

STATE LANDS COMMISSION

TRANSCRIPTS

September 23, 1991

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MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

ORIGINAL

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

MONDAY, SEPTEMBER 23, 1991

9:15 A.M.

Nadine J. Parks
Shorthand Reporter

PETERS SHORTHAND REPORTING CORPORATION

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SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

MEMBERS PRESENT

1
2 Leo T. McCarthy, Lieutenant Governor, Chairman

3 Jim Tucker for Gray Davis,
4 State Controller, Member

5 LaFenus Stancell for Thomas W. Hayes,
6 Director of Finance, Commissioner

7 Staff Present:

8 Charles Warren, Executive Officer

9 James Trout, Assistant Executive Officer

10 Robert Hight, Chief Counsel

11 Jan Stevens, Deputy Attorney General

12 Presentations by:

13 Jane Sekelsky
14 Chief, Land Management Division

15 Paul Mount
16 Chief, Mineral Resources Management Division

17 Dwight Sanders
18 Environmental Planning and Management

19 Gary Gregory
20 Marine Facilities Inspection Unit

21 James Trout, Assistant Executive Officer

22 David Brown
23 Administrative Chief

24 Bill Morrison
25

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P R O C E E D I N G S

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

5 On the calendar, Consent Item No. 1 is pulled,
6 Consent No. 18 is --

7 EXECUTIVE OFFICER WARREN: Pardon me,
8 Mr. Chairman. Correction. That's Item 1(d).

9 CHAIRMAN MC CARTHY: 1(d). Thank you,
10 Mr. Warren.

11 Consent 1(d), Consent 18, and regular
12 Calendar Items 37, 38, and 45. So, anyone in the
13 audience who is here on any of those items, they will not
14 be heard today.

15 Without objection, the minutes of the last
16 Commission meeting are approved.

17 Any objections to any other items on the
18 Consent Calendar? If not, the Consent Calendar is adopted.

19 Now we'll move to the regular calendar.

20 Mr. Warren.

21 EXECUTIVE OFFICER WARREN: Mr. Chairman and
22 Commissioners, we're going to vary the procedure a little
23 bit today. We're going to have the various regular
24 calendar items presented to you by the division chiefs.
25 They've been grouped so that each division chief will have

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1 all the calendar items at one time before him or her.

2 The first set of calendar items will be
3 Items 33 through 39, and will be presented to you by
4 Jane Sekelsky, who is the Chief of our Land Management
5 Division.

6 Item 40 through 44 will be presented to you by
7 Mr. Paul Mount, who is the Chief of our Mineral Resources
8 Management Division.

9 Item 46 will be presented to you by Dwight
10 Sanders of our Environmental Planning and Management;
11 Item 47 by Gary Gregory of our Marine Facilities
12 Inspection Unit; Item 48 by Mr. Trout, Assistant
13 Executive Officer; Item 49 by David Brown, our
14 Administrative Chief. I will sit back.

15 Jane Sekelsky.

16 MS. SEKELSKY: Yes. Item 33 -- is that okay?
17 Can you hear that all right.

18 CHAIRMAN MC CARTHY: Can the audience hear?
19 Okay. Item 33.

20 MS. SEKELSKY: Okay. Item 33 is a request
21 for authorization to approve a settlement of litigation.
22 It involves lands along the waterfront in the City of
23 San Mateo; and lands, the record title for which, is in
24 PG & E's. This is a triple settlement. It involves
25 PG & E, the City of San Mateo, and ourselves, and will be

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1 settled by exchange, wherein the lands that PG & E has
2 record title to along the shoreline will be given to the
3 city, and the city will be managing those lands as part
4 of their shoreline park system.

5 CHAIRMAN MC CARTHY: Questions by members of
6 the Commission on this item? Anyone in the audience have
7 a question on Calendar Item 33?

8 The recommendation is adopted.

9 34.

10 MS. SEKELSKY: Item 34 is a request for
11 authorization to amend a lease to Union Oil Company to
12 allow them to repair a pipeline that is part of the
13 pipeline system to Platform Gina and Gilda, and to
14 convert it from a water pipeline to a gas transport. The
15 item would also increase the rent, insurance, and bond
16 on this lease.

17 CHAIRMAN MC CARTHY: Questions from members
18 of the Commission? Anyone in the audience wish to
19 comment on 34?

20 The recommendation is adopted. 35.

21 MS. SEKELSKY: Item 35 is another existing
22 permit to Exxon Corporation for installation of pipeline
23 and power cables offshore.

