Back in August of 1986, staff for State Lands  
10 had recommended approval of essentially the same permit  
11 to International Mineral Services that is now being  
12 recommended for approval to Aggregate.

13 What happened was prior to the August 28  
14 meeting, Bell Marine filed a letter with Claire Dedrick  
15 protesting the award of this permit to International  
16 Mineral Services, and stating that the permit procedure  
17 should be put out to competitive bid.

18 We have several problems with that, not the least  
19 of which is that I'm not sure that the Commission was  
20 aware of their authority under Public Resources Code  
21 Section 6303 to award such a lease without putting it out  
22 to competitive bid.

23 And essentially what 6303 says is that where it's  
24 in the best interest of the State, that the State Lands  
25 Commission has the discretion to award a mineral extraction

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1 lease, including commercial disposal of spoils where you're  
2 dredging in navigable -- navigable waters without  
3 putting it out to competitive bid. It's a very specific  
4 statute and it covers this area.

5 Now, the clear intent of 6303 is to avoid the  
6 exact problem that we've run into here; that being that  
7 International Mineral Services, in preparation for  
8 acquiring a permit for State Lands -- from State Lands,  
9 expended over a year and over \$100,000 in time and effort  
10 in putting together the maps, doing research, and generally  
11 putting their ideas into practice.

12 And notwithstanding, the staff took this off  
13 calendar and indeed the bid process was instituted.  
14 Now, International Mineral Services did not engage in the  
15 bid process, but we did object. And all of that record is  
16 contained in the submittal.

17 ACTING CHAIRWOMAN ORDWAY: Mr. Tucker?

18 MR. TUCKER: Mr. Pierce, what's the reason that  
19 this company didn't engage in the competitive bidding  
20 process?

21 MR. PIERCE: Well, essentially, where Exhibit  
22 G points out, which is one of the protest letters, it's our  
23 view that the intent of 6303 is to prevent our competitors  
24 in this situation -- or competitors in some other  
25 situation, maybe someone else's competitors from using our

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1 maps, our research, our ideas essentially free of charge,  
2 and then coming in and underbidding us, which it has.

3 There's just no way around that. It just takes --  
4 as you all know, it takes a tremendous amount of effort  
5 and time and a lot of paper work and a lot of staff work  
6 in order to put together the required maps and submittals  
7 in a negative declaration.

8 The Army Corps of Engineers' permit, which is  
9 Exhibit H, nicely demonstrates the kinds of maps and  
10 requirements that International Mineral Services went  
11 through. I think it's very obvious the amount of work  
12 required there. Those, of course, are all public record.  
13 And the competitors just come in and take them. And then  
14 they underbid you.

15 MR. TUCKER: I'm not quite sure I understand  
16 that. I don't think the bidding process works that way.  
17 You know, put your bid in and then the Commission doesn't  
18 hand it to the other person and say, "What do you think  
19 of this bid? Can you come up with something that's  
20 better than that?" That's not --

21 MR. PIERCE: Of course, I understand that,  
22 Commissioner. But the cost of doing business, the cost  
23 of determining what bid you can make and how low you can  
24 bid in order to break even or make a profit certainly  
25 is going to be determined to a large extent by the cost of

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1 acquiring the permits necessary to do the research  
2 necessary, drawing the maps, that sort of thing. And if  
3 they can simply take the work that we've done, it costs  
4 them less. And they can, therefore, underbid us.

5 Furthermore, Linda Martinez, in a letter --  
6 September 5 letter to International Mineral Services -- if  
7 I can have a moment, I'll give you the exhibit number.

8 MS. WALLACE: What did you mean by take the work?

9 MR. PIERCE. Well, for example, if you look at  
10 Exhibit H, the Army Corps of Engineers' permit, you can  
11 see a map that was drawn by International Mineral Services  
12 on the river. It's a fairly detailed map, and it's, in  
13 fact, several results of quite a bit of research involved  
14 there. Now, these are public documents. The public can  
15 simply come in, get a copy of it, and they don't have to do  
16 those kinds of things. It's free. And this is a lot of  
17 work. It's putting ideas into practice. And it takes a  
18 lot of research, you know, it took a lot of staff time of  
19 International Mineral Services to do this.

