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MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

ORIGINAL

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

TUESDAY, JUNE 30, 1987

10:00 A.M.

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

COMMISSIONERS PRESENT

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

Peter Pelkofer, Commission Alternate
for Gray Davis, State Controller

Stan Stancell, Commission Alternate
for Jesse R. Huff, Director of Finance

STAFF PRESENT

Claire T. Dedrick, Executive Officer

James Trout, Assistant Executive Officer

Robert Hight, Chief Counsel

Jack Rump, Assistant Chief Counsel

Lisa Beutler, Chief, Enforcement Division

Lance Kiley, Chief, Land Management and Conservation Division

Dwight Sanders, Chief, Research and Planning Division

W. M. Thompson, Chief, Extractive Development Division

Lorna Burks, Commission Secretary

ALSO PRESENT

Richard Frank, Deputy Attorney General

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INDEX (Continued)

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Page

Item 27, El Dorado Interstate Transmission Company (Applicant)	35
Item 28, The River Bank Village, a California Limited Partnership (Applicant)	35
Item 29, East Bay Regional Park District (Authorized Lessee)	37
Item 30, GEO 3, Inc.; Land and Sea Surveyors, Inc. (Applicants)	37
Item 31, Kennecott Corporation (Applicant)	38
Item 32, Long Beach Unit	38
Item 33, Russell H. Green, Jr. and Rio Delta Resources, Inc. (Applicants)	39
Item 34, Angeles Corporation; City of Sausalito (Applicants)	40
Item 35, City of Laguna Beach (Applicant)	40
Item 36, City of Anderson (Applicant)	40
Item 37, Charles A. Orwick (Applicant)	42
Item 38, State Lands Commission	42
Item 39, State Lands Commission (Applicant)	46
Closing remarks by Chairperson Wallace	47
Adjournment	47
Certificate of Reporter	48

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PROCEEDINGS

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CHAIRPERSON WALLACE: Good morning. This is Susan Wallace. I'm representing the Chairman of the Commission, Lieutenant Governor McCarthy. To my right is our new commissioner representing the Department of Finance, Stan Stancell. As you know, Nancy Ordway is leaving. Stan is with us and we welcome him.

I understand that Mr. Tucker may be coming and we will carry on.

The first order of business is a confirmation of the minutes from the last meeting of May 27th and 28th. Do I hear a motion to confirm those minutes?

COMMISSIONER STANCELL: I move that the minutes be confirmed.

CHAIRPERSON WALLACE: Second and approved for the minutes from the last meeting.

The second order of business is the consent calendar. C2 (A), as I understand, has been removed from the consent calendar and all other items from 1 to 20 on the consent calendar, if no one wants to speak to that, we will hear a motion to approve those consent items.

COMMISSIONER STANCELL: I move that the consent items be approved.

CHAIRPERSON WALLACE: Second and approved for the

1 consent items 1 through 20, with the exception of C2 (A),
2 which was removed.

3 The first item of business on the regular calendar
4 is Robert F. Marx, applicant for the Salvage Permit.

5 Staff, would you please present briefly Item 21.

6 EXECUTIVE OFFICER DEDRICK: Yes, Madam Chairman.
7 Lance Kiley, who is Chief of the Lands Division will give you
8 a brief description of what the permit would constitute.

9 Lance.

10 MR. KILEY: This is a permit to conduct an
11 exploratory operation and salvage if anything is found for
12 the ship San Agustin, which was a Manila Galleon which sank
13 around Drake's Bay I believe in the 15th Century. I'm not
14 good on dates.

15 In any event, we've worked out an agreement three
16 ways between the State Historic Preservation Officer, the
17 staff of the State Lands Commission and the Applicant that
18 would result in what we consider to be an archaeologically
19 acceptable way of doing this exploration and salvage if
20 anything is going to be found.

21 It's right offshore at Point Reyes National
22 Seashore. We are not asking for any permission to do work
23 within the boundaries of the National Seashore. It's also
24 purported to be within the jurisdiction of the Gulf of the
25 Farallones National Marine Sanctuary and they claim permit

1 jurisdiction over the site. We don't know for sure whether
2 they have it or don't have it. But without conceding that
3 they do, we would say that the Applicant would have to get a
4 permit from them to do any work within the area.

5 EXECUTIVE OFFICER DEDRICK: It's been a long time
6 since the Commission has issued such a permit,
7 Madam Chairman, and in no case has a permit for exploration
8 ever actually resulted in a find of the ship and raising of
9 treasure; although that's the goal that all the salvagers
10 have in mind, of course.

11 In this instance questions have come up in the last
12 few days as to the process by which any treasure thus found
13 would be evaluated.

14 Yesterday and this morning we sat down and went over
15 the details of those old permits in the light of the 1980's
16 and if the Commission doesn't feel that it's really critical
17 to go forward today after you hear witnesses -- and I really
18 think you need to hear the witnesses -- we would like some
19 time to review that aspect of the proposed permit simply
20 because it was written 15 years ago and this is the first
21 time really that it's likely to be implemented since then and
22 the world has really changed.

23 CHAIRPERSON WALLACE: I appreciate that.

24 EXECUTIVE OFFICER DEDRICK: I apologize that it
25 hadn't come up two weeks earlier than that, but the issue

1 just didn't arise.

2 CHAIRPERSON WALLACE: I had some questions that may
3 be answered by the testimony of the two parties. So, we'll
4 wait until after that testimony before I get into that.

5 Robert Marx, who I believe is the applicant, is to
6 testify. If he would come up.

7 Would you sit down, please, and state your name so
8 that we can get that into the record.

9 MR. MARX: My name is Robert Marx. I'm the managing
10 director of Phoenician Exploration.

11 EXECUTIVE OFFICER DEDRICK: Excuse me, Madam
12 Chairman. Mr. Pelkofer from the Controller's office has just
13 arrived.

14 CHAIRPERSON WALLACE: Go ahead, Mr. Marx.

15 MR. MARX: Should I tell about my project? I wasn't
16 sure.

17 CHAIRPERSON WALLACE: I had understood you wanted to
18 speak on the project, which is what -- is this yours?

19 EXECUTIVE OFFICER DEDRICK: Mr. Marx, maybe you
20 could just describe for the Commission what you think is
21 there and what it is you'd like to do to look for it.

22 CHAIRPERSON WALLACE: You don't have to speak on the
23 project.

24 MR. MARX: No, that's fine. I'd rather talk about
25 it.

1 My interest in the San Agustin goes back to when I
2 was a small child growing up in Southern California. I went
3 up there and found pieces on the beach like people have been
4 finding for years and years and it's one of the things that
5 got me started in the field of underwater archaeology, which
6 I've been working in for 33 years now fulltime around the
7 world, 55 countries.

8 So, I kind of saved the important thing for the
9 last, which is Manila Galleons. These are the most biggest
10 fascinating ships that ever sailed on the high seas. They
11 were the biggest, the richest, the longest voyages.

12 Tied into the 1992 celebration of the 500th year of
13 the discovery of America, I would like to build a replica
14 Manila Galleon. I've already done this several times before.
15 In 1962 I built a replica of the Nina, Columbus' smallest
16 ship, and duplicated a voyage from Spain to the New World. I
17 was also helpful in building -- actually built most of the
18 Santa Maria for the World's Fair in '63.

