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MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

ORIGINAL

ROOM 447
STATE CAPITOL
SACRAMENTO, CALIFORNIA

THURSDAY, JULY 16, 1987
10:10 A.M.

Nadine J. Parks
Shorthand Reporter

MEMBERS PRESENT

1
2 Leo T. McCarthy, Lieutenant Governor, Chairman
3 Nancy Ordway, representating Jesse R. Huff,
4 Director of Finance, Commissioner
5
6
7 Jim Tucker, representating Gray Davis, State Controller,
8 Commissioner

STAFF PRESENT

9 Claire T. Dedrick, Executive Officer
10 J. Trout, Assistant Executive Officer
11 Robert Hight, Chief Counsel
12 Jan Stevens, Deputy Attorney General
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P R O C E E D I N G S

--ofo--

1
2
3 CHAIRMAN MC CARTHY: Good morning, ladies and
4 gentlemen. Welcome to this meeting of the State Lands
5 Commission.

6 On my right is Nancy Ordway. And we have some
7 very mixed feelings this morning, because this is
8 Commissioner Ordway's last meeting as a member of the
9 State Lands Commission.

10 In 1983, she was appointed Deputy Director of the
11 Department of Finance, and in 1984, the Chief Deputy
12 Director of the Department of Finance. She is viewed by
13 both Democrats and Republicans in this building as one of
14 the most able people in State service and someone who,
15 through a lot of gut-wrenching crises, manages to keep a
16 sense of humor, and never lets the grinding of her teeth be
17 heard by anyone.

18 (Laughter.)

19 CHAIRMAN MC CARTHY: It's been sheer pleasure
20 to attend a lot of these State Lands Commission meetings
21 with her because she has an extraordinary level of
22 intelligence; she's very incisive, and she's fun to work
23 with. Being a good professional and being a good person
24 is often very tough in this building with the level of
25 stress that occurs here. And I think on behalf of Gray

1 Davis, who is not here -- but Jim Tucker's here representing
2 him in sitting this morning -- all of the staff who admire
3 Nancy very, very much, and myself -- I want to say, we're
4 really going to miss you, Commissioner. Thank you.

5 EXECUTIVE OFFICER DEDRICK: Mr. Chairman.

6 CHAIRMAN MC CARTHY: Yes.

7 EXECUTIVE OFFICER DEDRICK: We have kind of a
8 token of service, which is traditional here, which I
9 think --

10 COMMISSIONER ORDWAY: Is it edible?

11 (Laughter.)

12 EXECUTIVE OFFICER DEDRICK: No, it is not edible.

13 CHAIRMAN MC CARTHY: Here we go.

14 COMMISSIONER ORDWAY: Do I soak it in water
15 first?

16 (Laughter.)

17 CHAIRMAN MC CARTHY: Listen, if one of the
18 highest execs in the Department of Finance doesn't know
19 how to defuse things --

20 EXECUTIVE OFFICER DEDRICK: Open it.

21 (Thereupon Commissioner Ordway opened
22 a gift package.)

23 CHAIRMAN MC CARTHY: A map of Washington, D.C.

24 (Laughter.)

25 EXECUTIVE OFFICER DEDRICK: Turn it over, Nancy.

1 This is a survey monument.

2 COMMISSIONER ORDWAY: This is wonderful.

3 EXECUTIVE OFFICER DEDRICK: You might want to
4 read the caption.

5 COMMISSIONER ORDWAY: It says, "California
6 State Lands Commission, valuable survey marker, Nancy
7 Ordway, State Lands Commissioner, 1983 to 1987. Do not
8 disturb."

9 I will put it outside my new office door. This
10 is wonderful.

11 CHAIRMAN MC CARTHY: I wanted to do this at the
12 beginning of the meeting instead of at the end to give us--

13 COMMISSIONER ORDWAY: Get another one at the
14 end?

15 (Laughter.)

16 COMMISSIONER ORDWAY: May I make some comments
17 now or would you prefer it later?

18 CHAIRMAN MC CARTHY: I hope so. No, I'd like it
19 right now.

20 COMMISSIONER ORDWAY: I'm not going to --

21 (Laughter.)