20 Essentially, it's clear to me that 6303 was  
21 intended to give the Commission the discretion where it's  
22 in the best interest of the State -- and in this case,  
23 Linda Martinez has recognized that there is a navigable  
24 hazard on the river and that this dredging will eliminate  
25 that hazard. And where permits have been acquired, as has

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1 been covered here, then the Commission may award this kind  
2 of a lease or a permit without bringing it out for  
3 competitive bid.

4 And it's clear to me that that's statute, which  
5 is designed to avoid this result --

6 ACTING CHAIRWOMAN ORDWAY: Mr. Hight, would you  
7 comment on this?

8 MR. HIGHT: The Commission has the authority  
9 under Section 6303 of the Public Resources Code --

10 ACTING CHAIRWOMAN ORDWAY: Into the microphone,  
11 please.

12 MR. HIGHT: Under 6303 of the Public Resources  
13 Code, the issue, a negotiated permit for dredging  
14 specifically for the purposes of improving navigation. We  
15 had an application from International Mineral Services  
16 to do that under the Code section.

17 When we received the protest from K. Bell and  
18 Associates, the Commission -- we went to the Commission  
19 and the Commission said based upon those facts, that we  
20 should go to competitive bid. And that's the situation  
21 that the Commission is in currently, with Aggregate  
22 Transportation being the high bidder.

23 ACTING CHAIRWOMAN ORDWAY: Mr. Tucker?

24 MR. TUCKER: If we were to award this as it's  
25 recommended by the staff and the Commission would be finding

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1 that -- or the Commission would, in effect, be  
2 determining that it's not going to exercise its discretion  
3 in this case; is that correct?

4 MR. HIGHT: That's correct.

5 ACTING CHAIRWOMAN ORDWAY: Miss Wallace?

6 MS. WALLACE: The timing. When you were discuss-  
7 ing when the conflict, when -- what time in regards to when  
8 the bid came in?

9 MR. HIGHT: We received an application from  
10 International Minerals. And before that application came  
11 to the Commission, we received a protest letter. And it  
12 was calendared. And because of the protest letter, it was  
13 taken off the calendar. The Commission then authorized,  
14 based upon the protest, the item going to competitive  
15 bid.

16 And it is this competitive bid result that is  
17 before you today.

18 MS. WALLACE: Was the bid that he's referring  
19 to prior to -- the bid was in before the order for  
20 competitive bid?

21 MR. PIERCE: No, it wasn't.

22 MR. HIGHT: No. We had -- we were negotiating  
23 with International Minerals and had an item prepared  
24 to come to the Commission at the time we received the  
25 protest.

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1 MR. PIERCE: Okay. If I could expound on that.  
2 In fact, on August 14, 1986, Linda Martinez sent  
3 International Mineral Services a copy of the permit, and  
4 that's Exhibit C, for their signature.

5 It was prepared to go on the agenda and it was  
6 put on the consent agenda for August 26, which is Exhibit B.

7 On August 22nd, the Bell protest letter came in.  
8 That's Exhibit D.

9 But the whole process, I don't think the bidding  
10 process began until several months later. I'm not  
11 sure exactly when.

12 Yes, it is a matter of discretion under 6303.  
13 But I would emphasize that it's clear to me from the  
14 statute, the whole intent of 6303 is to avoid exactly the  
15 result we have here, where someone's competitors come in  
16 and use your research and use your efforts and your maps,  
17 and then are able to underbid you.

18 It's just in reality, it's unjust and it's unfair.  
19 Now, I have requested that the staff take this off  
20 calendar for further study. And my request was refused.  
21 And at a minimum from the Commission, I would ask that --  
22 that it be taken off calendar and that staff be instructed  
23 to brief this up fully. And more than that, I would like  
24 an opportunity to work with State Lands staff to see if  
25 we can't resolve this.