24 This is an amendment to delete part of the
25 mitigation requirements initiated in the original lease.

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1 The original lease contemplated blasting for part of the
2 construction, and it was provided that they would -- that
3 Exxon would have to do daily aerial surveys to protect
4 against damage to cetaceans in the area. They no
5 longer contemplate any blasting; there has not been any
6 blasting, nor do they contemplate further blasting -- or
7 future blasting.

8 And so, they have asked that the requirement
9 for daily aerial surveys be removed, and it will remain in
10 the lease only in the event blasting becomes necessary.

11 This also is requesting deletion of a
12 requirement for sonar warning devices that have been in
13 the original lease. NMFS has advised us that that is
14 harassment of the animals and is not a desirable form of
15 mitigation.

16 CHAIRMAN MC CARTHY: Any questions by members
17 of the Commission? The audience? All right. 35 is
18 adopted. 36.

19 MS. SEKELSKY: Item 36 is to grant to the City
20 of Palo Alto a nonprejudicial lease for an area near
21 Harbor Point. It's an area which has been used for
22 disposal of spoils material in the past. They are now
23 going to remove some of that material and revegetate the
24 area to create a tidal marsh. They're going to establish
25 public access view points for this marsh area. And the

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1 excavated materials will be located at Byxbee Park, another
2 area where they have a nonprejudicial lease from us, to
3 create foundation material for the park area.

4 CHAIRMAN MC CARTHY: Any questions from
5 members of the Commission on this item?

6 The audience? Item 36 is adopted. 37, 37 are
7 off calendar. 39.

8 MS. SEKELSKY: 39 is just an informational item
9 to let you know that we are continuing to move forward
10 with Unocal on their Oleum Marine Terminal site.

11 We have agreed with Unocal as to the rent that
12 will be applicable to the period between expiration of
13 their last lease and the beginning of the permanent lease,
14 which will take effect following certification of the EIR
15 that is presently being started.

16 We have agreement from Unocal; they will pay
17 \$1,100,000 for the preparation of that EIR. They have
18 already given us \$100,000. Staff expects to begin the
19 scoping process this month.

20 CHAIRMAN MC CARTHY: Any questions by members
21 of the Commission? By the audience?

22 Item 40.

23 EXECUTIVE OFFICER WARREN: Item 40, Mr. Chairman,
24 and subsequent items through 44 will be presented to you by
25 Mr. Paul Mount.

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1 MR. MOUNT: Item 40, receive 12 months status
2 report for 1990-91 plan of development and operations and
3 budget, Long Beach Unit, Wilmington Oil Field. Revenues
4 to the State from Long Beach Unit in 90-91 were
5 \$154.3 million.

6 CHAIRMAN MC CARTHY: Questions by members of
7 the Commission? By the audience? Accepted.

8 41.

9 MR. MOUNT: Item 41, approve the second
10 modification of the 91-92 plan of development and
11 operations and budget, Long Beach Unit, Wilmington Field,
12 Los Angeles County, to transfer funds amounting to
13 \$1.1 million to repair JL-2 gas shipping line.

14 CHAIRMAN MC CARTHY: Any questions by members
15 of the Commission? The audience? Recommendations are
16 accepted. 42.

17 MR. MOUNT: Item 4, deny a prospecting permit
18 for valuable minerals other than oil, gas, and geothermal
19 resources, and sand and gravel on 642.6 acres of vacant
20 State-owned school lands, San Bernardino County.

21 CHAIRMAN MC CARTHY: Questions by members of
22 the Commission? The audience? The recommendation is
23 accepted. 43.

24 MR. MOUNT: 43, approve the sale of shallow
25 mineral rights of escheated property in Sacramento County.

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1 CHAIRMAN MC CARTHY: Questions by members of
2 the Commission? The audience?

3 Recommendation accepted. 44.

4 MR. MOUNT: Item 44, notice of default for
5 failure to comply with royalty obligations under
6 geothermal lease 5217 to GRI Exploration Corporation and
7 GRI Development Corporation in Sonoma County.

8 CHAIRMAN MC CARTHY: Questions by members of
9 the Commission? The audience? Recommendation is adopted.
10 45.

11 EXECUTIVE OFFICER WARREN: 45 has been pulled,
12 Mr. Chairman.

13 CHAIRMAN MC CARTHY: 45 has been pulled.

14 EXECUTIVE OFFICER WARREN: Item 46 will be
15 presented by Mr. Dwight Sanders.

16 CHAIRMAN MC CARTHY: Mr. Sanders.

17 MR. SANDERS: Mr. Chairman, members of the
18 Commission, Item 46 is an information calendar item.

19 Nearly a year ago, the Executive Officer, at
20 the invitation of the Tahoe Regional Planning Governing
21 Board -- Agency Governing Board -- made a presentation with
22 that board indicating the nature and extent of the
23 Commission's activities at Lake Tahoe and that of other
24 agencies.