19 In '64 and '69 I made replicas of 10th Century
20 Viking ships and had combined mileages of up to 6,700 miles

21 For the last 12 years I've had the Phoenician
22 Exploration, which is a Canadian nonprofit group which people
23 from around the world including Americans put together for
24 the purpose of building a replica of a Phoenician merchant
25 ship and sailing from the Mediterranean to the New World.

1 Unfortunately, we have very, very little data on how
2 these ships were constructed and the only place where there
3 are wooden remains of Phoenician ships are in Cadiz Bay and,
4 of course, the Spaniards thinking it would defame Columbus by
5 building these replicas have never issued a permit for this
6 work.

7 So, instead I was contacted several years ago by the
8 Philippine government and asked to build a replica there tied
9 into this thing and I decided I'd rather do it on my own than
10 working with the Philippine government, which was a Marcos
11 government at the time.

12 So, I went out and formed a limited partnership
13 because my nonprofit foundation said, we'll give you the
14 money for the replica, but it's too dangerous working in the
15 Philippines and we're not going to put the money up. So, I
16 went out and formed a limited partnership, a California
17 corporation, Phoenician South Seas Treasure, for the purpose
18 of working in the Philippines and for working in Drake's Bay.

19 This actually got started in January a year ago. We
20 had a conference here, the Council of Underwater Archaeology,
21 which I'm one of the founders of. Every year we have a
22 meeting around the world. It just so happens it was here.
23 During the meeting my talks were naturally on my work in the
24 Philippines on Manila Galleons and everybody came around and
25 said, well, what are you chasing wrecks over there for? You

1 have the most fantastic one on this coast. I said, yes, it
2 is the oldest, but there's always been the controversy over
3 who owns the waters and the rights to the thing and I don't
4 want to get into a hassle about the whole thing.

5 But I did sit down with people from Park Service and
6 from Parks and Recreation, John Foster and members of the
7 press and everything. I tried to work out an agreement that
8 we could all work together. Everything seemed fine in the
9 beginning, a lot of press on it and then sometime later we
10 were notified by the National Parks Service that they'll let
11 us do it, except they want 100 percent and it's their waters.

12 So, a hassle ensued. I was in Europe at the time
13 and I got a call for a law firm in San Francisco that I had
14 hired to help me on this project and they said that Mel
15 Fisher's group from Florida had had their legal counsel
16 contact this law firm in San Francisco and they were going to
17 put an admiralty arrest on the wreck and that would estop me
18 or anybody from working on the site. So, I was advised to
19 put an admiralty arrest on the site.

20 I've been testifying in Congress repeatedly trying
21 to get a shipwreck bill passed in Congress, a federal
22 shipwreck bill, and I've been fighting against admiralties.
23 So, I was really reluctant to do it; but I had no choice but
24 to do it.

25 So, a trial date was set for June last year and

1 because of the adverse effects it would have on the shipwreck
2 bill -- remember, to get this bill passed I had to go around
3 to something like five and a half million divers -- not
4 personally, but groups that they were represented by -- and
5 convince them that the federal shipwreck bill was good for
6 them and that meant fighting against Mel Fisher and the
7 treasure hunters.

8 So, this trial in June would have been really bad;
9 because everybody kept say, oh, Marx, we decided to back the
10 bill because you said you could work with big brother and now
11 we see you're having all these troubles. So, if you're going
12 to have all these troubles, imagine the poor sports divers
13 who find wrecks.

14 So, I didn't want to have a hassle so I had the
15 thing delayed to November 30th and again because of the
16 shipwreck bill I just cancelled and dropped the admiralty
17 lawsuit.

18 During this period I continued to work with State
19 Lands in trying to get this permit. I contacted Mel and the
20 different people involved and have been going through the
21 process. A lot of people have been fired up about it, had a
22 lot of trouble about it. But the whole thing is it is an
23 archaeological dig. Nobody else has the money to do it. If
24 somebody wants to give me the money, I'll do it for nothing,
25 without a salary. But the money's not available. The

1 federal government does not have any money for underwater
2 archaeology and they have never had any money for underwater
3 archaeology.

4 So, we're forced to go out and get limited partners
5 to do these things. The people that I got are all very
6 wealthy. So, it's not win or lose and they're going to lose
7 their shirt if we don't find anything.

8 One of the objectives of this thing is to find if
9 any wood exists. Now, shallow water sites there's little
10 likelihood that wood exists. But it so happens that Manila
11 Galleons are made of a protected wood called Molave. I don't
12 know how to translate it into English, there's no
13 translation. In most places where it's found the wood
14 actually survived.

15 Now, I've been working in the Philippines on
16 deep-water wrecks. The two that I found in December hit
17 reefs and went up in a couple thousand feet of water. Those
18 probably have wood.

19 I forgot part of the story. In '44 we bombed Manila
20 and unfortunately the whole archives went up in smoke. So,
21 except for a few painting, we know virtually nothing about
22 what these ships were built like. We have other
23 documentation about where they were lost and the cargos and
24 everything which survived in Spain and the Vatican and Mexico
25 City. But on the ships' construction the only way we could

1 find out about Manila Galleons is actually finding them.

2 None have ever been found to date until I found
3 these two in the Philippines in December and recently I found
4 two other ones in Guam. The two in Guam were the same
5 problem. They hit a shallow reef, they left what we call a
6 skid mark, went off the reef at the deep water. How deep
7 they are, I don't know.

8 It's preferable to work on the deep water ones if
9 they're not too deep. But we can only dive so deep and those
10 reefs there go straight off to infinity. So, maybe all four
11 of those are out of reach. The two in the Philippines are
12 definitely out of reach. After being shot at three times in
13 November and December, I decided it's not safe to work in
14 those areas.

15 So, the project here is the oldest wreck, it is an
16 important wreck. But this is not a treasure hunt. I started
17 offering to work with everybody from Park Service on down the
18 line, pay even their expenses to make this a joint project.
19 So, it's not a deal where Bob Marx wants to be a hero or
20 Bob Marx wants to find treasure. If I want to find treasure,
21 there's so many easier places to go find it without having
22 the hassle of pitch black water. It's always rough in that
23 area. It's the worst place you could think of in the world
24 for great white sharks. Even though I used to write that
25 sharks don't bite, I got 266 stitches in my arm from a mako

1 six years ago. So, I now realize that they bite.

2 So, it's there and I want to do the job the best way
3 I can without having a lot of problems. So, I think we could
4 eventually work out the problems with Mel and National Parks
5 Service by making them part of the project.

6 What I want to do is to have this thing tied into
7 1992. So, even if we don't find the wood, we will find a lot
8 of artifacts on this thing. As I said, it would be like a
9 tourist attraction like the Vaasa in Stockholm or the
10 Mary Rose in Portsmouth. It is the oldest wreck on this coast
11 that we know could be found. There's tails of other ones,
12 but some of those are imaginary ghost wrecks that I don't
13 believe exist.

14 So, I'm willing to answer questions. But all I can
15 say is I want to do the job and I'll do the best job I can
16 do.