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1           As a final point, it is true that this has been  
2 put out to bid. And there has been made and there has been  
3 a high bid, but it has not yet been awarded. State Lands  
4 may, pursuant to Public Resources Code 6811 and 6993, even  
5 at this late date, completely suspend the process and take  
6 it off calendar and, in fact, change its mind and pursue  
7 a result at that time.

8           My clients hope that you will. Thank you.

9           ACTING CHAIRWOMAN ORDWAY: Thank you. Would the  
10 Attorney General like to make a comment?

11           MR. STEVENS: Well, basically, I think we would  
12 concur, having reviewed the bid in this case, that the  
13 statute confers discretion. I think that Section 6303,  
14 which is referred to, is also read as having another  
15 purpose, and that's where there is a hazard to navigation,  
16 it does permit the Commission to act expeditiously to remove  
17 that hazard without going through the bidding process  
18 and the necessary delays related thereto.

19           I think that there is obviously a concern which  
20 was expressed here and the fact that an application  
21 was submitted, a lot of work was done in connection  
22 with it, and then the bidding process was chosen by the  
23 Commission as the alternative. I think that the  
24 Commission is within its discretion to employ the bidding  
25 process and to decide this is something that should be let

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1 out to bid and awarded to the highest responsible bidder.

2 If the Commission desires to review the  
3 submissions that were made here and there is no time  
4 problem with respect to award of the bid, this could  
5 certainly be done and taken up at the next meeting. That's  
6 the only caveat that I would have.

7 ACTING CHAIRWOMAN ORDWAY: Is there a timing  
8 problem, Mr. Hight?

9 MR. HIGHT: How long is the bid good for?

10 EXECUTIVE OFFICER DEDRICK: Linda?

11 MR. TUCKER: 90 days from the date of the bid.

12 EXECUTIVE OFFICER DEDRICK: From the date of the  
13 bid, which was --

14 MR. PIERCE: Mr. Tucker, I'd like to comment  
15 on what the Attorney General said, if I may interrupt.  
16 One point he made is, in fact, there is a navigable hazard  
17 in place now. And I would point out that International  
18 Mineral Services is in possession of substantially all the  
19 permits they need to proceed forthwith, which is contained  
20 in the submittal, and many of these permits are  
21 attached to the submittal.

22 Any new -- Aggregate is going to have to go  
23 through the whole process, which is -- depending on how  
24 good you are at it and your ability to work with many  
25 many agencies, it can take anywhere from six months to

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1 infinity.

2 MR. TUCKER: Madam Chairman, it seems to me  
3 that it would be appropriate to award the lease today.  
4 I think Mr. Pierce or his client made a strategic decision  
5 not to apply through the bidding process. That's the choice  
6 that they have. And it seems to me that that's a  
7 decision that they should appropriately live with. I  
8 think it's unfortunate they didn't apply through the  
9 competitive bidding process. I think they misunderstand  
10 that process in terms of how the information would be  
11 used.

12 I don't think it would be available to other  
13 persons who would be submitting bids at the same time. And  
14 I think that this is simply a situation in which, for  
15 whatever reason, the impact of their decision is to  
16 attempt to delay the process through some strategic  
17 consideration of their own which we really don't have  
18 any knowledge or any way of determining.

19 They've made a decision and I think that the  
20 Commission now has gone the appropriate route, which is the  
21 competitive bidding route. And we have the appropriate  
22 bid in, according to the staff, in terms of their  
23 recommendation. It seems to me that what we should do now  
24 is award that.

