

MEETING
STATE OF CALIFORNIA
LANDS COMMISSION

PORT OF SAN DIEGO
BOARD ROOM, 1ST FLOOR
3165 PACIFIC HIGHWAY
SAN DIEGO, CALIFORNIA

FRIDAY, DECEMBER 10, 2010
10:48 A.M.

JAMES F. PETERS, CSR, RPR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

APPEARANCES

BOARD MEMBERS

Mr. John Chiang, State Controller, represented by Ms. Cindy Aronberg

Mr. Abel Maldonado, Lieutenant Governor

Ms. Cynthia Bryant, Director of Finance, represented by Ms. Miriam Ingenito

STAFF

Mr. Curtis Fossum, Interim Executive Officer

Mr. Brian Bugsch, Chief, Land Management Division

Mr. Colin Connor, Assistant Chief, Land Management Division

Mr. Gary Gregory, Chief, Marine Facilities Division

Ms. Grace Kato, Public Land Management Division

Mr. Mark Meier, Assistant Chief Counsel

Ms. Joan Walter, Environmental Scientist

ALSO PRESENT

Mr. Martin Adams, Los Angeles Department of Water and Power

Ms. Jenny Armstrong, The Sportfishing Conservancy

Mr. Jose Bacallao

Ms. Jennifer Badgley, International Brotherhood of Electrical Workers Local 569

Ms. Pamela Bensoussan, Council Member, City of Chula Vista

Mr. Eric Busch, Mayor, City of El Segundo

Ms. Gail Church, Tree Musketeers

Ms. Lisa Cohen, Chula Vista Chamber of Commerce

APPEARANCES CONTINUED

ALSO PRESENT

Ms. Theresa Acerro

Ms. Cheryl Cox, Mayor, City of Chula Vista

Ms. Pamela Fees

Mr. Charles Gale, Manhattan Beach Chamber of Commerce

Ms. Saira Gandhi

Dr. Mark Gold, Heal the Bay

Ms. Cindy Gomper Graves, South County Economic Development Council

Ms. Marsha Hansen, El Segundo Chamber of Commerce

Mr. John Helmer, Port of San Diego

Ms. Valerie Hill, Roundhouse Aquarium

Mr. James Hirsch, Port of San Diego

Ms. Laura Hunter, Environmental Health Coalition, Bayfront Coalition

Mr. Ash Israni, Pacifica Companies

Mr. Michael Kennedy, San Diego Unified Port District

Mr. Evan McLaughlin, San Diego Imperial Counties Labor Council

Mr. Brian Meux, Santa Monica Baykeeper

Mr. Chuck Milam

Mr. Greg Murphy, representing County of San Diego
Supervisor Greg Cox

Dr. Bryan Murray

Ms. Dana Roeber Murray, Heal the Bay

Mr. Steve Padilla, Port of San Diego

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Jim Peugh, San Diego Audubon Society

Mr. Chris Powell, El Segundo School District

Ms. Allison Rolfe, Pacifica Companies

Ms. Stephanie Sekich-Quinn, Surfrider Foundation

Mr. Frank Semancik, Chevron

Ms. Sarah Sikich, Heal the Bay

Ms. Gabriel Solmer, San Diego Coastkeeper

Mr. Rod Spackman, Chevron

Mr. Chris Thomason, El Segundo Fire Association

Mr. Dukie Valderama, Commission Chair, Port of San Diego

Ms. Angelika Villagrana, San Diego Chamber of Commerce

Mr. Mitch Ward, Council Member, City of Manhattan Beach

Dr. matthew Wunder, DaVinci Schools

Ms. Meagan Wylie, San Diego Coastkeeper

Dr. Pamela Yochem, Hubbs-Sea World Research Institute

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1 until the executive staff gets here.

2 The first item of business will be the Consent
3 Calendar. Oh, I'm sorry. The first item of business will
4 be the confirmation of minutes.

5 ACTING CHAIRPERSON ARONBERG: Will be the
6 minutes, great. May I have a motion to approve the
7 minutes.

8 ACTING COMMISSIONER INGENITO: So moved.

9 ACTING CHAIRPERSON ARONBERG: Second.

10 All in favor?

11 (Ayes.)

12 ASSISTANT CHIEF COUNSEL MEIER: We will skip the
13 Executive Officer report and come back to that. And the
14 next item of business will be the Consent Calendar.

15 ACTING CHAIRPERSON ARONBERG: Okay. Great. And
16 you know we have a quick brief greeting on behalf of the
17 port from John Helmer. And we'll interrupt our regular
18 agenda for that.

19 Hi.

20 MR. HELMER: Thank you. Chair Aronberg and
21 Commissioners, good morning. Welcome to a foggy San
22 Diego. My name is John Helmer. I'm the Port's Director
23 of Land-Use Planning. And on behalf of the Board of Port
24 Commissioners, I want to welcome you here to San Diego.
25 We're very glad for you to use our facility here for your

1 meeting.

2 We greatly appreciate the work that you all do
3 and want to let you know that we have a very good working
4 relationship with your staff, who has always been very
5 helpful, positive, and of course we believe acting in the
6 best nature of the State all the time.

7 The Port has three items on your agenda today.
8 Two relatively small but important items on your Consent
9 Calendar on Coronado. We also have the land exchange in
10 Chula Vista. This land exchange is a very significant
11 step in furtherance of the Chula Vista Bayfront Master
12 Plan, a joint effort between the City of Chula Vista and
13 the Port. And this is a project that will be of immense
14 importance to the City of Chula Vista, the region and to
15 the State as a whole. Our staff will be here representing
16 that project as well.

17 We invite you while you're here, if you have
18 time, to visit our Port's waterfront at the Broadway Pier.
19 We have a brand new pavilion building that will serve both
20 as a cruise ship terminal, as well as being available for
21 public access and allowing a level of public access to the
22 water that wasn't previously available. We look forward
23 to a continued working cooperatively with you and your
24 staff, and we anticipate bringing to you within the next
25 year a couple projects.

1 One is a mooring dolphin in State waters adjacent
2 to our main cruise ship terminal at the B Street Pier, as
3 well as an expansion of the marina on the Coronado Yacht
4 Club.

5 Again, we welcome you here and we hope you enjoy
6 your visit.

7 ACTING CHAIRPERSON ARONBERG: Thank you so much,
8 Mr. Helmer.

9 The next item -- okay, so the next item of
10 business is the Consent Calendar.

11 ASSISTANT CHIEF COUNSEL MEIER: Yes. The Consent
12 Calendar Item 5 is pulled. And then that -- I believe
13 that's the only item that will be pulled.

14 ACTING CHAIRPERSON ARONBERG: Okay. So Item 5 is
15 pulled. We have a request to speak on Item 24 only if
16 it's removed from consent, which it is not.

17 So let's go ahead. And do I have a motion on the
18 Consent Calendar with the exception of Item 5?

19 ACTING COMMISSIONER INGENITO: So moved.

20 ASSISTANT CHIEF COUNSEL MEIER: And 24.

21 ACTING CHAIRPERSON ARONBERG: Oh, and --

22 ASSISTANT CHIEF COUNSEL MEIER: It --

23 ACTING CHAIRPERSON ARONBERG: No, 24 is on. We
24 just -- there's been a request to speak only if it's been
25 removed, but it hasn't been removed.

1 ASSISTANT CHIEF COUNSEL MEIER: Okay, then --

2 ACTING CHAIRPERSON ARONBERG: Okay, we have a
3 motion. I'll second. All in favor say aye?

4 (Ayes.)

5 ASSISTANT CHIEF COUNSEL MEIER: Consent Calendar
6 is passed. Under the Consent Calendar, we have a new
7 delegation of authority to the executive staff. And under
8 that, the person designated to take over in the absence of
9 the Executive Officer, at this time, will be Brian Bugsch,
10 Chief of the Land Management Division. So I'll be turning
11 it over to Mr. Bugsch at this time.