17 CHAIRPERSON WALLACE: Appreciate that.

18 Does any other Commissioner have a question of
19 Mr. Marx?

20 COMMISSIONER PELKOFER: You do know where this is?
21 You have located --

22 MR. MARX: Most people know within a couple hundred
23 yards, yes, because of all the stuff coming ashore and, also,
24 the captain of the ship was ashore when the ship went down.
25 He described where his ship was anchored. All the stuff

1 exist. From the historical documents we know, yes.

2 Parks Service and others have gone out there with
3 sensing equipment and have gotten a lot of anomalies in the
4 area. But they've never dug in the spots to see if it's
5 there.

6 COMMISSIONER PELKOFER: How deep is this?

7 MR. MARX: The water is going to be somewhere
8 between 20 and 50 feet deep and the amount of sedimentation
9 could be up to 30 feet We don't know yet.

10 COMMISSIONER PELKOFER: Relatively shallow.

11 MR. MARX: Right. But there are tales over the
12 years people have found bronze cannons and other things that
13 they've picked up. Whether it's true or not, I'm not sure.
14 There has been some plundering of the site.

15 CHAIRPERSON WALLACE: I have a question on the
16 contract, proposed contract, and the memorandum of agreement.
17 Can you hear me?

18 EXECUTIVE OFFICER DEDRICK: Yes.

19 CHAIRPERSON WALLACE: The way in which the artifacts
20 or the valuables are appraised just in terms from the state's
21 interests, as I understand they are appraised for the literal
22 value of whatever comes up at the time.

23 The question that either you may answer or staff
24 that I have is that presumably if an item comes up, it's
25 weighed and valued for insurance purpose; which is

1 legitimate. But my concern is that the value of that is that
2 it plays a larger part in a find that you expect some
3 historical significance, the value of that goes up ten-fold
4 in some cases. I know there's not a lot of these, but the
5 value because of its historical value. I just wanted to make
6 sure that that contract and the memorandum dealt with that
7 issue if it does not right now.

8 MR. MARX: It deals with all the unique items the
9 state could take and then take that out of their percentage.

10 CHAIRPERSON WALLACE: I understand. But how it's
11 valued. In other words, hypothetically --

12 MR. MARX: We always bring in outside appraisers. I
13 usually get the job of representing a country. In this case
14 I couldn't represent a country since I'm on the other side of
15 the fence.

16 CHAIRPERSON WALLACE: I understand that. I'm not
17 being clear. I'm sorry. Hypothetically. This is simply --
18 you pull a necklace out of the water and it's the first thing
19 you pull out. You weigh it and it's worth whatever in gold.
20 Later when it sits there you realize it is a part of a find
21 of a larger historic significance and it's much more valuable
22 not because of the weight of its gold.

23 So, my only question is: Is there some provision in
24 the contract for things to be later costed or appraised for
25 everyone's interest, whoever has the interest, the state

1 or --

2 MR. MARX: I don't know how it's going to be done
3 here. But one of my actual partners in my limited
4 partnership is Christy. He's the auction house. This is the
5 first time they've ever been involved in a project. I'm
6 usually a consultant to them on other finds.

7 So, the best thing is you bring somebody like
8 Christy's in and then you pick a few people and they all sit
9 down and look at all the artifacts and say, okay, this should
10 go there and this should go there.

11 In a lot of cases in previous things that I have
12 done if things are really unique, the people involved who put
13 up the money will just say, let's just give it to the country
14 or state. And they get a tax write-off.

15 So, you see, nobody's really trying to make money.
16 We just don't want to lose millions of dollars either. We're
17 not going to break up a collection if it's something unique.
18 We're not going to say, let's chop the statue in half and you
19 get half and we get half.

20 CHAIRPERSON WALLACE: That wasn't what I meant. I
21 just want to make sure that we all take care of business.

22 MR. HIGHT: Madam Chairman, on your specific point.
23 It was our intent that that be covered. But reading the
24 language now in light of what you said, I believe that the
25 language can be improved and probably should be improved to

1 further clarify your concerns.

2 CHAIRPERSON WALLACE: I don't see any problem doing
3 it. I just want to make sure that we think about.

4 EXECUTIVE OFFICER DEDRICK: I think your point's
5 very good. What Mr. Marx says he's repeatedly stated it's
6 his intent and I'm sure that it is his intent.

7 The problem is that the way this -- this is the
8 concern that you raised earlier and we've been looking at.
9 Just simply the way the language is written it's fuzzy. We
10 would prefer to have some time to straighten out that
11 language so that it's clear what the Commission's options --
12 so that the Commission's discretion is clearly preserved is
13 what I'm trying to say; which I believe would be the desire
14 of the Commission.

15 CHAIRPERSON WALLACE: That would be my desire.

16 I'd like to hear from the other party before we get
17 into that just so that everybody has a chance to share their
18 views here. That is Roger Kelly, I believe.

19 Mr. Marx, are you finished?

20 MR. MARX: Yes.

21 CHAIRPERSON WALLACE: Do you have anything else?
22 Thank you very much.

23 MS. BEUTLER: Madam Chairman, Mr. Kelly has an
24 exhibit.

25 Did you want to put that up, Mr. Kelly?

1 DR. KELLY: It's only brought for the courtesy of
2 the Commission. It's a nice helpful graphic.

3 EXECUTIVE OFFICER DEDRICK: Would you like that up?

4 CHAIRPERSON WALLACE: Please. Thank you.

5 Mr. Kelly, are you speaking on behalf of the
6 project?

7 DR. KELLY: I'm speaking on behalf of the National
8 Park Service, Western Region, San Francisco.

9 CHAIRPERSON WALLACE: Thank you.

10 DR. KELLY: I'm ~~DR.~~ Roger Kelly, a regional
11 archaeologist, National Park Service. We welcome the
12 opportunity to emphasize the National Park Service's position
13 in the matter of the phantom galleon San Agustin.

14 Our research in Drake's Bay and Point Reyes Seashore
15 jurisdiction a few years ago resulted in factual evidence of
16 the likely position of the wreck site. We published a report
17 describing that project and those data.

18 Historical research in Spain by our historians
19 working with Spanish scholars has been also helpful in recent
20 years. Electronic discovery devises used revealed to us
21 several highly likely patterns for the wreck site and the
22 historical information we've been able to work on in the last
23 couple of years shows that the wreck sites continued in
24 Spanish minds up until at least 1776, where the wreck site is
25 shown on a Spanish period map in San Francisco Bay Area.

1 We have reread and retranslated parts of Cermano's
2 accounts that is in the various archives in Spain to see if
3 the translations done in the 20's have been accurate
4 according to modern knowledge. We have a conceptual plan to
5 continue research and search and we can effectively call upon
6 other agencies to share in this program as they have in the
7 past. Specifically, NOAA, Coast Guard, Navy and other
8 agencies.

9 We recognize the responsibilities of the Commission
10 acting for the people in state lands matters and we recognize
11 the parallel responsibility of NOAA Marine Sanctuary Program
12 staff. Both agencies are our neighbors in Point Reyes and
13 Channel Islands and we are in good dialogue with both
14 agencies and particularly after our joint meeting with the
15 Commission last spring.