25 MR. PIERCE: May I respond?

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1           ACTING CHAIRWOMAN ORDWAY: Yes, and there's a  
2 gentleman standing. You choose to --

3           MR. McAMIS: I'd like to speak on the matter,  
4 yes.

5           ACTING CHAIRWOMAN ORDWAY: Would you come  
6 forward, please.

7           You can make your final comments.

8           MR. PIERCE: Commissioner Tucker, in terms of  
9 the reason that we did not participate in the bidding  
10 process, it was a ~~strategic~~ decision. And the decision  
11 was that we cannot -- it was a waiver problem. By  
12 participating in the process, it was fairly to clear to  
13 us that we were going to waive our rights under 6303.  
14 Moreover, the information that our competitors could have  
15 used -- the research, the time and effort, all of those  
16 costs -- were detailed in the negative declaration that  
17 preceded our August 28th application, were detailed in  
18 numerous of the public permits available. And, in fact,  
19 the information was available to our competitors. At  
20 least that's my understanding. That's what I'm told from  
21 International Mineral Services.

22           One other thing. Really, I'm not trying to  
23 delay for any ulterior motive to attempt to work with  
24 staff and see if they can resolve this in favor of my  
25 client. I'm not really that sophisticated an individual

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1 that I would have any other kind of motive. I don't have  
2 any other kind of motives.

3 ACTING CHAIRWOMAN ORDWAY: Sir, would you  
4 identify yourself for the record?

5 MR. MC AMIS: Yes. My name is John McAmis.  
6 We were the second low bidder on --

7 ACTING CHAIRWOMAN ORDWAY: Who were?

8 MR. MC AMIS: J. E. McAmis, Inc., Chico,  
9 California.

10 We had started on this project with the City of  
11 Sacramento on the expansion of Miller Park Marina  
12 approximately two years ago knowing that this was coming  
13 through as far as sand reclamation. In our proposal with  
14 the City of Sacramento, we have been presently taken  
15 sand out of the Miller Park area and selling it throughout  
16 the greater Sacramento area.

17 We are presently pumping into the Corps of  
18 Engineers' disposal area right now about 400,000 yards  
19 in there. That's going on currently today.

20 We are in position and we submitted our proposal  
21 to the State through the bidding process, actively ready  
22 to start to remove the hazard in the river.

23 We feel that through the permit process, as  
24 International Minerals, we have gone through the State  
25 Water Quality Board, the Department of Fish & Game; we've

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1 gone through all of the environmental agencies. We've  
2 gone through Yolo County. We've gone through every agency.  
3 And we are cleared. We are presently pumping. We  
4 presently have an 18-inch dredge sitting in the river  
5 working now that we can swing over and we can pull that  
6 hazard out of the river.

7 Anybody -- International Minerals, ourselves,  
8 Aggregate Transport -- is not going to be able to ship  
9 any sand off of that disposal area for at least a year  
10 to two years, depending on transportation needs required  
11 by the City of West Sacramento.

12 We've been before the City; we've had meetings  
13 with the Council. We met with staff. We've met with  
14 Caltrans. And we have prepared and we are stepping ahead  
15 to improve Jefferson Boulevard, South River Road  
16 intersection and the bridge.

17 We look at it, as the State Lands would have to  
18 look at it I think, to get the hazard out of the river,  
19 who is best ready to remove the hazard in an immediate  
20 function (sic), which we understand from the Corps of  
21 Engineers and the State Lands people, they'd like to get  
22 this hazard out of the river immediately.

23 International Minerals, I don't know if they  
24 have the equipment, or prepared to go over and get this  
25 out. The Department of Fish & Game's permit is very, very

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1 restrictive on the dredging window which this hazard can  
2 be removed from the river, any dredging to be done from  
3 there.

4 We will not be done dredging at the Miller Park  
5 area until August 1. That leaves approximately two months for  
6 whoever's going to dredge that island out of the channel  
7 to get moved in, get their permits in order, and get  
8 ready to go.

9 The Corps of Engineers' permit which we have  
10 through the City of Sacramento supersedes any mineral  
11 lease use of that Corps disposal area. We are in control  
12 of that disposal area until we're through with the Miller  
13 Park project.