12 ACTING CHAIRPERSON ARONBERG: Thank you, Mark.
13 Hi, Brian.

14 LAND MANAGEMENT DIVISION CHIEF BUGSCH: Hi.

15 ACTING CHAIRPERSON ARONBERG: So Brian, I think
16 we're going to hear two items. I know we've got a lot of
17 people here regarding the land exchange in Chula Vista, so
18 why don't we start that out of respect to the folks who
19 are here. Are you fine with that?

20 LAND MANAGEMENT DIVISION CHIEF BUGSCH:

21 Absolutely. Sounds great.

22 ACTING CHAIRPERSON ARONBERG: Great. So let's
23 have the staff report. And this is item number?

24 LAND MANAGEMENT DIVISION CHIEF BUGSCH: Item
25 number 48.

1 ACTING CHAIRPERSON ARONBERG: Item 48. May we
2 have the staff report, please.

3 LAND MANAGEMENT DIVISION CHIEF BUGSCH: Grace
4 Kato will be giving the presentation.

5 PUBLIC LAND MANAGEMENT SPECIALIST KATO: Good
6 morning Chair and Commissioners. My name is Grace Kato,
7 Public Land Management Specialist with the Commission.
8 Commission staff respectfully requests your consideration
9 of Item number 48, the Chula Vista Land Exchange
10 Agreement.

11 The San Diego Unified Port District has requested
12 that the State Lands Commission consider and approve a
13 land exchange agreement between the Port, the Commission
14 and Pacifica.

15 The purpose of this agreement is to facilitate
16 the development of the 556 acre Chula Vista Bayfront
17 Master Plan. And you'll see that on your screens.

18 As background, beginning in 2002, the Port and
19 the City of Chula Vista have engaged in a cooperative
20 planning effort for the Port properties within the Chula
21 Vista bayfront. Prior to this, Pacifica had proposed a
22 mixed use plan for the MidBayfront Properties, which
23 includes the final Public Trust parcel.

24 The MidBayfront Property is located within the
25 Sweetwater District, which is right there. There was

1 significant public opposition to Pacifica's proposal, as
2 community members felt that residential and other high
3 density development adjacent to the Sweetwater Marsh
4 National Wildlife Refuge was highly undesirable.

5 The community members requested that the
6 MidBayfront and the Port properties be comprehensively
7 master planned, and that the Port explore the feasibility
8 of a land exchange between the MidBayfront and certain
9 port properties.

10 In response, the City of Chula Vista and the Port
11 approved the expansion of the master plan planning area,
12 and Pacifica voluntarily agreed to incorporate the
13 MidBayfront Properties, including the final Public Trust
14 parcel.

15 The master plan planning effort involved
16 extensive public outreach and resulted in a master plan
17 that proposes to reconfigure 497 acres of land and 59
18 acres of water uses, connecting them in a way that
19 promotes public access and engagement with the water,
20 while enhancing the quality and protection of key habitat
21 areas.

22 The ultimate goal of the master plan is to create
23 a world class bayfront through strong planning and design,
24 economic feasibility, and community outreach. The land
25 exchange agreement specifies that the Port will quitclaim

1 its interests in 35 -- in approximately 35 acres to the
2 State, and you'll see that right here. The State will
3 then quitclaim its interest in the public -- in the Trust
4 Termination Parcels free of any Public Trust interests to
5 Pacifica.

6 Pacifica will convey its interests in the Public
7 Trust parcels here of approximately 95 acres to the State.
8 The Commission will lease its interests in the final
9 Public Trust parcel to the Port. Then the Commission
10 staff and the Port will pursue obtaining necessary State
11 legislation to include the State's interests in the final
12 Public Trust parcel in the Port's trust grant.

13 Staff is recommending Commission approval for the
14 proposed agreement for several reasons.

15 The land exchange will allow the Trust
16 Termination Parcels located within the harbor district to
17 be exchanged for the final Public Trust parcels located
18 within the Sweetwater district, thereby facilitating the
19 proposed development of residential and non-Trust uses of
20 office and retail away from sensitive resources, including
21 the Sweetwater Marsh National Wildlife Refuge.

22 The land exchange will allow for the development
23 of residential and non-Trust retail and commercial units
24 on the Trust Termination Parcels in a more densely
25 developed area.

1 The final Public Trust parcels will include low
2 density development, including a large ecological buffer
3 to preserve and enhance the Sweetwater Marsh National
4 Wildlife Refuge, an 18 acre park, a bike path, pedestrian
5 trails, open space areas, parking for the Chula Vista
6 nature center and a hotel.

7 The land exchange will exchange public
8 access -- will enhance, excuse me, Public Trust access to
9 the water, enhance waterfront and near shore development
10 for Public Trust purposes and preserve, enhance, and
11 create habitat and open space, including minimizing
12 impacts of the residential development on site and
13 adjacent to -- on site, adjacent, and sensitive biological
14 habitat.

15 Further, the Trust Termination Parcels are
16 relatively small in area when compared to the thousands of
17 acres filled and unfilled Public Trust lands held in trust
18 by the Port. In contrast, the final Public Trust parcel
19 to be acquired by the Trust will provide public access to
20 and along San Diego Bay, as well as provide public
21 bayfront recreational opportunities for the citizens of
22 the State of California.

23 The monetary value of the Public Trust parcel is
24 equal to or greater than the value of the Public Trust
25 interests in the trust termination parcel.

1 The land exchange will also allow for the
2 furtherance of many other significant benefits to the
3 Public Trust that will be realized through implementation
4 of the Chula Vista Bayfront Master Plan, including, but
5 not limited to, providing low cost visitor serving
6 opportunities that will promote and encourage the public's
7 use and enjoyment of the shoreline by creating new public
8 access, recreational amenities, and shoreline enhancements
9 while protecting biological resources, creating a new
10 active commercial harbor, and increasing recreational
11 boating activities and generating substantial additional
12 Public Trust revenues for the Port and for the people of
13 the State of California.

14 Specifically, the project will preserve open
15 space in the project area with approximately 238 acres or
16 43 percent of the project site designated as open space,
17 either in the form of natural habitat or public passive
18 and active use parks.

19 The implementation of the master plan will also
20 have numerous economic benefits to the region and the
21 State. The project will provide an estimated 13,000
22 permanent jobs and an estimated 6,500 direct construction
23 jobs. Additionally, through build-out of the project,
24 development is expected to result in more than \$11.5
25 million in local tax revenues.

1 Commission staff and the Attorney General's
2 office have reviewed the proposed agreement and believe
3 all necessary legal requirements have been met. Staff
4 recommends that the Commission approve the Chula Vista
5 land exchange agreement, including the findings listed in
6 the staff report, and authorize its execution and the
7 execution and recordation of all documents necessary to
8 implement it.

9 This concludes my presentation, and I am
10 available for any questions.

11 Thank you.

12 ASSISTANT CHIEF COUNSEL MEIER: We have several
13 speakers. Oh, sorry. Go ahead. It's for you.

14 ACTING CHAIRPERSON ARONBERG: Is my mic on now?

15 Okay thank you. We have many, many public
16 speakers, so we're going to have each speaker please limit
17 his or her time to three minutes or fewer, so that we can
18 get through these.

19 Let's start with just in the order that I was
20 handed these. Pamela from Chula Vista City Council
21 person.

22 MS. BENSOUSSAN: Hello. Welcome to San Diego. I
23 represent the City of Chula Vista City Council. Our mayor
24 is also here today. I believe she is intending to speak,
25 so I'll be brief.

1 I just wanted to say that until the concept of
2 this land exchange came about, the City of Chula Vista had
3 attempted for decades to try to put together a good
4 planning document for developing the bayfront. And it
5 wasn't until this concept came about that we were able to
6 get everyone on board and everyone is applauding this
7 concept of exchanging the land. It's truly what enables
8 the plan to be a good one and we're hoping that we can go
9 forward.

10 This is coming on the heels of the news that we
11 are now going to be able to dismantle the bayfront power
12 plant, the polluting power plant, which was an obstacle to
13 developing our bayfront. So this is -- hopefully this
14 will be a celebratory moment to add to that good news, and
15 we can continue looking forward for the benefit of the
16 citizens of Chula Vista and the surrounding communities.