22 COMMISSIONER ORDWAY: In Finance, you get to do
23 some things that are fun and some things that are less
24 fun. But one of the things that's a real joy is to serve
25 on the Lands Commission, particularly with the

1 Commissioners I've been able to work with and their
2 delegates and the staff, and the type of issues we deal
3 with.

4 It has not always been great fun, but it has
5 always been a wonderful experience. Thank you all very,
6 very much for it. And I look forward to getting your
7 phone calls and I look forward to seeing you in
8 Washington. Thank you for a good time.

9 CHAIRMAN MC CARTHY: Thank you.

10 To begin the rest of the meeting, off calendar
11 today -- for those of you who may be on these particular
12 items -- are the following: 13, 16, 17, 20, 21, 22, and
13 29. Those are all off calendar.

14 We'll begin with Item No. 1.

15 EXECUTIVE OFFICER DEDRICK: Excuse me, Mr.
16 Chairman, we have the confirmation of the minutes, which
17 is hiding at the bottom of the page.

18 CHAIRMAN MC CARTHY: I was forgetting a
19 critical part of the meeting.

20 EXECUTIVE OFFICER DEDRICK: And stimulating.

21 CHAIRMAN MC CARTHY: And stimulating part of the
22 meeting.

23 COMMISSIONER ORDWAY: Motion.

24 CHAIRMAN MC CARTHY: Motion from Commissioner
25 Ordway. Second by Commissioner Tucker. Minutes of the last

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1 meeting are approved.

2 Item No. 1.

3 COMMISSIONER ORDWAY: I move the consent
4 calendar, Item C-1 through C-10.

5 CHAIRMAN MC CARTHY: 1 through C-10 is the
6 consent calendar. Without objection, those items are
7 approved. No. 11.

8 EXECUTIVE OFFICER DEDRICK: Commissioners,
9 this is relating to the Manila Galleon off the Pt. Reyes
10 National Seashore area of California.

11 Robert Marx, the applicant. The issue was
12 heard extensively at the last Commission meeting. The
13 Commission -- particularly Susan Wallace -- asked for some
14 clarification and changes in the way the permit was
15 structured. Those changes have been made. We have received
16 a letter from the Park Service, from Lowell Smith, in
17 which they expressed some concerns that I'd like to
18 address if I may.

19 There was a basic misunderstanding I think in
20 relation to the fundamental environmental issues or the
21 issues that have to do with the protection of the
22 archeological resource. And I have talked to Lowell and
23 explained to him that that aspect of his concern is
24 addressed in the memorandum of agreement between the
25 applicant, ourselves, and the State Historic Preservation

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1 Office. That, I believe, satisfied his concern there. But
2 they raised another question that I think really needs to be
3 stated. And that is as to the specific location of the
4 permit that would be granted. We have never released
5 that information publicly at the request of the archeological
6 community, because that kind of asks for trouble from
7 folks coming out to look at it. But certainly, there's
8 no reasonable reason why the National Park Service should
9 not be made aware of the location. And if you do grant the
10 permit, we'd be happy to have our people sit down with the
11 National Park Service people and make sure that the
12 location -- that they know the location.

13 The permit, as it would be granted, would not
14 allow any exploration on the lands that have been granted
15 by the Legislature to the Pt. Reyes National Seashore,
16 which is the first quarter mile of submerged land. With
17 that clarification, if you would like to hear from
18 Robert Hight, he has some comments he'd like to make.

19 CHAIRMAN MC CARTHY: I'd like to call on our
20 legal counsel. Mr. Hight.

21 MR. HIGHT: Yes. At the Commission's direction
22 last month, I revised the permit agreement. And somehow
23 in the process, it didn't turn out exactly the way I
24 intended it. It's my understanding that Mr. Marx has
25 agreed to the concept that the items salvaged will be

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1 valued as an entity and as individually, and the
2 Commission shall be the ultimate arbitrator of the
3 value of the archives.