25 As a result of that presentation, the TRPA staff

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1 has requested to put together an interagency coordinating
2 policy statement to coordinate the activities of the
3 seven major agencies involved at Lake Tahoe, including
4 two from the State of Nevada.

5 The agreement that is before you will provide
6 for a project review committee and a monitoring and
7 enforcement committee, which -- in staff's opinion -- will
8 greatly facilitate the consideration of projects up at
9 the Lake and the monitoring and enforcement activities
10 subsequent to approval by the agencies at the Lake.

11 CHAIRMAN MC CARTHY: Questions by members of
12 the Commission? Members of the audience have a comment
13 on 46?

14 If not, thank you. Let's move on.

15 EXECUTIVE OFFICER WARREN: Item 47,
16 Mr. Chairman, will be presented by Mr. Gary Gregory.

17 MR. GREGORY: Mr. Chairman, Item NO. 47,
18 consider and adopt emergency provisions, with modifications,
19 as permanent regulations governing all marine terminal
20 operations in the State of California.

21 Basically, we're asking the Commission to adopt
22 regulations which were adopted as emergency regulations
23 on May 1, 1994 (sic). Basically, these establish the
24 Commission's regulatory inspection program over the
25 operation of marine terminals in the State of California.

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1 CHAIRMAN MC CARTHY: Members of the Commission
2 have questions on the proposed regulations?

3 Let me ask you to make any comments on what
4 we're doing to make multiple mooring systems safer or less
5 prone to accidents.

6 MR. GREGORY: Yes, sir. We've taken a number
7 of steps. We have inspectors on scene at these multiple
8 point mooring operations. We have a number of rules put in
9 place in terms of the Commission has put in place at their
10 1 April meeting with the offshore mooring operators.

11 In addition, we are commencing a study of the
12 safety of these multiple point mooring systems and
13 comparing them against more modern technology, such as
14 single-point mooring systems that could be utilized in the
15 State of California.

16 CHAIRMAN MC CARTHY: Any other questions from
17 members at this point?

18 We have a request from a representative of
19 Chevron Shipping Company. Mr. Morris Groce. Welcome.

20 Would you like to testify, sir?

21 MR. GROCE: Yes. Thank you. I have a written
22 statement here, and then I'll answer any questions I can
23 deal with today as you wish.

24 My name is Morris Groce. I am the manager
25 for U.S. ports for Chevron Shipping Company. Chevron

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1 operates a fleet of 41 tankers worldwide and overseas,
2 nearly 800 port calls in California each year.

3 The reason for my wishing to speak with you
4 today is a followup to comments Chevron provided to the
5 State Lands Commission Marine Facilities Inspection and
6 Management Division during the development of the emergency
7 provisions governing inspections of all marine terminal
8 operations in the State.

9 Prior to the Board adopting the emergency
10 provisions as a permanent regulation, we would like to
11 suggest that a jurisdictional question be resolved. There
12 is no question in our own mind that government in general
13 has the right and the duty indeed to monitor and audit
14 all aspects of tanker and terminal operations, both here
15 in California as well as throughout the United States.

16 Our concern is over the potential of being
17 subject to duplicate inspections. I hope that you can
18 appreciate that, as our vessels move from state to state,
19 as they are attempting to comply with potentially
20 conflicting requirements in each state, it becomes
21 increasingly difficult to ensure compliance and, in fact,
22 it may divert attention from safe, prudent vessel
23 operation, which is both of our ultimate objective.

24 Therefore, we would prefer that purely vessel
25 related activity be audited by a Federal agency like the

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1 U.S. Coast Guard, as it is done now, and as been done
2 for many years.

3 However, should the State of California find
4 good reason for wanting to supplement or replace the U.S.
5 Coast Guard, then we would ask that only one State agency
6 have the statutory authority to inspect and monitor
7 vessel operations.

8 With that principal in mind, I'd like to turn
9 your attention to a specific requirement within the
10 proposed marine terminal operations regulation. The
11 specific clause I'm referring to would authorize State
12 Lands inspectors to monitor vessel approach, mooring, and
13 departure from a terminal. This is contained in
14 Section 2300(f) (?), Definition of Transfer Operations.

15 As pointed out in Chevron's August 2nd comment
16 letter, we believe this exceeds the authority granted
17 under the newly enacted California oil spill legislation,
18 2040. This concern was reiterated in a letter from the
19 Western States Petroleum Association on August 8,
20 reflecting the views of the nine member companies of the
21 Western States Petroleum Association's Marine Subcommittee.