16 We recognize also the very high significance of this
17 oldest shipwreck on the west coast; the responsibility of
18 each public agency, state or federal, to address highest
19 public interest, which we believe is complete public
20 ownership for maximum public good.

21 For any agency or group to investigate, identify,
22 study and tell the nation San Agustin's story is to commit an
23 international significant resource and considerable funds.
24 It must be done according to highest standards. There will
25 be no second chance.

1 We welcome the opportunity to work with non-NPS
2 individuals, groups and others who meet the Department of
3 Interior's well-known standards in archaeology and historic
4 preservation. Such groups and individuals have already come
5 forward. The permit authority for those kinds of activities
6 rests in San Francisco with the Regional Director and lines
7 of communication are always open.

8 For 400 years the sea has both hidden and protected
9 in a sense this evidence of a heroic human story. One of the
10 best reasons to conduct a search, by whom and for what goals
11 are issues faced here by the Commission, National Park
12 Service and other agencies and citizens of California.

13 Thank you for the consideration of these views.

14 CHAIRPERSON WALLACE: Thank you, Mr. Kelly.

15 Does anyone have any questions of Mr. Kelly?

16 EXECUTIVE OFFICER DEDRICK: Perhaps for the
17 benefit -- oh, I'm sorry.

18 COMMISSIONER PELKOFER: That's all right. I was
19 just trying to see if Mr. Kelly -- I'm not sure where
20 Mr. Kelly is coming from.

21 Are you in favor of going ahead, Mr. Kelly, at this
22 point by this individual requesting a permit or are you
23 opposed to it or do you have a position?

24 DR. KELLY: The position of the National Park
25 Service is that since we are neighbors to this proposed

1 project and we have addressed already in correspondence our
2 concern about environmental documents as we read them some
3 months ago and the research design and project documents as
4 we read them some months ago, we notice some inadequacies in
5 there.

6 I think at this point we would have to say the
7 project as we understand it is not acceptable on certain
8 technical areas. They may have been corrected. I'm not
9 sure. We would prefer this kind of project be accomplished
10 with the highest public good, which is total public
11 ownership, even though that runs counter to some of the
12 Commission's mission and we understand and respect that view
13 of the Commission.

14 COMMISSIONER PELKOFER: So, if I'm understanding you
15 correctly, you think it's a good idea to explore this as an
16 archaeology site; but you want to make sure it's done
17 properly.

18 DR. KELLY: Exactly, sir.

19 COMMISSIONER PELKOFER: Thank you.

20 EXECUTIVE OFFICER DEDRICK: Commissioners, the
21 timeframe issue that faces the Commission is that under the
22 Permit Streamlining Act the year on Mr. Marx' application ran
23 approximately two and a half months ago. As Mr. Kelly has
24 indicated, there was some controversy on this issue,
25 particularly within the archaeological community.

1 With the cooperation of the State Historic
2 Preservation Officer, Dr. Gualtieri, and Dr. Kelly and the
3 people at the National Park Service we had a substantial
4 meeting discussing how to handle the jurisdictional problem;
5 the problem being, of course, that under state law when an
6 application is approved and certified and handled properly as
7 this one has been, a decision has to be made. At that time
8 Mr. Marx very generously in concern over trying to help
9 resolve this problem gave us a 90-day extension.

10 Now, that extension runs on the 28th of July, as
11 your calendar indicates. There is a scheduled Commission
12 meeting. The July meeting is scheduled for the 16th of July.
13 That would give us time to address the sorts of issues that I
14 have mentioned earlier, which is primarily technical.

15 The problem that Dr. Kelly has raised we've had
16 substantial discussion. The Park Service has been
17 exceedingly courteous about this. We do not feel that the
18 State Lands Commission is the right agency to be the arbiter
19 of what is the right way to go archaeologically.

20 Therefore, we entered into a joint agreement with
21 the State Historic Preservation Office, which is the state
22 archaeological authority, to give them very strong control
23 over anything that goes forward.

24 In this instance there's a disagreement between the
25 federal policy, a legitimate policy, and the state policy, an

1 equally legitimate policy, that you've got to have some
2 profit in here or nobody's going to explore and there isn't
3 public funding for it. So, that's the basic
4 archaeological/regulatory debate.

5 I think that any real issue that relates to
6 archaeology -- I'm not sure, Roger, whether you were in on
7 the last round of discussions with SHPO. But the State
8 Historic Preservation Office addressed in detail the concerns
9 that the Park Service had. As always, it's difficult to hold
10 meetings. We have offered and the Park Service is
11 considering expanding those kinds of agreements so that where
12 they relate to issues of concern or areas of jurisdiction,
13 are adjacent to Park Service jurisdiction, we can have an
14 orderly process to handle the thing.

15 I don't believe that our staff will ever be
16 qualified to make those judgments, nor do I think is that
17 desirable. But I do believe the process should be orderly
18 and that's been our effort here. In that I must say the
19 people at Golden Gate National Recreation Area and the
20 archaeologists, particularly Dr. Kelly, have been very
21 cooperative.

22 CHAIRPERSON WALLACE: Thank you.

23 COMMISSIONER STANCELL: I take it from your comment
24 then that the concerns raised by Dr. Rogers (sic) can be
25 addressed within the two-week timeframe?

1 EXECUTIVE OFFICER DEDRICK: Commissioner, we believe
2 that the process that we've set up, which is that the
3 applicant must come back to the Commission after this permit
4 as a condition of the permit with an archaeological plan that
5 is approved by the State Historic Preservation Office and
6 meets the requirements of the archaeological community as
7 represented by that state office.

8 COMMISSIONER STANCELL: You think that can be done?

9 EXECUTIVE OFFICER DEDRICK: Yes. Then before the
10 thing can go forward there needs to be input from all
11 concerned and I would hope that if we ever get to that stage
12 on this kind of a project that we will have a working
13 arrangement with the National Park Service. There's plenty
14 of opportunity for their input on a professional basis.

15 The only thing that we cannot resolve unless the
16 Commission chooses to do that is this question of whether or
17 not archaeological finds should be explored and there should
18 be some element of private profit in that exploration.
19 That's the basic issue.

20 If I'm misquoting you, Dr. Kelly, please --

21 DR. KELLY: I'm sorry?

22 EXECUTIVE OFFICER DEDRICK: If I'm misquoting the
23 accuracy of our respective positions, I'd appreciate your
24 correcting me. But I believe that's correct.

25 But that's a basic, I guess, governmental

1 philosophical difference and that we cannot resolve by our
2 process. But the on-the-ground problems I believe we can
3 resolve.

4 CHAIRPERSON WALLACE: So, I think what staff is
5 saying is that there's two main issues here. One is our
6 interest in terms of the contract, presuming this is
7 something we're going to do, and how well it's done and how
8 well the state's interests are dealt with. Secondly, that
9 the issues that are sort of out of our purview to be able to
10 judge such as the archaeological judgments are made with that
11 partnership that you're creating by the agreement itself with
12 the historical society?

13 EXECUTIVE OFFICER DEDRICK: With the Preservation
14 Office. That is correct, Commissioner.

15 CHAIRPERSON WALLACE: I got it.

16 EXECUTIVE OFFICER DEDRICK: That's a good
17 description of the situation.

18 CHAIRPERSON WALLACE: So, as I understand, we will
19 put this off and hear this issue after we get the contract
20 language and the Commissioners and anyone else that have
21 specific interests can deal with that before the 16th? The
22 16th or 17th?