4 And I would like just to kind of clean up the
5 language just a very little bit. So, with that caveat --

6 CHAIRMAN MC CARTHY: Questions from the
7 Commissioners? Any other staff comments?

8 COMMISSIONER ORDWAY: Is Mr. Marx here?

9 CHAIRMAN MC CARTHY: I was going to ask Mr.
10 Marx -- do you have anything you'd like to say?

11 MR. MARX: No, sir. I did last time.

12 I'll answer any questions that you have.

13 COMMISSIONER ORDWAY: I will move the item with
14 the appropriate amendments.

15 MR. TUCKER: Second.

16 CHAIRMAN MC CARTHY: The Commission unanimously
17 approves the recommendation.

18 No. 12.

19 EXECUTIVE OFFICER DEDRICK: Item 12, this is a
20 consideration of a 49-year general permit-public agency
21 use for the Tahoe Conservancy to authorize the use of
22 submerged lands for some experimental fish spawning
23 habitat. Dennis Machida, Executive Officer of the
24 Conservancy, is here if you have any questions. The item
25 is noncontroversial. A couple of permits have not yet been

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1 issued, but the Commission's permission is dependent upon
2 those permits being issued. So, there's nothing
3 inappropriate about your taking action today.

4 COMMISSIONER ORDWAY: I'll move the item
5 conditioned on the issuance of those permits.

6 CHAIRMAN MC CARTHY: Mr. Machida, do you have
7 anything you want to add?

8 MR. MACHIDA: No, I don't.

9 CHAIRMAN MC CARTHY: The item's been moved.

10 COMMISSIONER TUCKER: Second.

11 CHAIRMAN MC CARTHY: Seconded. The Commission
12 unanimously approves.

13 Item No. 12 -- 13.

14 EXECUTIVE OFFICER DEDRICK: Item 13 is off
15 calendar. Item 14 is Charles Patmon III and Cheryl Lynn
16 Patmon, the applicants, approval of a ten-year general
17 permit - protective structure and recreational use in --
18 I can't read my own writing -- San Joaquin River in
19 San Joaquin County.

20 CHAIRMAN MC CARTHY: Any questions, from the
21 audience? Hear a motion?

22 COMMISSIONER ORDWAY: Motion.

23 CHAIRMAN MC CARTHY: Motion by Commissioner
24 Ordway, seconded by Commissioner Tucker.

25 EXECUTIVE OFFICER DEDRICK: No. 15 is the

1 Burlingame joint venture. I'd like Mr. Trout to present
2 this item.

3 MR. TROUT: This is a lease of -- actually
4 three leases of property that were perfected to State
5 ownership as part of a boundary settlement. These leases
6 were for the development of these parcels. The current
7 Burlingame Joint Venture I is about a third of the series
8 of people who have handled this lease, and we still have no
9 development underway. The lease is in breach at the
10 present time, and we're seeking the Commission's approval
11 to declare it in breach and move ahead to either bring the
12 lease into compliance or terminate.

13 CHAIRMAN MC CARTHY: Any questions?

14 COMMISSIONER ORDWAY: Move.

15 CHAIRMAN MC CARTHY: Commissioner Ordway
16 moves. Commissioner Tucker seconds. The recommendation
17 is adopted. Item 18?

18 EXECUTIVE OFFICER DEDRICK: Item 18, San Joaquin
19 County Flood Control and Water Conservation District,
20 approval of a 49-year public agency use for submerged
21 land in San Joaquin County.

22 CHAIRMAN MC CARTHY: Any questions?

23 COMMISSIONER ORDWAY: Move.

24 CHAIRMAN MC CARTHY: Commissioner Ordway moves.
25 Commissioner Tucker seconds. The recommendation is

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1 approved. 19?

2 EXECUTIVE OFFICER DEDRICK: 19, this is the
3 Golden Gate National Recreation Area. At the request
4 of the GGNRA, we are approving a public agency permit
5 for a thousand-foot band offshore of the existing National
6 Recreation Area.