22 Furthermore, our position appears to be shared
23 by the Department of Fish & Game as stated in their
24 August 20 letter to the State Lands Commission.

25 What we wish to avoid is a situation where,

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1 first, a State Lands inspector reviews a vessel approach,
2 mooring, and departure operation under the authority
3 granted by the regulation currently up for adoption;
4 and then the Department of Fish & Game inspector conducts
5 an identical inspection as authorized under 2040, maybe.

6 A duplication of such is bad enough, because it
7 unnecessarily disrupts the vessel operation and distract
8 the crew from either their primary functions; but, what
9 if the two inspectors have conflicting opinions? God
10 forbid if they were to dissent from the U.S. Guard. Where
11 do we -- tankers operation -- go next for arbitration?

12 Chevron is asking for a resolution of this
13 jurisdictional question prior to adoption of the proposed
14 regulation. We will then avoid being faced with multiple
15 visits by inspectors or receiving the same operation --
16 reviewing the same operation, and the State will save
17 unnecessary duplication of inspection cost.

18 A memorandum of understanding between the
19 Department of Fish & Game and the State Lands Commission
20 might be the one vehicle for delineating areas of
21 responsibility under 2040. Either way, the Department of
22 Fish & Game or State Lands, we, as vessel operators,
23 merely wish to have a defined answer to which California
24 agency has jurisdiction. This clarification is important
25 to us and should be done before any regulation is

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1 promulgated.

2 This concludes my written remarks, and I'll be
3 glad to answer any questions.

4 CHAIRMAN MC CARTHY: As I understand your
5 testimony, Mr. Groce, you have no objection to any of the
6 substantive aspects of the regulations that are before us
7 for adoption?

8 MR. GROCE: That is correct.

9 CHAIRMAN MC CARTHY: Your single issue goes to
10 the possibility of conflicting orders coming from two or
11 more State agencies in California.

12 MR. GROCE: That is correct.

13 CHAIRMAN MC CARTHY: Mr. Gregory, do you want
14 to comment on that?

15 MR. GREGORY: Yes, sir, if I might. First of
16 all, I need to make sure that you understand -- this is
17 only with the operation of offshore moorings. The language
18 is quite clear in the regulation. It does not deal with
19 all marine terminals, simply offshore moorings. And also,
20 it says, "approach, mooring, and departure as defined in
21 the Facility Operations Manual."

22 The Facility Operations Manual is a document
23 required by the United States Coast Guard today. They view
24 these aspects of tanker operations in marine terminals as
25 part of the operation of the marine terminal. So, our

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1 regulations are consistent with the Coast Guard's view of
2 the operation of these offshore moorings.

3 We have had discussions with the Department of
4 Fish & Game regarding an MOU regarding jurisdictional
5 issues. This is one of the items that we have raised
6 with them as an opportunity to get on the table through an
7 MOU. And my understanding with the Department of Fish &
8 Game at this point is, they have no intention writing
9 regulations specifically addressing this aspect of tankship
10 operations.

11 CHAIRMAN MC CARTHY: I understand, Mr. Gregory,
12 you've met a number of times with your former comrades
13 and colleagues in the U.S. Coast Guard --

14 MR. GREGORY: Yes, sir.

15 CHAIRMAN MC CARTHY: -- discussing these
16 issues --

17 MR. GREGORY: Yes, sir.

18 CHAIRMAN MC CARTHY: -- and you are together
19 with them on the approaches that are embodied in the
20 proposed regulations before us?

21 MR. GREGORY: Yes, sir.

22 CHAIRMAN MC CARTHY: All right. Do you have
23 any indication, Mr. Groce, that the Fish & Game Department
24 of the State of California is going to issue any
25 regulations that come into conflict with what's proposed

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1 before us here today?

2 MR. GROCE: No. I don't have any indication
3 as such. All we're concerned about is that the
4 Administrator may decide to issue regulations covering the
5 same area. And --

6 CHAIRMAN MC CARTHY: Did he give you any
7 indication whatever about it?

8 MR. GROCE: No. 2040 describes the
9 administrative provisions. And consequently, it seems to
10 us that is not clear which agency will take jurisdiction
11 over that area.

12 The State Lands Commission proposes to do it,
13 and that's fine with us as long as there is nobody else
14 coming afterwards to do the same thing. I also --

15 CHAIRMAN MC CARTHY: I don't think the State
16 Lands Commission proposed to do it. I think the State
17 statute, which was adopted, has designated the State Lands
18 Commission will have the authority to regulate in this
19 area.

20 This is the first time I've ever heard there
21 was any serious doubt about this.

22 However, we are concerned about your concern,
23 and we will be on our guard to make sure that there aren't
24 any conflicting inspections or conflicting regulations
25 adopted by two State agencies.