14 And in respect to what the gentleman to my left  
15 said earlier, we have done extensive onsite improvement  
16 to prepare for this dredging operation, not only going  
17 through the permit process, physically being on the site.  
18 We've done a lot of clearing. We've done a lot of weir  
19 improvement. So, our investment has been considerable  
20 at this point, ahead of either of the two companies that  
21 are presently -- International Transport (sic) or  
22 Aggregate Transport -- International Minerals, excuse me.

23 So, we would --

24 MR. TUCKER: I have a question to the staff.  
25 I assume that these issues in terms of timing, investment,

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1 et cetera, were taken into consideration in determining  
2 wo whom the lease should be recommended to be awarded?

3 MR. HIGHT: Yes.

4 MR. MC AMIS: I'd like to make a comment on that.  
5 Talking with the county staff, the City of Sacramento port  
6 people, City of West Sacramento, Caltrans, nobody has  
7 addressed to them, other than International Minerals at  
8 an early stage, presently the present high bidder on this  
9 project, of what their requirements are going to be to  
10 meet the transportation needs of the City of West  
11 Sacramento. And I think making an award at this time is  
12 they're going in very blindly not knowing what their  
13 expenses are going to be on this thing. And I would  
14 question whether the performance of this thing will ever  
15 happen.

16 I don't know if that consideration's ever been  
17 taken up.

18 MR. PIERCE: If I may respond to that. We have --  
19 International Mineral Services is in possession of the  
20 Yolo County transportation permit, to the best of my  
21 knowledge, and I can provide that information. The reason  
22 I say that is because I saw it the other day. I can't  
23 say 100 percent certain, but I think it is. As to the  
24 offloading, Exhibit K, there's a letter from the State  
25 Lands Commission to International Mineral Services thanking

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1 them for helping them locate an offloading site at the  
2 Port of Sacramento. And stating, "We would not have been  
3 able to proceed without an offloading site. Your  
4 assistance made the project possible."

5 We also have an Army Corps of Engineers' permit  
6 and a Fish & Game's permit. The Fish & Game permit is  
7 Exhibit I. And the Army Corps of Engineers permit is  
8 Exhibit H.

9 I would concur with the analysis, however,  
10 that it is in the best interest of the State to have this  
11 hazard removed as quickly as possible. And I believe the  
12 record before this Commission demonstrates that  
13 International Mineral Services is in the best position  
14 to move ahead as expeditiously as possible.

15 ACTING CHAIRWOMAN ORDWAY: Any further questions  
16 from members of the Commission?

17 MR. TUCKER: I would just add, Mr. Pierce, that  
18 by not participating in the bidding process, you make it  
19 impossible for the Commission to arrive at the same  
20 conclusion that you just stated. We have no way of  
21 knowing if you don't go through the bidding process that  
22 you are the most qualified person. It would not be fair  
23 to this gentleman who participated in the process, as well as  
24 the company which the staff has recommending it be  
25 awarded. For someone to come in after the bidding process

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1 saying you didn't want to participate in the bidding  
2 process, but take it from us we're the most qualified,  
3 the Commission -- there's no way we could evaluate that  
4 information, nor would it be fair to the parties who made  
5 the decision to participate in the bidding process.

6 MR. PIERCE: I understand, Commissioner. Also  
7 one is that we were facing a serious waiver problem under  
8 the law if we participated in any bidding process. My  
9 understanding of the law is that we would have waived  
10 any challenge under 6303.

11 Second, the Commission has an extensive record  
12 of negotiations between the staff and International  
13 Mineral Services. Exhibit B is actually an approved  
14 permit that was sent to International Mineral Services  
15 by staff for their signature and signed.

16 There was a negative declaration filled out  
17 in the summer of '86. And there's an extensive record  
18 in this case before the Commission to demonstrate  
19 International Mineral Services' capability to move forward  
20 forthwith and their ability to proceed forthwith.

21 And one last point. Under the circumstances,  
22 this whole bidding process came up months and months after--  
23 after International Mineral Services' position on August  
24 28th to move forward. It was on the consent calendar. And  
25 under the circumstances, as I read 6303, it would be in the

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1 best interest of the State -- to award this permit  
2 through competitive bid, it would be truly unjust to my  
3 clients.