17 Thank you.

18 ACTING CHAIRPERSON ARONBERG: Thank you.

19 Is Mayor Cheryl Cox in the room?

20 CHULA VISTA MAYOR COX: Good morning. On May
21 18th, 2010, the Port district and the Chula Vista City
22 Council unanimously approved the certified EIR and the
23 Bayfront Master Plan for submission to the California
24 Coastal Commission. One of the major steps along this way
25 is the land exchange that we hope, from the City of Chula

1 Vista, from our residents, that you will give your
2 approval.

3 You know, this started out as a piece of property
4 about 100 acres, just outside the Chula Vista Nature
5 Center and along the edges of the Sweetwater National
6 Wildlife Refuge. At one point, that was supposed to be
7 three 23-story hotels. Those hotels shrunk over time, and
8 the private property owner thought he would be able to
9 build condominiums there.

10 Anyone who knows people who live in condominiums
11 like their pets, and small cats tend to escape their
12 owners. Their intrusion into the National Wildlife Refuge
13 could cause great peril to some of our endangered species,
14 and certainly the birds and their eggs.

15 Follow that with a couple of loose dogs and some
16 small children and you could have some real issues on that
17 property.

18 So the idea came up to swap that property with
19 the property owner's consent for 35 acres of previously
20 disturbed property next to what was Rohr Industries and is
21 now Goodrich Aerostructures.

22 I think, number one, it's a good land deal. Any
23 time you can take close to a hundred acres and swap it for
24 35, that's got to be good. Any time you can take
25 preservable property and swap it for property that's been

1 previously disturbed, that's a good deal. And any time we
2 can convince you to give your approval to this land swap,
3 it means our next step is the California Coastal
4 Commission. And after that, the development of the Chula
5 Vista bayfront for residents and for visitors alike.

6 Thank you very much.

7 ACTING CHAIRPERSON ARONBERG: Thank you.

8 Steve Padilla, Port Commissioner, followed by
9 supervisor Greg Cox, who will be followed by Michael
10 Kennedy.

11 SAN DIEGO PORT COMMISSIONER PADILLA: Madam
12 Chair, welcome and thank you. My name is Steve Padilla.
13 I'm the vice chairman-elect of the Port of San Diego. It
14 was my privilege between 2002 and 2006 to serve as the
15 Mayor of the City of Chula Vista, at a time when the city
16 began a master planning process for Chula Vista's bayfront
17 in collaboration with the Port and a number of other
18 interested parties, including the environmental community,
19 the business community, of course, Pacifica.

20 I'm pleased to stand here and endorse your
21 staff's recommendation. To remind you that I think your
22 record is pretty strong with respect to the Title 14
23 findings that need to be made. I think it's very clear
24 along every consideration, whether adding value to the
25 assets held in trust by the State, whether enhancing your

1 obligations with respect to the Public Trust, in terms of
2 additional opportunities for public access and enjoyment
3 to the bay, enhanced protection of the natural resources
4 and sensitive lands. Clearly, a much better land use plan
5 is enabled by virtue of the adoption of the findings and
6 the land swap.

7 So in addition to all of the primary
8 considerations contained in the record, I would just
9 endorse those and I would echo the Mayor's comment, that
10 this also represents a win-win. Hopefully an
11 unprecedented example in this region certainly for a
12 project planning on this scale of the kind of
13 collaboration that is possible to achieve the right kind
14 of developmental effort that balances all of the interests
15 of the region and the people of the State of California.

16 So I endorse your staff's recommendation and urge
17 your adoption.

18 Thank you very much.

19 ACTING CHAIRPERSON ARONBERG: Thank you.
20 Supervisor Greg Cox.

21 MR. MURPHY: Hi. Good morning. My name is Greg
22 Murphy. I represent Supervisor Cox who couldn't be here
23 today. I just would echo the comments before us, and lend
24 the supervisor's support for this project as well. And
25 just add that Supervisor Cox asked me to say that in his

1 30 years as an elected official, he's never seen a project
2 of this magnitude with this much enthusiasm and this much
3 support, so definitely urge your support today.

4 Thank you.

5 ACTING CHAIRPERSON ARONBERG: Thank you.

6 Michael Kennedy.

7 Michael Kennedy will be followed by Ash Israni,
8 who will be followed by Allison Rolfe, who will be
9 followed by Laura Hunter.

10 MR. KENNEDY: Good morning. My name is Mike
11 Kennedy. I'm with the real estate department of the Port.
12 I've been working this particular project for over the
13 last four years and it's been a process that has been
14 going on close to 10. I won't be redundant and repeat
15 some of the information you've already received.

16 You know Grace gave quite a very comprehensive
17 and thorough staff report. I did want to say we enjoyed
18 working with your staff. They're very professional and
19 cooperative. So we look forward with that continued
20 relationship.

21 I did want to report that our Board of Port
22 Commissioners, you know, heard this item on their agenda
23 this Tuesday and approved it unanimously on the consent
24 calendar.

25 And that will conclude my presentation.

1 ACTING CHAIRPERSON ARONBERG: Thank you.

2 Ash Israni.

3 MS. ROLFE: Hi. My name is Allison Rolfe. And
4 Ash Israni is actually on his way. He's the owner of the
5 company. And I'm the project manager. I speak after him,
6 so perhaps we could just reverse the order.

7 ACTING CHAIRPERSON ARONBERG: Sure.

8 MS. ROLFE: Thank you.

9 Honorable Commissioners, thank you so much for
10 the opportunity to speak to you today. My name is Allison
11 Rolfe and I'm project manager for the Chula Vista Bayfront
12 Project. And today is a very significant day for us.
13 We've been working the bayfront project for almost 10
14 years. And it's truly my honor to work for this company
15 that's hung in there and worked hard to build broad
16 support.

17 I don't want to be redundant and repeat
18 everything you've already heard and what you're still
19 going to hear. So I'll simply say that the Port and the
20 City of Chula Vista, the members of the community, the
21 environmental leaders, the business leaders, the labor
22 unions, we've all worked together to make this project a
23 reality and I really feel strongly that the land exchange
24 is an incredibly innovative concept for a property like
25 that on the coastline.

1 What's so remarkable about today is how hard
2 every single person who you're going to hear from worked
3 on this project. And it was really a collaborative
4 effort.

5 So today we truly appreciate your support for the
6 project and we're proud that together we've been able to
7 build this uncommon coalition and we look forward to
8 taking our project forward to the Coastal Commission and
9 hopefully having as much support there and Chula Vista
10 will hopefully get the bayfront that they've been waiting
11 for so long and deserve.

12 Thank you very much.

13 ACTING CHAIRPERSON ARONBERG: Thank you, Allison.
14 Laura Hunter.

15 MS. HUNTER: Good morning. My name is Laura
16 Hunter and I represent the Environmental Health Coalition.
17 And I've also been authorized to represent the Bayfront
18 Coalition, which was an alliance of six environmental and
19 community groups, including San Diego Coastkeeper, Coastal
20 Environmental Rights Foundation, San Diego Audubon
21 Society, Southwest Wetlands Interpretive Association,
22 Surfrider Foundation and Empower San Diego.

23 And we're so thrilled to be here today. This has
24 been a long time in coming. We have -- I've worked
25 on just this concept myself for 10 years. And there were

1 some bumps in the road. I don't deny it. I remember many
2 times when it was a little rocky and I would say to Ash,
3 "Ash, just think about it. Someday we'll be at State
4 Lands Commission and we'll all be holding hands and it's
5 just going to be a big love fest."

6 And most of the time I believed it, but sometimes
7 I even had my doubts myself.

8 We really appreciate all the hard work that
9 everybody has done. We wish that there were more
10 developers like Ash Israni and Pacifica and the people he
11 has surrounded himself with that are willing to seriously
12 step back, listen to the community, really look at their
13 property and the context of where the property is located.

14 And they did that. And I think we have just a
15 wonderful result as a result of that. We have 100 percent
16 support of your action today. This is a necessary step
17 that's going to restore a lot of public access and a
18 beautiful new bayfront for the City of Chula Vista and the
19 south bay.