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1 MR. GROCE: That will be satisfying us.

2 CHAIRMAN MC CARTHY: Thank you for your
3 testimony.

4 MR. GROCE: Thank you.

5 CHAIRMAN MC CARTHY: Any other members of the
6 audience wish to ask questions about this? The matter's
7 before the members of the Commission. Commissioner Tucker?

8 COMMISSIONER TUCKER: I do think the point on
9 conflict between the agencies is one that we really have
10 to be concerned about.

11 I understand our reading of 2040 and our
12 concerns, et cetera. But I do think at some point where
13 conflicts arise, as I think they probably will, and we
14 don't resolve them between agencies, I think that needs to
15 be brought to the Commission's attention immediately,
16 because it isn't unprecedented for businesses to get
17 conflicting directions from State agencies and Federal
18 agencies. And I think that's something we really have to
19 be sensitive to and not hold the businesses hostage in a
20 war that could arise between states and the Federal
21 agencies. And I know that you're working hard to avoid
22 that. But I just wanted to reiterate that my expectation
23 would be that when you see something like this arising,
24 if you would communicate that to the Commission, so
25 that, if there's some way that we could resolve it --

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1 including trying to get legislation that clarifies who
2 has specific responsibilities, et cetera -- because I'm
3 familiar with 2040. And I'm not sure it's what we'd hold
4 up as the clearest piece of legislation that's ever gone
5 through the Legislature.

6 And obviously, from what I've heard, there are
7 disagreements about what some of the provisions mean.

8 MR. GREGORY: Yes, sir. I might say that
9 these regulations went through the SIOSC Review
10 Subcommittee organization, which includes the Department
11 of Fish & Game and the Administrator's Office. And while
12 they expressed concern over this issue, they also basically
13 passed on these rules and regulations.

14 ASSISTANT EXECUTIVE OFFICER TROUT: I'd like to
15 point out that Mr. Gregory and I met with the Fish & Game
16 people, and they had suggested consideration of a memorandum
17 of understanding. And at our request, they will -- as soon
18 as they have time to draft one -- as the first step in
19 this process.

20 MR. TUCKER: Good

21 ASSISTANT EXECUTIVE OFFICER TROUT: So, it may
22 not work out, but --

23 CHAIRMAN MC CARTHY: I think the comment's a
24 good one. I don't think we need to drive people crazy
25 with any conflicts between State agencies in the regulatory

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1 process.

2 So, let's take special pains to make sure those
3 conflicts don't come up while we're trying to do our job
4 as directed by the law involved here. All right?

5 The matter's before the Commission. Any further
6 questions?

7 The regulation is unanimously adopted.

8 EXECUTIVE OFFICER WARREN: Item 48, Mr.
9 Chairman, is being presented by Mr. Trout.

10 ASSISTANT EXECUTIVE OFFICER TROUT: The reason
11 this calendar item is before you means that some action
12 is taking place in Congress regarding adoption of a
13 California Desert Protection Act. There are three bills
14 now before the Congress -- Senator Cranston's S 21 on the
15 Senate side, Mr. Lehman and Miller's HR 2929 on the House
16 side, along with Congressman Lewis' HR 3066.

17 The major difference between these -- this
18 legislation is the amount of area that will be included
19 in national parks, monuments, and wilderness areas.

20 Congressman Lehman had a hearing on Monday last
21 week, and the Executive Officer testified. And it involves
22 the enclosing of 327,000 acres of State school land within
23 the areas affected by the bill. This is going to result
24 in the need for the Commission to make some kind of an
25 exchange to keep the school land asset intact and in a way

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1 in which it can be used productively and produce revenue.

2 As a result of that, we worked with the authors
3 to get included in HR 2929 a Section 607 that authorizes
4 the Secretary of Interior to make exchanges. In order to
5 assist us in that, we have hired the firm of Lane,
6 Pontius, and Myers to work with us in drafting some
7 exchange provisions and setting up a way to do that.

8 The reason we chose this firm is that Robert
9 Lane, the senior officer, is a former land commissioner of
10 Arizona, in which he exchanged more than a million acres
11 with the Federal Government to facilitate Federal property
12 and the school land asset in Arizona.

13 His partner, Mr. Pontius, is a former Interior
14 employee with long years of experience. However, the
15 process is taking longer than we anticipated, and we're
16 recommending that the contract be increased, not to
17 exceed \$50,000, and run not later than June 30th, '92.

18 CHAIRMAN MC CARTHY: What amendments did we
19 get into the Cranston legislation a couple of years ago
20 relative to this?