7 CHAIRMAN MC CARTHY: Any questions?

8 COMMISSIONER ORDWAY: Motion.

9 CHAIRMAN MC CARTHY: Commissioner Ordway moves.
10 Mr. Tucker seconds. Approved. 23?

11 EXECUTIVE OFFICER DEDRICK: Item 23 is a dredging
12 permit to the City and County of San Francisco for a
13 maximum of 1.4 million cubic yards of material to improve
14 access to the container terminal.

15 CHAIRMAN MC CARTHY: Any questions?

16 COMMISSIONER ORDWAY: Motion.

17 COMMISSIONER TUCKER: Second.

18 CHAIRMAN MC CARTHY: Commissioner Ordway moves.
19 Commissioner Tucker seconds. It's approved. 24.

20 EXECUTIVE OFFICER DEDRICK: 24 is the Bel Marin
21 Keys Community Services District, dredging permit for a
22 maximum of 95,000 cubic yards in Marin County.

23 CHAIRMAN MC CARTHY: Any questions?

24 COMMISSIONER TUCKER: Move.

25 CHAIRMAN MC CARTHY: Commissioner Tucker moves.

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1 Commissioner Ordway seconds. Approved. 25.

2 EXECUTIVE OFFICER DEDRICK: 25 is the Corbin
3 J. Robertson with Quintana Petroleum as the agent. The
4 approval of an issuance of a negotiated oil and gas lease
5 in the bed of the Middle River in San Joaquin County. This
6 is a negotiated lease because the access depends upon the
7 uplands owner -- well, that's not quite true. Robertson
8 has the upland lease, so the access can only be reached
9 through his lease.

10 CHAIRMAN MC CARTHY: This is in San Joaquin?

11 EXECUTIVE OFFICER DEDRICK: That is correct.
12 The Middle River in San Joaquin County.

13 COMMISSIONER ORDWAY: Motion.

14 CHAIRMAN MC CARTHY: Commissioner Ordway moves.
15 Commissioner Tucker seconds. Approved. Next.

16 EXECUTIVE OFFICER DEDRICK: This is an
17 application from the County of Orange, a five-year dredging
18 permit for a maximum of 156,000 cubic yards to dredge
19 Huntington Harbor in Orange County.

20 COMMISSIONER ORDWAY: Motion.

21 CHAIRMAN MC CARTHY: Item 26, Commissioner
22 Ordway moves. Commissioner Tucker seconds. Recommendation
23 approved. 27.

24 EXECUTIVE OFFICER DEDRICK: 27 is the award of
25 two crude oil royalty oil contracts both in the -- one in

1 the Wilmington field -- and I guess they're both in the
2 Wilmington field. The price is 87 cents on both parcels.
3 Edgington is the winner.

4 COMMISSIONER ORDWAY: Motion.

5 CHAIRMAN MC CARTHY: Motion by Commissioner
6 Ordway. Second by Commissioner Tucker. Recommendation
7 approved.

8 28.

9 EXECUTIVE OFFICER DEDRICK: 28 is a negotiated
10 subsurface oil and gas lease to replace a compensatory
11 agreement we had with TXO. Again, this is a question of
12 the leaseholder being the only leaseholder with access,
13 the only lease area with access.

14 CHAIRMAN MC CARTHY: Any questions?

15 COMMISSIONER ORDWAY: Motion.

16 CHAIRMAN MC CARTHY: Commissioner Ordway moves.
17 Commissioner Tucker seconds. Approved.

18 And that is the end of today's agenda.

19 COMMISSIONER ORDWAY: Move to adjourn.

20 CHAIRMAN MC CARTHY: Is that your last word?

21 COMMISSIONER ORDWAY: My last word is in the
22 absence of any further business, I move to adjourn.

23 CHAIRMAN MC CARTHY: All right.

24 EXECUTIVE OFFICER DEDRICK: Thank you,
25 Commissioners.

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CHAIRMAN MC CARTHY: The meeting is over.
Thank you, Commissioner Ordway.
(Thereupon the meeting was adjourned
at 10:30 a.m.)

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of August, 1987.

Nadine J. Parks
Nadine J. Parks
Shorthand Reporter