20 We're on our way to a new era for south bay and
21 the new master plan, getting rid of the power plant,
22 restoring and enhancing our beautiful conditions. And
23 although it may be foggy here today in San Diego, it's
24 really a great day for the south bay and a day to
25 celebrate. And I hope we all do that.

1 Thank you very much.

2 ACTING CHAIRPERSON ARONBERG: Thank you, Laura.
3 Cindy Gomper Graves, followed by Jim Peugh,
4 followed by Jennifer Badgley.

5 MS. GRAVES: Good morning, Chairwoman Aronberg,
6 Commissioners. I'm Cindy Gomper Graves representing the
7 South County Economic Development Council. And with me is
8 a member of our executive team, and also a board of
9 directors member, Doug Paul.

10 And we're here today to voice our support for the
11 staff recommendation in support of the land swap that is
12 before you today. You actually hold our economic future
13 in your hands today. And we ask respectfully that as you
14 look at a project that is on the bayfront in Chula Vista,
15 one of the largest water fronts on the entire west coast,
16 that you support the staff's recommendation, because with
17 the development of this bayfront comes opportunities for
18 an economically challenged portion of the south county.

19 As a matter of fact in south county, particularly
20 in Chula Vista, this is one of the areas where land prices
21 and home prices are actually more expensive on the eastern
22 part of Chula Vista. And as you approach the water,
23 housing prices go down and land prices go down.

24 We have an opportunity today to reverse that with
25 your support. So we ask for the sake of our existing

1 businesses that could use the extra infusion, especially
2 during these tough economic times, for the economic
3 opportunities that exist with this project and for the
4 coalition that has been built, to support this project
5 that you support what is before you today.

6 And I would be remiss if I did not thank you
7 personally on behalf of South County Economic Development
8 for the time that you've devoted in researching this
9 project and to your staff for the research that they've
10 done.

11 Thank you very much on behalf of South County
12 Economic Development Council.

13 MR. PAUL: Thank you also. But I also want to
14 say that this is an extraordinary example of the
15 cooperation of an incredible number of people for a lot of
16 years. So I appreciate your help, and I certainly endorse
17 the effort of your staff to bring this forward with a
18 recommendation of approval.

19 Thank you.

20 ACTING CHAIRPERSON ARONBERG: Thank you.

21 LAND MANAGEMENT DIVISION CHIEF BUGSCH: Madam
22 Chair, Mr. Israni, the owner of Pacifica company is here,
23 so if you want to --

24 ACTING CHAIRPERSON ARONBERG: Okay. Mr. Israni,
25 do you want to -- we had called your name before you got

1 here before, would you like to speak?

2 MR. ISRANI: My name is Ash Israni. I'm the
3 developer. I didn't really need to be here. It seems
4 like there is enough support, but I'm here to thank
5 everybody. And that's tremendous support from everybody.
6 You know, I think Laura Hunter, of course, was a pioneer
7 of this concept. But everybody has pitched in and helped
8 us, and I thank you also, you know. And that's all I had
9 to say.

10 ACTING CHAIRPERSON ARONBERG: Thank you very
11 much. Back to Jim Peugh, followed by Jennifer Badgley.

12 MR. PEUGH: I am Jim Peugh and I'm the
13 Conservation Chair of the San Diego Audubon Society. And
14 we've been involved in this -- I pulled out a folder and
15 the oldest day I could find really quickly was since 1997.
16 So it's been a long, long process.

17 The Sweetwater Marsh, which has been mentioned
18 earlier, is really a neat area. Most of the -- almost all
19 the wetlands in San Diego Bay have been taken over by
20 development before wetlands were protected. The
21 Sweetwater Marsh is a really neat place. There are egrets
22 and herons, shore birds, raptors, ducks, you know, all in
23 the kind of environment that they would have been using a
24 thousand years ago, and that still works.

25 There's even a release area for Clapper Rails

1 where Clapper Rails that are bred in captivity are
2 reintroduced to nature, so they sort of know what they're
3 going to be like when they get on their own. So it's an
4 area that's extremely worth protecting.

5 We were faced with a parade of developments on
6 the private land. It was totally inappropriate for being
7 adjacent to a wildlife refuge. And then we had the other
8 problem that is really a highly developable part of the
9 bayfront wasn't able to be developed because of the
10 constraints of being on tidelands. So this land swap
11 basically resolved both of those problems phenomenally.
12 That's why you see people from business and people from
13 the environment supporting it so strongly.

14 So we strongly urge that you support the staff
15 recommendation.

16 Thank you.

17 ACTING CHAIRPERSON ARONBERG: Thank you.

18 Jennifer followed by Dukie Valderama.

19 MS. BADGLEY: Hi. Jennifer Badgley with
20 International Brotherhood of Electrical Workers. We
21 represent about 2,500 electrical workers in San Diego
22 county. And we've been in front of this body, as Laura
23 said, many times -- or in this room not in front of this
24 body, but in this room many times over the past decade
25 testifying and debating the future of the Chula Vista

1 bayfront.

2 And the topics have varied, but our message has
3 always been the same. Chula Vista's bayfront is unique
4 and a special place. And we have a chance to build a
5 world class bayfront right in Chula Vista.

6 And through the years, we have worked with a
7 broad base of stakeholders, some of whom you've heard
8 from, to develop a vision for a bayfront that creates real
9 sustainable careers and career pathways at a time when we
10 need them more than ever, that protects a bayfront's
11 wildlife and that can be a cornerstone to reducing our
12 region's carbon footprint.

13 So this land exchange is an essential component
14 for making this vision possible. And on behalf of our
15 members and their families, we urge you to approve it
16 today.

17 Thank you.

18 ACTING CHAIRPERSON ARONBERG: Thank you.

19 Dukie Valderama followed by Lisa Cohen, who will
20 be followed by Evan McLaughlin.

21 MR. VALDERAMA: Good morning. I'm the Chairman
22 of the Board of Port Commission here in San Diego. And as
23 you're well aware, our Board has already approved this.
24 This is a collaborative effort with the City of Chula
25 Vista, Pacifica, and the Port, and we're obviously asking

1 for your support of.

2 But more importantly, I really wanted to thank
3 you, Commissioner Aronberg, for coming out here and
4 personally looking at our site. That was huge for you to
5 spend the time to come out and look at really what we
6 were -- what we were trying to get accomplished. So I
7 really wanted to thank you. And we look forward to your
8 support. So thank you very much.

9 ACTING CHAIRPERSON ARONBERG: Thank you. That's
10 very nice.

11 Lisa Cohen.

12 MR. COHEN: Good morning, Chair and
13 Commissioners. My name is Lisa Cohen. I'm the CEO of the
14 Chula Vista Chamber of Commerce, the Chula Vista
15 Convention and Visitor's Bureau, and the Chula Vista
16 Tourism Marketing District. And we are very proud. Our
17 22 board of directors asked me to be here today to show
18 our complete support for all of our membership of our
19 thousand members. And as you've heard with all the
20 testimony, this has been a long time in the waiting and
21 it's 550 acres of the largest waterfront in the nation
22 currently going on. And we're ready for this to be
23 approved.

24 So we support the full exchange for the staff
25 recommendation and we ask for your approval today.

1 Thank you.

2 ACTING CHAIRPERSON ARONBERG: Thank you, Lisa.

3 Evan McLaughlin, who will be followed by Gabriel
4 Solmer. And that's the last card I have. So if there's
5 anyone else who wants to speak to this item, please fill
6 out a speaker card.

7 MR. McLAUGHLIN: Good morning, Commissioners.
8 Evan McLaughlin with the San Diego and Imperial County
9 Labor Council, on behalf of the 130 local unions
10 representing 192,000 families represented by the labor
11 council. We respectfully ask you approve the proposed
12 land exchange today. The proposal before you has been
13 vetted by the community, we have heard that, after several
14 years.