21 ASSISTANT EXECUTIVE OFFICER TROUT: A very
22 similar amendment. It's currently in -- is Section 605,
23 I believe, in S 21. The languages are not direct -- not
24 exactly the same, but we have worked with Senator Cranston's
25 office for similar language. It appears to us -- and maybe

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1 Mr. Warren can comment on that -- that the House intends
2 to move the bill this year and move it over to the Senate
3 sometime in the spring.

4 EXECUTIVE OFFICER WARREN: It's my understanding
5 that the House will go to markup this year. While the
6 primary authors of 3939 have accepted our language for
7 the Section 607, their co-author and chairman of the
8 full committee is still somewhat undecided. That, of
9 course, is George Miller.

10 I met with Congressman Miller Friday morning
11 in his district office to go into the detail the problem
12 is that 3939 (sic) poses to the school land asset, which
13 Mr. Trout described.

14 His problem is that, because of the budgetary
15 concerns in Congress, that any action taken by the
16 committee which has revenue impact, the committee has
17 the responsibility to offset -- I'm not sure I expressed that
18 requirement accurately -- but, inasmuch as we have
19 appraised our holdings, just the surface rights of our
20 holdings, in the proposed area around 36 million, it is an
21 issue because of the budgetary situation in Congress of
22 some uncertainty.

23 I think that Congressman Miller expressed
24 sympathy with us; did not indicate how he would -- his
25 final decision. But he did indicate that he would keep

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1 in touch with us when this bill -- when this item is
2 considered.

3 I think, given the situation in Washington,
4 I think this item will be resolved one way or another
5 between now and the middle of 1992. And it's very
6 important that we keep on top of it to ensure that our
7 school land assets are protected in some way, if not the
8 way that we proposed in Section 607 of the House
9 legislation.

10 CHAIRMAN MC CARTHY: Questions by members of
11 the Commission?

12 Authorized.

13 EXECUTIVE OFFICER WARREN: Item 49,
14 Mr. Chairman and Commissioners, will be presented by
15 Mr. David Brown, Administrative Chief.

16 MR. BROWN: Item 49 is a status report on our
17 efforts in order to recoup full costs for applications that
18 we process. The Commission asked that we give periodic
19 reports, and that is what's contained herein.

20 EXECUTIVE OFFICER WARREN: What might be of
21 interest to the Commission on this item is that, of the
22 160 applications received, I understand only five of them
23 have been withdrawn because of the processing fee
24 attached.

25 On the back of the information, there is a

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1 breakdown of the type of applications received and the
2 processing fees that have been received for the various
3 classifications.

4 So, it seems to be an initiative that is
5 working and is successful without having --

6 CHAIRMAN MC CARTHY: Any bitter complaints
7 about the unreasonableness of fee levels?

8 EXECUTIVE OFFICER WARREN: I understand that
9 most of the comments have been quite --

10 MR. BROWN: (Interjecting) What has taken you
11 so long.

12 EXECUTIVE OFFICER WARREN: The comments have not
13 been off-putting except for the five who withdrew their
14 applications.

15 MR. BROWN: It has been, Mr. Chairman, very
16 difficult to determine if it has deterred any
17 applications from initially coming in, because the
18 economy has been such that we can't tell what would cause
19 people not to come into us. But those that have come in,
20 very few have been turned off by the idea of paying the
21 fees.

22 CHAIRMAN MC CARTHY: Any questions? Thanks
23 for the report.

24 COMMISSIONER TUCKER: Could we continue to get
25 these reports?

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1 EXECUTIVE OFFICER WARREN: Yes, that would be
2 our intention.

3 MR. BROWN: In fact, Mr. Tucker, I would like
4 to come back to you when we have enough information on
5 what our average cost is. What you see before you now
6 is what we are initially estimating it to be. There have
7 not been enough that have gone through the pipeline that
8 we have any idea at this point what our actual costs are.
9 And hopefully, we can get to a point where we would have
10 more of a fee schedule.

11 CHAIRMAN MC CARTHY: Any further questions?

12 All right. Thank you very much. That
13 concludes the regular calendar. We're going to receive
14 a legislative report from the Executive Officer and his
15 team.

16 EXECUTIVE OFFICER WARREN: Mr. Chairman,
17 Commissioners, the -- given the status of the legislative
18 session this year, I thought it appropriate for you to
19 have a summary of legislative actions affecting the State
20 Lands Commission, and that report will be given to you
21 by Mr. Bill Morrison.

22 MR. MORRISON: Mr. Chairman and members, we
23 finished the first year of the two-year session. Many of
24 the bills that we've been supporting or following are on
25 the Governor's desk. I'll run through those bills at this

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1 time.