4 ACTING CHAIRWOMAN ORDWAY: Final comments from  
5 staff?

6 MR. STEVENS: I'm not sure that a showing has  
7 been made of grounds to reject all the bids and to revert  
8 to the 6303 negotiation process. Obviously, we have  
9 reviewed the submission made by Mr. Pierce, and there may  
10 be other data to that effect, but it appears as though  
11 International Mineral's remedy would have been to protest  
12 at the time the Commission had their application on  
13 calendar and decided to take it off and to revert to the  
14 bidding process instead. And not having made that  
15 objection at that time to persuade the Commission to resume  
16 their 6303 negotiations, it's not all clear to me that  
17 we can unring the bell at this time and reject all the  
18 bids and start all over again.

19 ACTING CHAIRWOMAN ORDWAY: Comments from the  
20 Commissioners?

21 MR. PIERCE: If I would just respond. We did,  
22 in fact, protest at that time by letter. It should be in  
23 the administrative record.

24 ACTING CHAIRWOMAN ORDWAY: Questions from the  
25 Commissioners? Thank you.

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1 MS. WALLACE: Motion.

2 ACTING CHAIRWOMAN ORDWAY: I have a motion.

3 Without objection, Item 39 is approved as per staff report.

4 Item 40 is off calendar.

5 EXECUTIVE OFFICER DEDRICK: Item 41 --

6 ACTING CHAIRWOMAN ORDWAY: Item 41.

7 EXEXECUTIVE OFFICER DEDRICK: Excuse me. Item 41  
8 is an informative item, simply to report to you on the  
9 status of ongoing negotiations between the staff of the  
10 Commission and the staff of the City of Sacramento in  
11 regard to a proposed lease to the City of Sacramento of the  
12 waterfront between Tower Bridge and the Pioneer Bridge.

13 As you recall, we have already negotiated a  
14 lease with the City on the Oldtown Waterfront, which has  
15 made it possible for the City to go forward with the  
16 development of public access and a variety of other  
17 amenities along that waterfront.

18 We are currently in negotiations with the City  
19 on the -- what is called the "docks" area. It is the --  
20 in the regulations of the Commission, when a local govern-  
21 ment is working on a lease with the State Lands Commission,  
22 that local governmental entity takes precedence over other  
23 applications.

24 Staff is simply bringing this to your attention  
25 in case you hear comments, and certainly so that you'll

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1 know what the progress of the negotiations is. And that the  
2 way we intend to handle applications for leases in the  
3 same area where we're negotiating a lease with the City is  
4 to ask you to reject those which are not consistent with  
5 the City's plans for the area.

6 Now, that is consistent with our regulations.  
7 I wanted you to know that negotiations are progressing  
8 well and we hope to come to you before the end of this  
9 calendar year with another lease with the City of  
10 Sacramento.

11 ACTING CHAIRWOMAN ORDWAY: Questions from  
12 Commissioners?

13 Item 42, 43, and 44 are off calendar. Item 45?

14 EXECUTIVE OFFICER DEDRICK: Item 45. James F.  
15 Taylor is the party. The staff requests a termination of a  
16 lease for nonpayment of rent for a small parcel of tide  
17 and submerged land in Grizzly Bay.

18 ACTING CHAIRWOMAN ORDWAY: Questions from the  
19 Commissioners?

20 Comments from the audience? Without objection,  
21 Item 45 is approved. Item 46.

22 EXECUTIVE OFFICER DEDRICK: Item 46 is an  
23 authorization for the execution of a memorandum of  
24 understanding between the State Lands Commission and the  
25 State Historic Preservation Office for a process whereby we

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1 could process with the input and agreement with the State  
2 Historic Preservation Office applications to explore  
3 underwater, basically sunken ships. We're talking  
4 treasure boats here, but mainly historical. If they are  
5 historical vessels underwater. The State Historic  
6 Preservation Officer, Dr. Gualtieri, has been extremely  
7 cooperative and we have a very good agreement worked out  
8 which we think will make the process much neater and  
9 cleaner in the future.