15 Yet, today's approval shouldn't be viewed as the
16 end of a process, but rather one of the first steps
17 towards realizing a dream that we've all been working
18 for -- working toward on Chula Vista's bayfront. And
19 we're happy to support the proposal, because it leads to a
20 dream that helps working families in Chula Vista in the
21 south bay and across the region.

22 The proposal before you leads to better jobs.
23 Obviously, we heard about the thousands of
24 jobs -- permanent jobs to operate new development. Many
25 of those will be living wage jobs protected with union

1 agreements.

2 In addition to that, the project represents, you
3 know, the potential for new jobs in construction, jobs
4 that will put local residents to work, create new job
5 training opportunities in emerging fields like renewable
6 energy. And it's a win-win for the community. We're
7 really looking forward to seeing what the next decisions
8 are down the road, but we can't start making those
9 decisions without approval today.

10 So we urge you to support the proposal.

11 Thank you.

12 ACTING CHAIRPERSON ARONBERG: Thank you. I've
13 got three more cards here now. Carmen Sandoval, who will
14 be followed by Pamela Yochem, who will be followed by
15 Angelika Villagrana.

16 Pardon me if I messed up anyone's name. So Gabe
17 Solmer.

18 MS. SOLMER: Thank you so much. Gabriel Solmer.
19 I'm the interim executive director for San Diego
20 Coastkeeper. And again welcome to San Diego.

21 And I think that you see such a parade of
22 speakers here today trying to stay within our three
23 minutes, because we didn't think that this was possible
24 when we started. And I'm a newcomer to the process. I
25 brought one of our original members of the bayfront

1 coalition.

2 We didn't know that we could do this. And I
3 think it's very true. It's only impossible until it's a
4 reality. So this is really a win-win-win-win-win. You
5 could keep going on, because seeing such a diversity of
6 groups come before you to explain what a historic decision
7 today will be and why we are so pleased to be working
8 together and to come hand in hand, because again a few
9 years ago we didn't think that that was possible.

10 So thank you very much.

11 ACTING CHAIRPERSON ARONBERG: Thank you.

12 MS. ACERRO: I'm Theresa Acerro. And actually I
13 filled out a card. And I had said it was not necessary to
14 speak, but perhaps it is, that I've really been involved
15 in this for like 10 years or more. It's just like it's
16 really great that finally a solution has come up that
17 everybody can agree on.

18 ACTING CHAIRPERSON ARONBERG: Thank you.

19 Dr. Pamela Yochem -- Pamela, are you in the room?

20 DR. YOCHER: I'm not sure that I'm in the right
21 section here. I'm here for Agenda Item number 47?

22 That's a bit later in the presentation.

23 ACTING CHAIRPERSON ARONBERG: Sorry. We have a
24 speaker card mixed up.

25 Okay that's it.

1 LAND MANAGEMENT DIVISION CHIEF BUGSCH: I think
2 that's it, in terms of the speeches for that. I just want
3 to add that this is a land exchange that, you know, we
4 wish all of them could go this well and this smoothly,
5 but --

6 (Laughter.)

7 LAND MANAGEMENT DIVISION CHIEF BUGSCH: -- this
8 is kind of a rare occasion. And I just want to say that
9 that's representative of all the people that were involved
10 in this from the developer to the environmental groups, to
11 the city -- to the city planners and developers and
12 politicians.

13 I think it's a great testament to cooperation.

14 ACTING CHAIRPERSON ARONBERG: Yes. What a rare
15 treat to see every side that one can imagine be so in
16 support of this great exchange. What a pleasure to see
17 that group of speakers. It was my -- also my pleasure to
18 tour the area. Controller Chiang also toured the area and
19 was very pleased to see the wide, wide support for this
20 project.

21 So I'll entertain motions.

22 ACTING COMMISSIONER INGENITO: Madam Chair, I
23 just wanted to quickly add the Department of Finance's
24 comments as well, just that it has been an impressive
25 project. It has been a collaborative effort. And in the

1 end, it's wonderful to see that everybody here can leave
2 as a winner. And with that, I'd like to thank all the
3 parties, thank the staff and move the item.

4 ACTING CHAIRPERSON ARONBERG: And I'll second.
5 And all in favor aye?

6 (Ayes.)

7 ACTING CHAIRPERSON ARONBERG: The motion is
8 approved.

9 (Applause.)

10 ACTING CHAIRPERSON ARONBERG: Great. Thank you.
11 We're going to move to our next agenda item,
12 which is an informational report from staff on sea level
13 rise.

14 Let's proceed with the agenda item. And can
15 folks who are interested in talking, please clear the
16 room.

17 LAND MANAGEMENT DIVISION CHIEF BUGSCH: Good
18 morning, Madam Chair and members of the Commission, I'm
19 Brian Bugsch, Chief of the Commission's Land Management
20 Division. And I'm here to give a presentation on Calendar
21 Item number 49, which is a informational update on the sea
22 level rise report.

23 Again, this is an informational item, so no
24 action from the Commission is necessary on this item.

25 Over long periods of time, sea level rise along

1 the California coast has closely mirrored the estimated
2 global sea level rise rate. Today, there is great
3 uncertainty surrounding the rate of thermal expansion and
4 melting of ice caps resulting from global climate change.
5 However, the consensus of global scientific opinion is
6 that sea level rise could increase dramatically over the
7 next century.

8 Although ranges vary, key California governmental
9 entities have been using a 16-inch rise by 2050 and a
10 55-inch rise by 2100 as the upper benchmarks for planning
11 purposes. Such exchanges -- or such changes in sea level
12 rise could cause significant economic, ecological,
13 physical and social harm throughout California that could
14 threaten water supplies and damage coastal development and
15 infrastructure.

16 For the State Lands Commission, it could threaten
17 infrastructure and improvements on the land that is under
18 its jurisdiction and impact the Commission's actual
19 jurisdiction as well.

20 At the Commission's December 2009 meeting, the
21 Commission approved a report on sea level rise
22 preparedness. The report contained 16 recommendations
23 approved by the Commission. One of those recommendations
24 was to provide the Commission with a one-year status
25 report on implementation of the recommendations, hence my

1 appearance before you here today.

2 All 16 recommendations are included in the
3 calendar item along with the implementation status. Since
4 you all have this information, I will not go through an
5 exhaustive reading of them, but I would like to cover some
6 of the highlights.

7 The thrust of these recommendations was for the
8 Commission, its trustees, and its lessees to think deeply
9 about potential impacts of projected sea level rise on
10 their jurisdiction, infrastructure, and activities. And,
11 wherever possible, proactively address and minimize those
12 impacts.

13 Of the 16 recommendations, 12 have been completed
14 or will be completed by the end of the year and the other
15 four have not been completed. The four recommendations
16 that have not been completed are recommendations 2, 10,
17 11, and 16. I won't read through them, but
18 recommendations 2, 10, and 11, as outlined in the initial
19 report, would need additional staff, would be required to
20 fully comply with those recommendations.

21 Regardless, we have partially addressed
22 Recommendations 2 and 11 by developing a preliminary list
23 of leases that could be impacted by sea level rise. We
24 are in the process of refining this list and assigning
25 priority categories to facilitate review.

1 Recommendation 16 directed staff to review and
2 report on the National Academy of Science's sea level rise
3 assessment report. That report was to be completed by
4 December 1st of this year. That report has not been
5 finished and is now scheduled to be completed in mid-2012.
6 When it is completed, we will be reporting on that.

7 Several of the recommendations directed staff to
8 make changes to the lease application package to address
9 sea level rise. This has been done. We have developed
10 sea level rise language to be included in the application
11 package. And it is in Exhibit B of your calendar item.

12 This language has been finalized along with lots
13 of other substantive improvements to our application form.
14 We plan to start using the updated language -- or updated
15 application form later this month. And, as directed, in
16 Recommendation 13, we will send it out to all of our
17 grantees for their use when it is completed.

18 To comply with other recommendations, we have
19 developed sea level rise language for inclusion in
20 boundary line agreements, in title settlements,
21 environmental documents and also language for our leases.

22 The boundary line and title settlement language
23 has already been included in recent agreements and it was
24 in the Chula Vista land exchange agreement that you just
25 approved. All of this language is included in Exhibit B

1 of your calendar item.