2 The Arco bill, AB 227, is before the
3 Governor at this time. I understand negotiations have
4 taken place with the Department of Finance, and I think
5 there's agreement as to the fiscal provisions of the bill.

6 Another bill, AB 888, is by Tom Mayes. It
7 establishes an oil and gas sanctuary similar to that
8 created by the Commission in December of 1989. It applies
9 only to Santa Barbara, Orange, and Los Angeles Counties.

10 I have the impression that it has the support
11 of the Governor.

12 AB 1059 is a bill by Assemblyman Byron Sher,
13 which gives BCDC the ability to participate in the LTMS
14 San Francisco Bay dredging study. And it gives them
15 funding and authorization to go forward and looking at
16 bay dredging and the disposal of bay dredge materials,
17 which we're quite interested in.

18 AB 1490 by Assemblywoman Jackie Speier is the
19 bill dealing with the Commission's ability to charge for
20 recreational piers. That bill is presently in the
21 Senate Appropriations Committee. It is a two-year bill.
22 I'm not sure how much difficulty it will have in the
23 second year of the two-year session.

24 AB 2249 is a bill by Assemblyman Elder dealing
25 with the Tidelands Oil Corporation, TOPCO. It allows the

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1 State Lands Commission, if it wishes to, to extend the
2 contract with the Tidelands Oil Corporation to develop
3 Tract 1 of the Wilmington Oil Field.

4 In the Senate, the Commission has been following
5 and has been involved from a staff level in Senate Bill
6 1183 by Senator Marks. And it involves an exchange of
7 public trust properties within the City and County of
8 San Francisco.

9 It's an exchange that would benefit the city,
10 the port, and the State once it's negotiated.

11 Mr. Trout and Mr. Warren already discussed,
12 at the Federal level, HR 2929. One thing I would like to
13 comment on is we did oppose three bills the first year of
14 the two-year session. And I think it helped tremendously
15 to be on these bills early in the process.

16 Two of the bills are in their original policy
17 committees and have not -- have not been heard, and I
18 don't think that they'll be heard in the second year.

19 Those bills are AB 2233 by Assemblyman Knowles,
20 which would have provided for emergency dredging bypassing
21 CEQA for dredging operations in Lake Tahoe. It
22 definitely was a bill that would have a severe, harmful
23 environmental effect if, in fact, CEQA was not followed.

24 We also found ways of trying to expedite the
25 processing of dredging permits during the period of time

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1 that Mr. Knowles was quite concerned.

2 Senate Bill 525 by Rebecca Morgan was a bill --
3 or is a bill that also is in the original policy committee.
4 It directed revenues from the State tide and submerged
5 lands to go to a nonprofit environmental education
6 foundation.

7 The concept is quite laudable, but, in effect,
8 was a gift of public funds. Our revenues cannot go to
9 these kinds of entities even, you know, so laudable.

10 That concludes my report.

11 CHAIRMAN MC CARTHY: Any questions?

12 EXECUTIVE OFFICER WARREN: Mr. Chairman and
13 Commissioners, if I may just indulge on your time for just
14 a few minutes more, I have a short Executive Officer's
15 report I would like to give. I'll be referring to some
16 documents in the report, which are in the packets I've
17 given to you.

18 The first item I'd just like to announce what
19 you already know, and that is the Land Management
20 Division has been reorganized. The Chief of the Division
21 is Jane Sekelsky, from whom you've already heard this
22 morning. She has assembled a reorganization plan for the
23 Division, and a copy of that plan is in your packet,
24 showing areas of assignment and personnel assigned to
25 pa-ticular functions. Essentially, the activities of that

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1 Division will be put on a regional basis with
2 interdivisional teams assigned to deal with projects
3 within the various areas.

4 In order to improve coordination between the
5 Land Management Division and the Environmental Planning
6 and Management Division, we have put together a program
7 coordinating a working group consisting of Executive
8 Officers, Dwight Sanders, the Division Chief of the
9 Environmental Planning; and Jane of Land Management;
10 and Elizabeth Patterson, who's the Resource Planning
11 Supervisor. There are some areas that are related, and
12 we hope to work out a common approach, acceptable
13 approach to the planning group.

14 We also have in your packets something in
15 which we'd like to call your attention. It is a
16 proposal for amending the standard lease provision --
17 standard lease form that the Commission uses. It
18 essentially fleshes or sets forth a policy of resource
19 conservation and environmental protection. It specifies
20 that the duty of the lessee to comply with that objective,
21 and any failure of compliance with the regulations and laws
22 of the State related to resource conservation/environmental
23 protection are to be subject to a cease and desist order
24 by the Executive Officer; if not complied with within a
25 particular time, the matter will be brought to the Commission

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1 for action on the lease.