10 ACTING CHAIRWOMAN ORDWAY: Questions from  
11 Commissioners? Comments from the audience? Without  
12 objection, Item 46 is approved.

13 Item 47.

14 MR. TROUT: Item 47 is just a report on the  
15 reduction of retroactive equity adjustments that the  
16 Commission has had before them several times. Staff met  
17 with representatives of Long Beach royalty owners group  
18 and with the City of Long Beach and with the representatives  
19 of the major oil companies down there, Chevron and ARCO,  
20 and we believe the major concerns of the property owners  
21 are taken care of in the sense that the two oil companies  
22 have pledged to cooperate with them in letting them know  
23 how much money they still owe and what has been adjusted  
24 as far as their royalties that they received from the  
25 companies.

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1 Assembly Bill 2568 by Dave Elder was basically  
2 unimplementable. The town lot royalty owners basically  
3 made that same statement. And unless you have problems,  
4 we intend to close our files at this point.

5 ACTING CHAIRWOMAN ORDWAY: Questions from  
6 members of the Commission? From the audience? Thank you,  
7 Mr. Trout.

8 Item 48.

9 EXECUTIVE OFFICER DEDRICK: Item 48 is a  
10 request for approval to amend the interagency agreement  
11 with the State Teachers Retirement System to provide them  
12 with services. The amendment extends the agreement for  
13 another year.

14 ACTING CHAIRWOMAN ORDWAY: Questions from the  
15 Commissioners? From the audience? Without objection,  
16 Item 48 is approved.

17 Any further business to come before the  
18 Commission?

19 EXECUTIVE OFFICER DEDRICK: Yes. Madam Chairman,  
20 Items -- the two Texaco Gaviota items are still on the  
21 calendar. Mr. Hight and I have been carrying on a  
22 somewhat lengthy -- or at-arm's-length discussion here,  
23 and he's got the last piece of signaling from staff. So,  
24 if I may turn it over to him, he can tell you where we're  
25 at.

1 MR. HIGHT: Could I suggest that we recess  
2 on 18 and 19 until one o'clock, at which time we can find  
3 out for certain where Texaco is as far as an extension?

4 ACTING CHAIRWOMAN ORDWAY: Make it at 1:15?

5 EXECUTIVE OFFICER DEDRICK: Certainly.

6 MR. HIGHT: Certainly.

7 ACTING CHAIRWOMAN ORDWAY: 1:15 acceptable  
8 to members of the Commission? Okay.

9 Are there other items?

10 EXECUTIVE OFFICER DEDRICK: Excuse me. Where  
11 shall we reconvene?

12 MR. HIGHT: In the Finance room.

13 ACTING CHAIRWOMAN ORDWAY: Are there any other  
14 items of business? Any other comments from members of the  
15 public? Questions from members of the Commission?

16 We are recessed until 1:15. We'll reconvene  
17 in Room 1143 of the State Capitol.

18 Thank you.

19 (Thereupon the meeting was recessed.)

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AFTERNOON SESSION

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3 ACTING CHAIRWOMAN ORDWAY: 1:15 having arrived,  
4 we'll reconvene the regular meeting of the State Lands  
5 Commission for the purpose of hearing Items 18 and 19.

6 Let the record show that Mr. Tucker is sitting  
7 in a voting capacity for the Controller.

8 EXECUTIVE OFFICER DEDRICK: The two Gaviota  
9 Terminal items, since Texaco has entered -- the parent  
10 company has entered bankruptcy, Commission staff was  
11 concerned what that impact would be on on the subsidiaries.  
12 We have been meeting with Texaco and with our own bankruptcy  
13 counsel and have not been able to, in the brief time  
14 available, come to a clear understanding of the situation.