2 Also, a new MOTEMS regulation to address
3 engineering standards and sea level rise was developed,
4 and it will be taking effect in January of 2011.

5 In complying with Recommendation 8, the State
6 Lands Commission staff has been and will continue to
7 coordinate, collaborate, seek expert advice, and monitor
8 the activities of other federal, State and local agencies
9 on the issue of sea level rise. For example, is that
10 staff participates in the Ocean Protection Council's
11 Coastal and Ocean Working Group for the California Climate
12 Action Team.

13 Staff is also a member of the State's Sea Level
14 Rise Task Force and participated in the creation of the
15 interim sea level rise guidance document, which provides
16 input from 16 key State agencies on how to incorporate sea
17 level rise projections into decision making.

18 Staff is also monitoring sea level rise
19 amendments to the BCDC's bay plan. And as mentioned
20 earlier, we will report back on the National Academy of
21 Science's report when that's completed.

22 Commission staff has also conducted two sea level
23 rise surveys of more than 100 of our major lessees and
24 grantees. These surveys ask the lessees to grant -- and
25 lessees and grantees to assess the extent to which they

1 have considered the potential impacts of sea level rise on
2 their facilities and what actions or adaptive strategies
3 they are taking to -- or that they are taking or plan to
4 take to mitigate the anticipated impacts of sea level
5 rise.

6 There are 40 respondents to the initial survey.
7 And the complete responses to all those were in the
8 initial report as an appendix. And the second survey,
9 which was conducted this summer, there were 27
10 respondents. A list of the respondents to both surveys is
11 in Exhibit A of your calendar item.

12 Finally, at the April 10th Commission
13 meeting -- or I mean, the April 2010 Commission meeting,
14 the Commission supported AB 2598 from Assembly Member
15 Brownley. This bill would have required a trustee of
16 granted public lands -- Trust lands to prepare a sea level
17 rise action plan to protect important infrastructure and
18 habitat from the projected impacts of sea level rise.

19 The bill did pass through the Assembly, but was
20 eventually held on suspense in the Senate Appropriations
21 Committee.

22 This concludes my presentation on the
23 implementation of the sea level rise report
24 recommendations. If you have any questions, I'm available
25 to answer them.

1 Thanks.

2 ACTING CHAIRPERSON ARONBERG: Thank you, Brian,
3 very much. Appreciate staff's recommendation on this.
4 This is something the Controller had asked about over a
5 year ago. We're very happy with the work so far.

6 Do you have any questions?

7 Okay, great.

8 LAND MANAGEMENT DIVISION CHIEF BUGSCH: I think I
9 did have one speaker, that I don't know if they mismarked
10 it or not for Item 49.

11 ACTING CHAIRPERSON ARONBERG: Oh, yeah we do.
12 James -- thank you. James Hirsch, public speaker.

13 LAND MANAGEMENT DIVISION CHIEF BUGSCH: They may
14 have put the wrong one down. It looks like they may have
15 been one for the previous one.

16 MR. HIRSCH: Madam Chairman and Commissioners, I
17 understand it's an informational item, but I am with the
18 San Diego Port District, James Hirsch, senior
19 redevelopment planner. And we thought that since you were
20 here, we would update you on the activities that the Port
21 has undertaken with respect to sea level rise.

22 We did respond to the 2009 sea level survey and
23 the Port's response was that while we did not see any
24 great impacts to a sea level rise of 16 inches, a 55-inch
25 rise would certainly result in some substantial impacts

1 and potential inundations of certain facilities, both
2 urban facilities and wildlife areas.

3 So we -- the environmental services and land use
4 planning departments have initiated the development of a
5 Climate Mitigation and Adaptation Plan, or CMAP. We just
6 started that effort in September of this year. And the
7 first component of this process will be to estimate
8 greenhouse gas emissions coming from port tidelands,
9 identify measures to reduce these emissions and outline a
10 plan for achieving emission reductions.

11 The second component of the CMAP process will
12 deal with the adaptation to sea changes -- to changes in
13 sea level rise on both port infrastructure and habitat.
14 And in addition, the Port is partnering with ICLEI, which
15 is local governments for sustainability, and the San Diego
16 Foundation. And we're doing this to coordinate with the
17 five member cities around the bay, as well as the Navy.
18 And this is bringing more of a regional focus to the plan
19 that we're putting together.

20 We expect this CMAP plan to be completed in
21 January of 2012. We will go ahead and update our 2009
22 survey to reflect the activities that I just described and
23 we'll get that into your staff. And we certainly look
24 forward to working with your staff on the completion of
25 the plan. Thank you for the opportunity to give you this

1 brief update.

2 ACTING CHAIRPERSON ARONBERG: Thank you very
3 much.

4 Brian, is there anything else on this item?

5 LAND MANAGEMENT DIVISION CHIEF BUGSCH: No.

6 If we're done for that, I'll just have a
7 recommendation. I think at this point, we've gotten word
8 that the Lieutenant Governor will hopefully be here --

9 ACTING CHAIRPERSON ARONBERG: Okay. So --

10 LAND MANAGEMENT DIVISION CHIEF BUGSCH:
11 -- around noon or so, and then the other
12 staff's --

13 ACTING CHAIRPERSON ARONBERG: We have two public
14 comments. So I think we can go through the two public
15 commenters.

16 LAND MANAGEMENT DIVISION CHIEF BUGSCH: We can go
17 through those. Yep, that would be great. And then we
18 might want to take a break after that.

19 ACTING CHAIRPERSON ARONBERG: Okay.

20 LAND MANAGEMENT DIVISION CHIEF BUGSCH: It's up
21 to you.

22 ACTING CHAIRPERSON ARONBERG: We'll take a break
23 after these public commenters?

24 LAND MANAGEMENT DIVISION CHIEF BUGSCH: Yeah,
25 after these.

1 ACTING CHAIRPERSON ARONBERG: So first, we've got
2 Bruce Heyman from Boaters for Dana Point Harbor, and then
3 Laura Hunter again.

4 Is Bruce Heyman around?

5 Okay, and I do not see Laura Hunter in the room.
6 It looks like Grace is going to go see if she can find
7 either of them.

8 MS. HUNTER: All right. Well, this is very
9 awkward. And Curtis isn't here, right?

10 LAND MANAGEMENT DIVISION CHIEF BUGSCH: No, not
11 yet.

12 MS. HUNTER: Okay. Should I go ahead?

13 LAND MANAGEMENT DIVISION CHIEF BUGSCH: Well,
14 we'll wait for Cindy.

15 MS. HUNTER: Maybe, it can be on the tape and
16 then he can see it later.

17 ACTING CHAIRPERSON ARONBERG: Okay. I'm sorry,
18 Laura, please proceed.

19 MS. HUNTER: Well, this is kind of ill-fated, and
20 it's kind of -- I just wanted to take this opportunity. I
21 wish Curtis was here, but maybe you can hand this to him,
22 when he gets here. When we came up to meet a couple
23 months ago, I had heard that potentially -- or that he was
24 thinking about maybe he might retire. And so we came back
25 down here, and we're very far from Sacramento, so I think

1 news doesn't get down to us so quickly.

2 So we scurried around and we said, well we've got
3 to honor him. We've got to really thank Curtis for
4 everything he's done for us down here locally. And then I
5 heard later on that well he got a new job.

6 I said oh, he's probably going somewhere else.
7 And I didn't realize the new job might be moving up in the
8 State Lands Commission.

9 So at any rate, we -- I want to give this to him
10 anyway, because he is just a wonderful person. He's been
11 such a big friend to our local environmental community.
12 And so we had to amend it a little bit. So this is for
13 when he retires, he can pull this sticky off. And then if
14 he gets his new job, he can pull that sticky off.

15 (Laughter.)

16 MS. HUNTER: But Curtis Fossum, he's -- you
17 should just all know that he's really a go-to guy for us.
18 He has explained the same public interest legal issue to
19 me probably 200 times. I still don't understand it, so I
20 just call him up and he has to explain it again. And now
21 Jennifer is stuck with that role and she's doing a great
22 job and really appreciate it. But he's always been very
23 helpful, never irritated, never crabby when we call him
24 with stupid questions.