23 EXECUTIVE OFFICER DEDRICK: The 15th is the
24 scheduled date for the Commission meeting unless something
25 happens. So, we will be noticing that around the 6th of

1 July.

2 CHAIRPERSON WALLACE: Does anyone else in the
3 audience have any comment on this project that they would
4 like to share now or talk about before the 16th, which you
5 also may do the 16th?

6 Okay.

7 COMMISSIONER STANCELL: Madam Chairman, I would move
8 that this item be put over until the next Commission meeting.

9 CHAIRPERSON WALLACE: Second and approved.

10 Item 22. Staff, would you present Item 22, please.

11 EXECUTIVE OFFICER DEDRICK: Item 22 is to
12 consider -- the Commission requested in the case of the
13 Bolsa Chica proposed area that staff ascertain the position
14 of local government. Huntington Beach and Orange County have
15 been consulted and met with and Mr. Trout has done all those
16 things and I'd ask him to report directly to you.

17 ASSISTANT EXECUTIVE OFFICER TROUT: The report is
18 that local government is working with the developer to enter
19 into an agreement which would provide for the County of
20 Orange to get the local coastal plan approved and certified
21 by the Coastal Commission and that thereafter the issuance of
22 development permits would be made by the City of Huntington
23 Beach after annexation. They're working on what would be
24 called a development plan agreement and we're monitoring
25 that. Both the City of Huntington Beach and Orange County

1 are supportive of the work that's now going on.

2 CHAIRPERSON WALLACE: Thank you, Mr. Trout.

3 EXECUTIVE OFFICER DEDRICK: This doesn't require
4 action by the Commission.

5 CHAIRPERSON WALLACE: This is just information for
6 the Commission. Thank you.

7 Item 23.

8 EXECUTIVE OFFICER DEDRICK: Item 23 is another
9 information item for the Commission. As you recall, there
10 has been a moratorium on new marina construction or marina
11 expansion imposed by the Commission while we tried to get a
12 handle on what's happening out there and how best to proceed
13 with a reasonable level of development in the river. Staff
14 conducted a major study which came up with a great many
15 recommendations and a lot of information generally supported
16 by the public and the respective public agencies.

17 In about March staff began -- we've been trying to
18 put together an implementation plan for utilizing this
19 information in the Commission's decisionmaking process along
20 the river.

21 It turns out to be quite a difficult thing to do
22 partly because there are a variety of jurisdictions and,
23 also, of course, if the Commission decides to get into a
24 definite regulatory area here, that invokes the Office of
25 Administrative Law process, which can take at least a year

1 before regulations of that sort can be carried out.

2 Obviously, the moratorium would have to stay in
3 effect during that period or the -- I mean, staff would
4 recommend that the moratorium couldn't be lifted under those
5 circumstances.

6 So, in March you had a couple of people, including
7 Mr. Skidmore, who is here and wants to testify today, asking
8 when are we going to get this act together. I told the
9 Commission at that time that we would give you our best
10 estimate in June and that's what this report to you is about
11 today.

12 We believe that extremely useful information came
13 from that marina study. We do not believe that a blanket
14 lifting of a moratorium is the way to go at the moment,
15 because we're in the process of trying to come up with a
16 method of utilizing that information in the Commission's
17 decisionmaking process.

18 What we would like to do -- we have, as the calendar
19 item says, three or four applications that are in before the
20 Commission now. What we would like to do is to try to apply
21 our knowledge on a case-by-case basis to applications as they
22 come before us and develop -- I believe what will be the most
23 useful thing is an addition to the CEQA checklist that covers
24 the kinds of issues that are specific to the Sacramento
25 River.

1 We, therefore, would recommend that in the general
2 way -- we're not asking you for action today. We would just
3 prefer to have two or three months -- I would say around
4 August or September -- to work through these four
5 applications that are before us in the light of the
6 information that we have and see if we can devise a process
7 that will be functional, but will meet the Commission's
8 concerns about cumulative impacts and all of the other
9 impacts that were identified in the marina study.

10 CHAIRPERSON WALLACE: Thank you.

11 Any questions before we hear Mr. Skidmore?

12 MR. SKIDMORE: Madam Chairman, Commissioners, my
13 name is Kip Skidmore. I represent Riverbank Holding Company.
14 We have been an applicant to expand our existing marina on
15 the Sacramento River. I think we've applied and taken our
16 application and withdrawn it and then applied it again.

17 But, basically, I think this is about the third year
18 anniversary of this study that is now being conducted. We
19 were the last ones through and had our marina that is now
20 existing passed in I think it was June or July of '84.

21 That study was undertaken by the staff as a capacity
22 study for the Sacramento River, which we fully agree with.
23 The staff and its consultants I think did an admiral job in
24 putting together that study. We as developers and users of
25 the river think that study was necessary, although probably

1 not as supportive at that time it was going to be a
2 three-year study. Now I'm hearing a little bit longer.

3 But in any case, we do support that study. We had
4 input into that study, as all the jurisdictions did and the
5 public and everybody else had input. We think it's an
6 admirable study.

7 We were also under the impression that that study
8 was going to be adopted by this Commission last October or
9 November. It was not, obviously. It was put over until
10 January or February. The time is now -- I appeared in April
11 at your meeting and asked the specific question as to when
12 this study was going to either be adopted or amended or
13 whatever. April we said it was going to be -- I thought it
14 was May. Claire, maybe it was in June which you were going
15 to give us a specific date as to when the Commission would
16 either adopt or modify the staff recommendations.

17 Also in light of this, it's the Commission's
18 responsibility to the public of Sacramento that are now our
19 best estimate -- and I probably think this will be
20 substantiated by staff. There are 3,000 boaters in this
21 general Sacramento area who do not have boat slips. They've
22 been waiting three years, the number hasn't changed in three
23 years. The same 3,000 people are still looking for boat
24 slips.

25 The study addressed that, I think, and all 3,000 are

1 not going to have boat slips in Sacramento. The river is not
2 going to support that. We all know that. We're not asking
3 for 3,000. We're asking, I think, for 66 or 60 additional
4 boat slips.

5 I think the public needs to know as we need to know
6 is this Commission going to adopt that study? Is it going to
7 modify it? When is it going to do that? That's simply what
8 I think I'm asking here today.

9 Again, I think this is the third or fourth time
10 which I've asked that question. I simply want some
11 indication. I hear Claire saying that it may be three or
12 four months.

13 The application we have in meets fully in our
14 opinion and I think staff's opinion, too, the conditions that
15 the study lays out as to how you approve new marinas and that
16 sort of thing. We're asking for an extension of an existing
17 marina and the removal of an older marina and it fits into
18 the study. So, are we going to be asked to wait another year
19 or three months?

20 EXECUTIVE OFFICER DEDRICK: Madam Chairman, for the
21 information of the Commission the item relating to the area
22 that Mr. Skidmore is referring to -- that is to say, a lease
23 for the area where he would like to do the expansion -- is
24 Item No. 28 on this calendar. We would be granting to
25 Riverbank a lease for an existing marina which they have had

1 control of for the past three years and which is in trespass.