15 We therefore asked Texaco to give us a one-day  
16 extension on the 884 deadline, which runs May 5th, right?

17 MR. HIGHT: Right.

18 EXECUTIVE OFFICER DEDRICK: So we could hold the  
19 meeting the first available time to get two Commissioners  
20 available, which is May 6th.

21 So, if you two concur in that, we would like to  
22 put this item over to be heard on the 6th of May.

23 ACTING CHAIRWOMAN ORDWAY: Any objection?

24 MR. TUCKER: No.

25 ACTING CHAIRWOMAN ORDWAY: Without objection,

1 both Items 18 and 19 will be heard on May 6th, time yet to  
2 be determined.

3 Is there any further business? Any member of  
4 the public who has comments? Mr. Skidmore?

5 MR. SKIDMORE: Madam Chairman, Commissioner,  
6 my name is Kip Skidmore. I represent River Bank Holding  
7 Company. And we would like to express our desire to see the  
8 Commission adopt the River Moratorium study at its  
9 soonest convenience. If there is some direction you can  
10 give us or some comment as to when you think that will  
11 be back on the calendar, it would be much appreciated.

12 ACTING CHAIRWOMAN ORDWAY: When will it be on  
13 calendar?

14 EXECUTIVE OFFICER DEDRICK: Excuse me for being  
15 unprepared for your comment. We didn't know that Kip was  
16 planning to come in. And we haven't really had a lot of  
17 time to think about it. I think the earliest we could  
18 probably make it would be June. I can check with staff.

19 MR. HIGHT: I think that would be the earliest  
20 and that one bothers me a little.

21 ACTING CHAIRWOMAN ORDWAY: So, late June?

22 MR. SKIDMORE: So, the June meeting you would  
23 tentatively be looking at it.

24 EXECUTIVE OFFICER DEDRICK: That would be our  
25 goal.

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1 MR. SKIDMORE: I would like to know, because we  
2 fully endorse that at River Bank as do most developers  
3 who are on the river. I think it's a positive step.

4 ACTING CHAIRWOMAN ORDWAY: Why don't we ask the  
5 staff to look at the May calendar and give us an item  
6 update and tell us where we are on it and whether or not  
7 we can have it on the June calendar so that people will  
8 know where we are.

9 EXECUTIVE OFFICER DEDRICK: Okay. We'll be happy  
10 to do that.

11 ACTING CHAIRWOMAN ORDWAY: Any further  
12 comments by the Commissioners? Any other business? Any  
13 other member of the public? A member of the public.

14 MR. KEMPER: I'm the public. My name is Scott  
15 Kemper. I'm representing the Sacramento Valley Marine  
16 Association. It's an organization of marine dealers and  
17 related businesses.

18 One of the things we do each year is put on the  
19 Sacramento Boat Show, cooperate with the water festival,  
20 and I've had a chance to look at your staff's recommenda-  
21 tions regarding the moratorium.

22 It's our position -- and I've dropped a letter  
23 off, which I'll leave --

24 EXECUTIVE OFFICER DEDRICK: Thank you.

25 MR. KEMPER: -- that boating has been booming in

1 the last three years since this moratorium has been in  
2 effect. The facilities are needed very strongly and we'd  
3 urge that you take some action to accept the staff's  
4 recommendation. Thank you very much.

5 ACTING CHAIRWOMAN ORDWAY: Thank you.

6 Further comments from the public?

7 In the absence of further business, I will  
8 adjourn the regular meeting and move into executive  
9 session.

10 (Thereupon the meeting was adjourned  
11 at 1:25 p.m.)

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1  
2  
3 I, Nadine J. Parks, a shorthand reporter of the  
4 State of California, do hereby certify that I am a  
5 disinterested person herein; that the foregoing meeting  
6 of the State Lands Commission was reported in shorthand  
7 by me and thereafter transcribed into typewriting.

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

11 IN WITNESS WHEREOF, I have hereunto set my hand  
12 this 28th day of May, 1987.

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15 Nadine J. Parks  
16 Shorthand Reporter  
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