25 When we need help kind of well who in Sacramento

1 would deal with that, he's always willing to give us help
2 on that and not everybody is like that. And I just -- we
3 really value that from him.

4 So anyway, if you could give him the beautiful
5 plaque that we've all signed, including some of our local
6 birds, we would appreciate if you would give that to him.

7 And so anyway, that was my public comment.

8 ACTING CHAIRPERSON ARONBERG: Laura, that's
9 wonderful. Thank you.

10 (Applause.)

11 ACTING CHAIRPERSON ARONBERG: Has Bruce Heyman
12 come into the room for his public comment?

13 No. Okay, so we can proceed with the calendar.

14 Please pardon a brief break, while we discuss the
15 procedure.

16 LAND MANAGEMENT DIVISION CHIEF BUGSCH: We'll go
17 ahead and we have a lot of speakers and a lot of
18 information to cover on this, so we'll go head and start
19 moving forward on this.

20 ACTING CHAIRPERSON ARONBERG: On Item 47.

21 LAND MANAGEMENT DIVISION CHIEF BUGSCH: On Item
22 47.

23 ACTING CHAIRPERSON ARONBERG: We're going to
24 start moving on Item 47, we have a huge stack of speaker
25 cards on that, and let's proceed.

1 ASSISTANT CHIEF COUNSEL MEIER: Excuse me a
2 moment. We're a little disorganized because of the lack
3 of staff.

4 ACTING CHAIRPERSON ARONBERG: Of course. Of
5 course.

6 ASSISTANT CHIEF COUNSEL MEIER: I have the
7 drafted presentation that was going to be given by Alan
8 Scott and I'll be presenting that for him.

9 ACTING CHAIRPERSON ARONBERG: Thank you.

10 ASSISTANT CHIEF COUNSEL MEIER: No, I don't need
11 a pointer. Just hit that one right there.

12 I'm sorry we don't have the PowerPoint
13 presentation, but I'll just have to read it to you.

14 ACTING CHAIRPERSON ARONBERG: Okay.

15 ASSISTANT CHIEF COUNSEL MEIER: Good morning,
16 Madam Chairman and members of the Commission. I am Mark
17 Meier, Assistant Chief Counsel for the Commission. And I
18 will be presenting -- well, I'll be giving the
19 presentation prepared by Alan Scott, who is the land agent
20 working on this -- on Calendar Item 47.

21 This item asks the Commission to consider
22 certifying a final EIR, adopting a Statement of Overriding
23 Considerations, and authorizing a 30-year lease between
24 the Commission and Chevron U.S.A. Inc. covering the
25 continued operation and maintenance of an existing

1 offshore marine terminal in Santa Monica Bay.

2 Present today from the Commission staff -- well,
3 Cy Oggins is not here, so Joan Walters will be giving his
4 portion of the presentation. Yeah, and I will be here to
5 answer any other questions relating to legal matters.

6 Also, in the audience are representatives from
7 Chevron, Mr. Frank Semancik and -- refinery general
8 manager and Rod Spackman, public and government affairs
9 manager, who are available to respond to specific
10 questions from the Commission.

11 The proposed lease before you covers a marine
12 terminal that is operated by Chevron serving its El
13 Segundo refinery. The terminal has been in existence in
14 one form or another since about 1911. As indicated by its
15 name, El Segundo, this was the second refinery constructed
16 by Chevron in California after its Richmond facility.

17 The marine terminal began operation shortly after
18 the construction of the upland refinery. Chevron held
19 leases from the Commission's predecessor, the Division of
20 State Land, and subsequently from the Commission itself
21 after its creation in 1938.

22 The Commission has issued a number of leases over
23 the years to Chevron for various parts of this marine
24 terminal. And in 1977, it consolidated all of the then
25 existing leases into a single lease, PRC 5574. This

1 consolidated lease covered the four then existing multiple
2 buoy spread point mooring berths 1 through 4. These
3 offshore berths serve the needs of the refinery for
4 delivery of crude oil for processing in the refinery and
5 the transfer of refined products by tag ship to other
6 locations.

7 Lease PRC 5574 had an initial term of 15 years
8 beginning in 1977 with three successive renewal periods of
9 10 years each to be given upon such reasonable terms and
10 conditions as the Commission might impose for a total of
11 45 years.

12 During the -- that 45-year period would terminate
13 in 2022. During the initial 15-year term of the lease,
14 the physical elements of the marine terminal underwent a
15 number of changes and modifications.

16 Berth number 1, the nearest to shore, was removed
17 in 1985 and its pipelines were abandoned in place.

18 Berth number 2 was removed in 1992 and its
19 pipelines extended to berth number 3, which was
20 subsequently converted to a multiple berth -- a multi-use
21 berth for both crude oil and refined product transfers.

22 Berth number 4 remains in place and is active for
23 use in transferring crude oil.

24 All of these modifications and construction
25 activities were approved by the Commission as amendments

1 to lease PRC 5574.

2 While the initial 15-year term of the lease
3 expired in 1993, Chevron wrote the Commission that it was
4 exercising the right of the first of the three 10-year
5 renewal options authorized under the lease. Commission
6 staff believed, based on language of the lease, that
7 approval of the Commission was required before the renewal
8 of the lease could become effective and that such approval
9 required analysis of the marine terminal operations under
10 CEQA.

11 Chevron disagreed, but after a period of
12 negotiations agreed to the preparation of an EIR. An EIR
13 was completed in '96 and was never certified -- but was
14 never certified because of a dispute that arose between
15 Chevron and the U.S. Environmental Protection Agency over
16 air quality issues that were not ultimately resolved for
17 several years.

18 Because of extended negotiation with Chevron and
19 the delay in the certification of the EIR, Chevron again
20 wrote the Commission to exercise its second 10-year
21 renewal period.

22 After Chevron -- although Chevron has exercised
23 two of the three 10-year renewals, neither has been
24 approved by the Commission. Chevron considers the lease
25 to be in holdover status, although Chevron does disagree

1 with that status -- that opinion. During this entire
2 period of time, Chevron continued to pay annual rent at a
3 rental rate approved by the Commission in 1993, with the
4 understanding that the parties would adjust the annual
5 rent when the new lease was issued -- when the new lease
6 was issued.

7 In October of 2009, the Commission revised
8 Chevron's annual rent from the previously agreed amount
9 \$319,140 to \$1,290,000 per year. The adjustment for
10 period from 1993 to 2009 was deferred until a new lease
11 was issued.

12 As part of the negotiations for the new lease,
13 staff proposes capturing the rent adjustment for this
14 period based on a adjustment for -- under the Consumer
15 Price Index. The rent adjustment to be paid by Chevron is
16 2,400,000.

17 In order to acquire a more secure leasehold
18 interest and to avoid issues relating to the need for the
19 Commission to approve -- the Commission approvals
20 regarding renewals under the old lease, Chevron applied in
21 December 2005 to the Commission for a new 30-year lease.

22 Staff believed that the 1996 EIR was no longer
23 up-to-date. New information had become available since
24 1996 that required additional analysis under CEQA, not
25 contained in the 1996 EIR, such as hoteling of vessels in

1 federal offshore anchorages and greenhouse gas emissions.

2 As part of the application process, a new EIR was
3 therefore prepared and is before you for certification.
4 Ms. Walters will provide you with details regarding the
5 environmental process and the contents in the EIR at the
6 conclusion of my presentation.

7 One item of note that became clear during the
8 processing of the application and EIR was the concern
9 about strategic and economic security. The Chevron
10 refinery is a major supplier of fuels to southern
11 California, and a disruption in that supply would have a
12 significant impact on not only the regional economy, but
13 that of the State.

14 I had a slide which shows -- which we're showing
15 the locations of terminals in southern California. What
16 it shows is that the El Segundo -- all the other marine
17 terminals in southern California are located within the
18 Port complex -- the Long Beach -- L.A. Long Beach Port
19 complex. The only other marine terminals for bringing in
20 crude or fine product into the State are the two Navy
21 terminals in San Diego.