2 We're not asking for formal action on this
3 provision at this time. We're just giving you our
4 proposals. Our final draft, we'd appreciate your review
5 and comments; we'd like to present it to you at the next --
6 as a formal calendar item at the next meeting.

7 As you may have read during the week, a
8 number of agency heads and your Executive Officer entered
9 into formal signing of the biodiversity memorandum of
10 understanding. It sets up a council to be chaired by
11 the Secretary of Resources, Doug Wheeler. It includes the
12 key resource management agencies from the State and
13 Federal level and representatives from the University.

14 We, of course, State Lands, view this as a
15 positive accomplishment and will work to the extent that
16 we're permitted to assist in accomplishing the objectives
17 of the program.

18 I'd also like to report on the results of the
19 second Delta workshop that we held in Sacramento. It was
20 well-attended. And I think that the comments were very
21 instructive. We will have a copy of the transcript and a
22 summary of the testimony available for your review
23 probably in about two weeks as soon as we get the
24 transcript back from the court reporter.

25 We did indicate to those in attendance that

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1 there would be a third workshop on Delta matters, which
2 will be held in the Stockton area.

3 Checking with the various calendar clerks,
4 it would appear that probably the earliest we can have
5 it would be in early December. If that causes anyone a
6 problem, we'll be checking with your office to see what
7 date would be acceptable during the early December
8 time period.

9 Following the workshop, I received a call
10 from the Assistant Secretary of Resources, who reported
11 receiving favorable comment on our workshop and expressing
12 an interest in working with the State Lands Commission
13 in furthering the Delta program.

14 As you also may know, a Senate subcommittee
15 has been formed to be chaired by Senator Pat Johnston,
16 and consisting of Senators McCorquodale and Davis, on
17 Delta protection.

18 We will work with that Senate subcommittee
19 to the extent we're requested to do so. But they
20 announced it was their intention to hold further hearings
21 and to prepare legislation for introduction the first of
22 January.

23 You've heard about AB 227 being on the
24 Governor's desk. The arrangements as to the share that the
25 City of Long Beach receives were made by the Department of

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1 Finance. And apparently there was accord prior to the
2 passage of the bill. We expect it to be signed by
3 the Governor. There are a few things remaining that need
4 to be resolved between Arco, the City of Long Beach, and
5 the State Lands Commission on the agreement itself, but
6 we think that those remaining items can be disposed of
7 in the next few days. And so, this could be before you
8 for approval at your next meeting.

9 AB 350, which establishes the riparian parkway
10 program for California rivers, that is a two-year -- I
11 don't think Mr. Morrison included it, but that bill is a
12 two-year bill. I met recently with representatives from
13 the Resources Agency and received indications that they
14 would favor the program provided it was within the
15 Resources Agency, perhaps headed by the Secretary,
16 consisting of State Lands Commission and Park and
17 Recreation as the two members of a board.

18 They would like to have the program recast
19 into the Greenways Program, which would be the California
20 Rivers Greenway Program. But other than that, the program
21 would remain essentially intact. I did not find any of
22 those interests objectionable. I told them I would bring
23 it back to you, and we would ask to draft the language
24 in furtherance of an approach of that kind if it was
25 acceptable to you.

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1 We will do so. We have another meeting
2 scheduled with nem on October 10th. So, we are -- while
3 it is a two-year bill, we still have hope for it.

4 We have received a report from Jane Sekelsky on
5 Unocal lease. That completes an effort which has been
6 long-going, and we are very pleased with the result.

7 Finally, Thursday and Fr'day of this week,
8 I and other members of the staff and the Attorney
9 General's Office will go to Owens Lake and Mono Lake, and
10 we will meet with local officials there to discuss the
11 air pollution problem at Owens Lake. We will also attempt
12 to identify a program to reduce air quality effects
13 by restoration of riparian corridors within the bed of
14 Owens Lake. We have met with our lessee there. We have
15 met with the University of California at Davis officials.
16 And this weekend, we will meet with local officials to
17 discuss a common agenda.

18 As you know, this issue surfaced recently as
19 a result of being named a cross-defendant by the
20 Los Angeles Department of Water and Power in an action
21 brought against it by a landowner who claimed that L.A.'s
22 activities were preventing land development in the region
23 because of air contamination, air pollution.

24 So, we hope that maybe we can -- if we have
25 participation of all parties, we can resolve this and avoid

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1 the hazards of litigation.

2 That concludes my report, Mr. Chairman.

3 CHAIRMAN MC CARTHY: Any questions?

4 Any other matters to come before the Commission?

5 Thank you. We're adjourned.

6 (Thereupon, the meeting was adjourned
7 at 10:25 a.m.)

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