2 You should not understand from what I have said that
3 the Riverbank Holding Company is really responsible for the
4 trespass, because they're really not. They bought the upland
5 area from the people who have been in trespass for many years
6 and have since been trying to get a lease for the area.

7 I didn't want to misrepresent your position here at
8 all, Kip.

9 We are recommending that the existing facilities --
10 I think I just said it was Item 28 -- go under lease. The
11 proposal for expansion of the marina is very, very
12 substantial.

13 I am not certain that any of the three of you were
14 sitting at the time that the Commission adopted the -- or
15 directed staff to put a moratorium into effect; but it was
16 the direct result of the Riverbank application and the
17 magnitude of that marina which is now in existence and which,
18 as you know, is a very large marina. That isn't to say
19 there's anything wrong about that.

20 Kip understands, I know, that that's what started
21 the Commission's intense concern about what's going to happen
22 to the river. Because it's a substantial change in the kind
23 of use that has historically been the case along the river.

24 CHAIRPERSON WALLACE: I think his point though, too,
25 is that we need to get down and decide what those rules are

1 so that they know how to play by them.

2 EXECUTIVE OFFICER DEDRICK: Absolutely true. As I
3 pointed out, it has turned out to my consternation frankly to
4 have been extremely difficult to put this into a form where
5 the Commission can actually use it. I simply several months
6 ago brought a whole new set of planning people in who had not
7 dealt with it before to try to get a fresh look at it and I
8 think that that was a positive move. I think we'll have
9 something for you along the lines described in the calendar
10 item within the next couple or three months. Certainly by
11 the end of the summer.

12 Excuse me, one more point. Riverbank is one of the
13 applications that will be used as our process example.

14 CHAIRPERSON WALLACE: What you're concerned about is
15 going to be dealt with at any rate because you're going to
16 use that to deal with the study.

17 EXECUTIVE OFFICER DEDRICK: Precisely correct.

18 I don't know whether anybody's asked you, Rip, but
19 we are hoping to have a good deal of cooperation from you two
20 or three applicants and a lot of discussion on the way we're
21 going here.

22 MR. SKIDMORE: We are totally supportive of the
23 study and all the conclusions reached in that study. Our
24 application that we have in we are applying as if that study
25 was adopted. We agree with all of the conclusions reached in

1 that study. We are simply asking -- there it is, there's the
2 study. Implement it. It's been around six months. Are we
3 going to wait another six months to do it?

4 Keep in mind that the building season on the
5 Sacramento River ends November 15th. Any project that is not
6 substantially completed by that time will not be completed.
7 Because the requirements of the Reclamation Board require you
8 to be off the marina from November 15th to, I believe, March
9 15th.

10 CHAIRPERSON WALLACE: Do you have a project other
11 than Item 28? Do we have a timeline on that? Is that what
12 we're getting at here?

13 MR. SKIDMORE: We have Item 28 on the calendar at
14 the request of the staff. We had put that on there prior to
15 that because that lease would be superseded by our expansion
16 request. That is an old marina that's been there, I don't
17 know, 20 years or so.

18 EXECUTIVE OFFICER DEDRICK: Wait a minute now.
19 That's on at the request of your owners. You asked that we
20 give you a lease to that area.

21 MR. SKIDMORE: I'm sorry. What I meant is that will
22 be superseded by -- it's a marina that's sitting here. Our
23 expansion will go right across that marina. This is a
24 dilapidated marina that we need to have under lease.

25 COMMISSIONER PELKOPER: Excuse me. Are we on

1 Item 23 or Item 28?

2 CHAIRPERSON WALLACE: We're on Item 23, but 28
3 relates to this, I think, and it's been up so often that I
4 really wanted to get that on the table and get some closure
5 on this report.

6 COMMISSIONER PELKOFER: So, we are looking at a
7 finished report in three months?

8 EXECUTIVE OFFICER DEDRICK: Yes. Commissioners, one
9 of the major problems is that the results of the study make
10 recommendations which internally conflict with each other.
11 That's one of the problems. Trying to resolve those kinds of
12 things are what has caused us a lot of problems. If we take
13 one set of recommendations, it could kill this person's
14 marina. If we take another set, it will kill somebody else's
15 marina.

16 What is the best thing? I mean, what's in the
17 public's interest and how does the Commission retain its
18 discretion to make a public interest decision within these
19 guidelines? That's the reason there's a difficulty.

20 CHAIRPERSON WALLACE: Okay.

21 EXECUTIVE OFFICER DEDRICK: But, yes, three months.

22 CHAIRPERSON WALLACE: That's what you were trying to
23 get is three months?

24 EXECUTIVE OFFICER DEDRICK: The September meeting.

25 CHAIRPERSON WALLACE: September meeting. Fine.

1 This is an informational item. We sure did spend a lot of
2 time on it.

3 MR. SKIDMORE: Thank you.

4 CHAIRPERSON WALLACE: We appreciate your time.

5 Twenty-three. We passed 23.

6 Time. Excuse me.

7 (Thereupon a short discussion was held off the
8 record.)

9 MR. BIGHT: For the record I would like to make a
10 statement that Peter Pelkofer is sitting in a non-voting
11 capacity for the State Controller.

12 CHAIRPERSON WALLACE: Item 24.

13 EXECUTIVE OFFICER DEDRICK: Item 24 is the
14 recommendation of approval of a 49-year General Permit-Public
15 Agency Use for a very small parcel of land for a public
16 walkway to the City of Redding.

17 CHAIRPERSON WALLACE: Do I hear a motion on Item 24?

18 COMMISSIONER STANCELL: I so move.

19 CHAIRPERSON WALLACE: Second and approved for Item
20 24.

21 Item 25.

22 EXECUTIVE OFFICER DEDRICK: Item 25 is authorization
23 for the execution of a memorandum of understanding between
24 the staff of the Lands Commission and the Southwest Region of
25 the Forest Service for land exchanges.

1 COMMISSIONER STANCELL: I move.

2 CHAIRPERSON WALLACE: Second and approved Item 25.

3 Item 26.

4 EXECUTIVE OFFICER DEDRICK: Item 26 is approval of a
5 25-year General Public Agency Permit to the State Reclamation
6 Board for levee protection work in the Delta.

7 CHAIRPERSON WALLACE: Do I hear a motion?

8 COMMISSIONER STANCELL: I move Item 26.

9 CHAIRPERSON WALLACE: Second and approved for Item
10 26.

11 Item 27.

12 EXECUTIVE OFFICER DEDRICK: Item 27 is to deny
13 without prejudice an application for a gas pipeline into the
14 San Joaquin Valley around Bakersfield.

15 CHAIRPERSON WALLACE: Do I hear a motion on Item 27?

16 COMMISSIONER STANCELL: I so move.

17 CHAIRPERSON WALLACE: Second and approved.

18 Item 28.

19 EXECUTIVE OFFICER DEDRICK: Item 28 is the Riverbank
20 lease. We recommend a ten-year General Lease with the
21 payment of an annual payment of about 1,062 subject to
22 five-year rent review and the payment of three years of back
23 rent.

24 COMMISSIONER STANCELL: I so move.

25 COMMISSIONER PELKOFER: Comment, Madam Chairperson.

1 The Controller would like to express his concern
2 with this item. Even though I'm not voting today and he has
3 no objection to its passage today, I think it should be very
4 clear to the applicant that the Controller may not support
5 any of the other plans and he shouldn't interpret any actions
6 of support here as support for any of the expansion that he
7 has before the Commission, that is proposed before the
8 Commission.

9 I don't want to lead him down the path into thinking
10 because this was approved necessarily anything else that he
11 has planned before this Commission will be or will not be
12 approved. Thank you.

13 CHAIRPERSON WALLACE: As I understand it, until the
14 plan is approved that would be --

15 EXECUTIVE OFFICER DEDRICK: That is correct. This
16 lease is, as Mr. Pelkofer correctly interprets it, for the
17 existing facilities there and carries no further commitment
18 by the Commission in any way.

19 COMMISSIONER PELKOFER: My purpose was just to
20 indicate that the action and approval, even though I'm not
21 voting today, should not be signified as any action of
22 approving anything else or an intent to approve anything
23 else. Thank you.

24 CHAIRPERSON WALLACE: Item 28 is --

25 COMMISSIONER STANCELL: Just moved.

1 CHAIRPERSON WALLACE: Just moved and seconded and
2 approved, Item 28.

3 Item 29.

4 EXECUTIVE OFFICER DEDRICK: Item 29 is the approval
5 of a new rescission of an old 49-year Public Agency Lease at
6 Wildcat Creek to the Contra Costa Flood Control District. To
7 my knowledge this is a non-controversial item, although Mr.
8 Connaughton of the Flood Control District is here to answer
9 questions if the Commission would like questions answered.

10 CHAIRPERSON WALLACE: I don't have any. I'm
11 comfortable with this item.

12 COMMISSIONER STANCELL: I move Item 29.

13 CHAIRPERSON WALLACE: Item 29 seconded and approved.
14 Item 30.

15 EXECUTIVE OFFICER DEDRICK: Item 30 is the approval
16 of two Non-Exclusive Geophysical Survey Permits for the use
17 of instruments not including acoustical pulse generators.

18 The reason I'm making those funny-sounding noises
19 is, as you remember, Commissioners, we are in the process of
20 developing a reassessment of the acoustical -- you call them
21 air gun -- system of exploration.

22 These two permits are not for that kind of
23 equipment. They are strictly for the use of side-scan sonar
24 and non-acoustical generators.

25 I should call your attention to the fact that we

1 received a letter from Chase Mellen, an attorney in Santa
2 Barbara, in relation to this. That letter is before you. He
3 feels that no permit should be issued without an EIR.

4 He calls this a seismic blasting permit in his lead
5 and since specifically the -- first place, seismic blasting
6 does not occur and has not occurred in California waters for
7 over 25 years. But I think he means air guns and this permit
8 does not allow air guns.

9 CHAIRPERSON WALLACE: I understand that.

10 COMMISSIONER STANCELL: I move Item 30.

11 CHAIRPERSON WALLACE: Item 30 is seconded and
12 approved.

13 Item 31.

14 EXECUTIVE OFFICER DEDRICK: Item 31 is the issuance
15 of a Preferential Geothermal Lease to the Kennecott
16 Corporation on 40 acres of resource in Imperial County right
17 next to the Salton Sea. It's the result of a very impressive
18 and very deep well test that was run by the Department of
19 Energy to determine the temperatures there and it looks like
20 a promising area.

21 COMMISSIONER STANCELL: I so move.

22 CHAIRPERSON WALLACE: Second and approved for Item
23 31.

24 Item 32.

25 EXECUTIVE OFFICER DEDRICK: Item 32 is the Twelfth

1 Modification of the Long Beach Plan and Budget. This revises
2 economic projections. I think perhaps Mr. Thompson would
3 like to speak to this, but I'm not certain.

4 Moose, do you have some comments for Mr. Stancell's
5 benefit at least here?

6 MR. THOMPSON: Well, it's actually a little out of
7 date now. Just that we had very drastic low price reductions
8 about a year ago. Now they're turning around very rapidly
9 and coming back. We'll probably have a revised revenue
10 projection. I believe it's scheduled for the August meeting
11 and I would say the revenues probably will be up.

12 EXECUTIVE OFFICER DEDRICK: Things have moved so
13 fast this one's out of date before it gets on the calendar.

14 CHAIRPERSON WALLACE: It's going up.

15 COMMISSIONER STANCELL: I move that item.

16 CHAIRPERSON WALLACE: Approved of Item 32.
17 Item 33.

18 EXECUTIVE OFFICER DEDRICK: Item 33 is a Negotiation
19 Subsurface Oil and Gas Lease to Russell Green and the Rio
20 Delta Associates in Solano County. As you know, negotiated
21 leases result because of there being no physical access to
22 allow a competitive lease to go forward. That is the case
23 here.

24 CHAIRPERSON WALLACE: Motion?

25 COMMISSIONER STANCELL: I so move.

1 **CHAIRPERSON WALLACE:** Second and approved for Item
2 33.

3 Item 34.

4 **EXECUTIVE OFFICER DEDRICK:** Mr. Hight will cover the
5 legal items.

6 **MR. HIGHT:** Item 34, Madam Chairman, is the
7 authorization to do a Title Settlement at Sausalito whereby
8 the state will obtain 12,500 in the Kapiloff Land Bank and a
9 public easement over Richardson Bay and the existing marina
10 area access road to the marina.

11 Staff recommends approval.

12 **COMMISSIONER STANCELL:** I so move.

13 **CHAIRPERSON WALLACE:** Seconded. Item 34 is
14 approved.

15 **MR. HIGHT:** Item 35 is the authorization of a
16 sufficiency of a legal description of the proposed annexation
17 to Laguna Beach. In this case the Commission is acting only
18 on the sufficiency of the legal description.

19 **CHAIRPERSON WALLACE:** Boundaries.

20 **MR. HIGHT:** Yes.

21 **CHAIRPERSON WALLACE:** Motion?

22 **COMMISSIONER STANCELL:** I move.

23 **CHAIRPERSON WALLACE:** Second and approved Item 35.
24 Item 36.

25 **MR. HIGHT:** Item 36 is the proposed annexation by

1 the City of Anderson of an area adjacent. In this case it is
2 staff's recommendation that the Commission act once again
3 only on the legal sufficiency of the description. The City
4 of Redding, I believe, is here.

5 EXECUTIVE OFFICER DEDRICK: No, that's the City of
6 Anderson.

7 MR. HIGHT: The City of Redding has written to the
8 Commission objecting to this annexation and it's staff's
9 position that the legal description is sufficient and this is
10 really an area where LAFCO should make the decision.

11 EXECUTIVE OFFICER DEDRICK: Mr. Hart of the City of
12 Anderson is here to answer questions if the Commission
13 desires to ask them.

14 CHAIRPERSON WALLACE: I have a question of staff.

15 EXECUTIVE OFFICER DEDRICK: Yes.

16 CHAIRPERSON WALLACE: This is a proposal for
17 boundaries, not the annexation.

18 EXECUTIVE OFFICER DEDRICK: That is correct.

19 CHAIRPERSON WALLACE: So, we are not at this
20 Commission approving the annexation; we're only clarifying
21 boundaries.

22 EXECUTIVE OFFICER DEDRICK: That is correct.

23 CHAIRPERSON WALLACE: Does any other Commissioner
24 have a question for Mr. Hart, who's with Anderson? I don't.

25 Thank you very much for coming all the way from

1 Shasta County.

2 COMMISSIONER STANCELL: I move this item.

3 CHAIRPERSON WALLACE: Second. The item is approved.

4 MR. HIGHT: Item 37 is the authorization to enter
5 into a Boundary Line Agreement to clarify title along the
6 Sacramento River in Tehama County.

7 COMMISSIONER STANCELL: I so move.

8 CHAIRPERSON WALLACE: Second and approved Item 37.
9 Item 38.

10 MR. HIGHT: Mr. Trout will present the
11 administrative items, Madam Chairman.

12 MR. TROUT: Item 38 resulted from the Commission's
13 request to establish an enforcement program. Two years ago
14 through agreements with the Department of Finance and the
15 Resources Agency, rather than establish the program, a pilot
16 program was established that would run for two years.

17 We've obtained the services of Lisa Beutler, who has
18 headed up that enforcement program. She's prepared an
19 enforcement report of the first year's activities and perhaps
20 we could just take a minute for her to highlight that.

21 We're now getting ready tomorrow to start into the
22 second year of the program.

23 CHAIRPERSON WALLACE: Thank you very much.

24 MS. BEUTLER: Essentially what we tried to do was
25 develop a program to expand resources to assist us in the

1 enforcement effort. We have over four and a half million
2 acres of property throughout California and clearly a staff
3 of 250 people could not hope to address and properly monitor
4 this.

5 So, what we did was develop six goals and objectives
6 which include information and education, a goal for revenue
7 enhancement, expedition or resolution of violations,
8 investigation services, assistance to the hazard removal
9 program, as well as having the enforcement officer serve as a
10 member of the executive staff.

11 We had excellent efforts in terms of education and
12 information. We provided or established six major
13 relationships with agencies and community groups. As a
14 result of this, 34 agencies made enforcement referrals to us
15 and 40.7 percent of cases came from sources out of the
16 Commission staff.

17 Staff found the program to be revenue effective. We
18 had an actual revenue collection of \$103,819 collected as of
19 June 10th and achieved a savings to a grant trust fund
20 through a settlement of \$290,000 where investigative services
21 were provided.

22 With over 81 investigations opened as of June 10th
23 I'm now up to about 93 cases. I think we've opened seven or
24 eight cases since this report was written. We have closed 58
25 percent of the cases or have those cases in litigation or

1 some other pending action.

2 We also were very effective in the hazard removal
3 program. We worked with other jurisdictions and were able to
4 do some hazard removal at no cost to the Commission or the
5 state in this case and reduced cost in the other cases and we
6 were acting in the capacity of health and safety for
7 emergency purposes in those cases.

8 I'm also the Safe Water Drinking Coordinator for the
9 agency. So, it's been a very busy year and I expect it will
10 be another busy year. We've got a lot of work to do out
11 there. I don't believe we understood the magnitude of the
12 problem before we started the program. But we'll be very
13 busy and there's graphs and all kinds of -- there's also a
14 listing of cases. I'd be happy to brief the Commissioners on
15 any of the cases. They are confidential because they're
16 investigative. But privately feel free to call me.

17 ASSISTANT EXECUTIVE OFFICER TROUT: When we
18 submitted our Budget Change Proposal, we believed very
19 strongly from dealing with other states that this was a
20 cost-effective program. It's turned out that way and we will
21 be using this information to prepare a new budget proposal
22 for consideration in the 88-89 budget.

23 CHAIRPERSON WALLACE: That's very good. I had a
24 copy of this sent over to the office and I had the fortune of
25 reading this last night and I am duly impressed.

1 EXECUTIVE OFFICER DEDRICK: It's really about twice
2 as effective as we expected. We thought we were maybe being
3 optimistic.

4 But one of the things that's really terrific are the
5 spin-offs; not just cash, which has been excellent and I
6 think will continue.

7 CHAIRPERSON WALLACE: Cash isn't bad.

8 EXECUTIVE OFFICER DEDRICK: No, that doesn't hurt.
9 But in fact we're getting just a lot better information about
10 our own land management or areas that we haven't been
11 managing than we've ever had in the past to a large extent
12 just through the contacts that Lisa has made to local
13 government, particularly rural area law enforcement agencies.
14 Just getting a terrific amount of useful information.

15 You've taken actions in the past few months based on
16 those kinds of contacts and the information that Lisa
17 obtained. Remember a couple cases of some illegal
18 waterskiing activities that were actively dangerous. That
19 was one that came out of Lisa's investigations.

20 CHAIRPERSON WALLACE: I also think that there's more
21 of a tendency for people to actually perform when there's
22 enforcement people that actually go out and enforce the
23 rules. A bit difficult. Anyway, I congratulate you on
24 behalf of the Commission.

25 Is this the last item?

1 EXECUTIVE OFFICER DEDRICK: One more.

2 ASSISTANT EXECUTIVE OFFICER TROUT: One more item as
3 soon as you dispose of this. We'd ask that you accept the
4 report here.

5 COMMISSIONER STANCELL: I move that the report be
6 accepted.

7 CHAIRPERSON WALLACE: I second. Approved.

8 ASSISTANT EXECUTIVE OFFICER TROUT: Item 39 is a
9 request for authority to sign an Interagency Agreement with
10 the State Controller's Office for \$30,000 for 87-88.

11 Over the past several years the Commission has been
12 performing technical and expert functions where the
13 Controller's Office did not have staff involving the
14 settlement of the Howard Hughes' estate. This would carry
15 that activity into the 87-88 fiscal year for the \$30,000.
16 We've in the past performed legal services, engineering
17 services and appraisal services.

18 CHAIRPERSON WALLACE: Do I hear a motion?

19 COMMISSIONER STANCELL: I so move. The Controller's
20 going to pay him.

21 CHAIRPERSON WALLACE: I second and approve.

22 COMMISSIONER PELKOFER: Which turkey is this that
23 we're employing for this job?

24 EXECUTIVE OFFICER DEDRICK: Oh, they're all good
25 turkeys.

1 MR. HIGHT: This is the wonderful staff of the Lands
2 Commission and nobody else.

3 EXECUTIVE OFFICER DEDRICK: All our turkeys are good
4 turkeys, sir.

5 COMMISSIONER PELKOFER: I figured it was somebody
6 outside.

7 EXECUTIVE OFFICER DEDRICK: No, this is staff work
8 strictly.

9 COMMISSIONER PELKOFER: We'll write the check for
10 that.

11 CHAIRPERSON WALLACE: Before we close, I did want to
12 thank the parties that came from all over to testify today
13 and provided us information.

14 If there's no other item of business, we will
15 adjourn.

16 EXECUTIVE OFFICER DEDRICK: That's the end of the
17 agenda.

18 (Thereupon the meeting of the State Lands
19 Commission was adjourned at 11:05 a.m.)

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