22 And the only other exception is El Segundo.
23 Currently, the El Segundo terminal 25 percent of the oil
24 and refined product that passes through the southern
25 California pass through the El Segundo facility.

1 Having several -- that's not correct. Having
2 several alternatives for supply of crude oil in the area
3 is necessary to assure that if one source location
4 becomes unavailable due to either a natural disaster,
5 accident, or civil unrest that an alternative site can
6 continue to provide supply.

7 Having several locations separated by some
8 distance helps ensure a diverse and more secure access to
9 energy sources.

10 The lease described in Calendar Item 47 is for a
11 term of 30 years beginning October 1, 2010, has an initial
12 annual base rent of 1,290,000, requires liability
13 insurance in the amount of 10 million, a performance
14 deposit of two million, and has the following unique
15 provisions.

16 The base rent will be adjusted annually by the
17 CPI, and that adjustment will only be up not down,
18 assuring that the rent keeps pace with inflation. The
19 base rent may be adjusted at the discretion of the
20 Commission at each 10-year anniversary of the lease by a
21 land value appraisal assuring that base rent remains
22 consistent with the value of industrial property in the
23 area.

24 Three, the lease contains a specific provision
25 providing for the reduction or offsetting of GHG emissions

1 to the established baseline value utilizing an independent
2 third-party auditor approved by the Executive Officer.

3 Four, the lease provides for a reimbursement of
4 staff costs for mitigation monitoring required by the EIR.

5 And five, the lease provides for reimbursement of
6 staff costs for administration of the terms and conditions
7 of the lease beyond mitigation monitoring.

8 Now, I'd like to turn the presentation over to
9 Ms. Walters, who will provide you with information with
10 the environmental process and the contents of the EIR.
11 Upon completion of his presentation, we will both be
12 available for your questions.

13 ACTING CHAIRPERSON ARONBERG: Thank you.

14 ENVIRONMENTAL SCIENTIST WALTER: Good morning,
15 Madam Chair and Commissioner. My name is Joan Walter and
16 I'm an environmental scientist with the Division of
17 Environmental Planning and Management. And I'd like to
18 give you a brief overview of the environmental review
19 process for this project.

20 When Chevron's application for the El Segundo
21 marine terminal lease renewal was deemed complete in 2006,
22 a determination was made to prepare an Environmental
23 Impact Report, or EIR, in order to comply with the
24 California Environmental Quality Act, or CEQA.

25 The process was initiated March 22nd, 2006 with

1 circulation of the Notice of Preparation thus establishing
2 the CEQA baseline.

3 In support of this Notice of Preparation, a
4 public scoping meeting was held in the City of El Segundo
5 on April 5, 2006. Federal, State, and local agency
6 representatives, as well as public interest groups and
7 other interested parties were invited to participate in
8 this portion of the CEQA process.

9 Preparation of the draft EIR took considerable
10 time and included new analyses based on modifications to
11 Chevron's project description.

12 On August 16th, 2010, a draft EIR was completed
13 and circulated for a 60-day public review period that
14 ended October 15th, 2010. On September 22nd, 2010, two
15 public hearings were held in the City of El Segundo to
16 discuss the contents of the draft EIR, answer questions
17 and receive comments from agencies and interested members
18 of the public. And on November 22nd, 2010, the final EIR
19 was released.

20 The final EIR identifies potentially significant
21 adverse impacts, that with the application of all feasible
22 mitigation measures cannot be reduced to less than
23 significant. These significant impacts are attributed to
24 the risks of oil spills in the marine environment, as well
25 as emissions from additional marine tankers as identified

1 in the analysis for system safety and reliability, water
2 and sediment quality, biological resources, air quality,
3 esthetics, geological resources, and land-use planning and
4 recreation.

5 Accidental oil spills and air quality are two
6 impacts that remain significant despite implementation of
7 all feasible mitigation measures.

8 Accidental oil spills which affect water and
9 sediment quality, biological resources, and other issue
10 areas and air quality are part of those significant
11 impacts.

12 Safety features, inspection and maintenance, and
13 emergency response practices proposed in the final EIR
14 would reduce impacts related to accidental oil spills.

15 Low sulfur fuel requirements, tanker speed
16 limits, and greenhouse gas monitoring would reduce impacts
17 related to air quality.

18 However, due to operational greenhouse gas
19 emissions from additional marine tankers and the inherent
20 possibility of an oil spill, these impacts still remain
21 significant.

22 Some of the proposed features and procedures to
23 address these impacts include extending the use of an
24 inert gas in all vessels that carry non-Grade E cargo to
25 reduce the possibility of fires and explosions; enhancing

1 inspection, testing, and monitoring requirements for
2 pipelines and other equipment; to better detect and
3 prevent oil leaks and spills; enhancing training
4 requirements, response procedures and biennial fire and
5 response drills to improve emergency preparedness and
6 response; and implementing updated seismic design,
7 evaluation, inspection and reporting requirements for all
8 existing facilities and pipelines; to ensure that
9 pipelines and associated facilities meet or exceed current
10 engineering and safety codes.

11 Chevron would be using low sulfur fuels in all
12 main and auxiliary engines on tankers calling at the
13 terminal to reduce greenhouse gas emissions. And there is
14 the requirement to monitor, quantify and report greenhouse
15 gas emissions associated with terminal operations.

16 If emissions exceed the 2006 baseline emission
17 estimates, which are currently 49,102 metric carbon
18 dioxide equivalent tons per year, Chevron will implement a
19 greenhouse gas emission reduction program to reduce
20 emissions to less than the 2006 baseline.

21 A complete set of mitigation measures are
22 included in the mitigation monitoring program, which is
23 Exhibit C on the calendar item.

24 Several actions before you today involve the
25 following items:

1 The EIR prepared for the lease renewal; the
2 associated mitigation monitoring program, which is Exhibit
3 C; the findings prepared as required by CEQA since the
4 EIR identified a number of significant environmental
5 effects, which is Exhibit D; and a Statement of Overriding
6 Considerations, which is Exhibit E.

7 The Statement of Overriding Considerations has
8 been prepared because there are a number of significant
9 Class 1 impacts identified in the EIR, primarily
10 associated with air quality and the risk of an oil spill
11 that cannot be mitigated to less than significant.

12 The statement provides the reasons why the
13 benefits associated with this project outweigh the
14 unavoidable adverse environmental effects. Staff
15 recommends that the Commission certify the EIR, adopt the
16 mitigation monitoring program, the findings and the
17 Statement of Overriding Considerations, accept the
18 additional rent in the amount of \$2,400,000 and approve
19 the lease as presented for Calendar Item number 47.

20 This concludes my presentation. And as stated
21 earlier, Mark Meier from the Legal Office and I are
22 available for your questions.

23 ACTING CHAIRPERSON ARONBERG: Thank you.

24 ENVIRONMENTAL SCIENTIST WALTER: Thank you.

25 ACTING CHAIRPERSON ARONBERG: That's the end of

1 the staff presentation, Mark?

2 ASSISTANT CHIEF COUNSEL MEIER: Yes, that's the
3 end of the staff presentation. So can you proceed with
4 the speakers at this point.

5 ACTING CHAIRPERSON ARONBERG: Okay, several folks
6 from Chevron. Shall we start with them?

7 Frank Semancik.

8 MR. SEMANCIK: Good afternoon. My name is Frank
9 Semancik. I am the general manager of the Chevron El
10 Segundo refinery.

11 I'm here today to underscore the critical nature
12 of our marine terminal operation, which is fundamental,
13 and an essential component of the refinery that allows for
14 safe transfer of crude oil and petroleum products between
15 the refinery and vessels visiting the offshore facility.

16 I want to personally thank both the State Lands
17 Commission and staff as the hearing today signifies an
18 incredible amount of hard work and diligence over the past
19 five years, which started with Chevron's application for a
20 lease renewal and culminated with a final Environmental
21 Impact Report that stands before you today for
22 certification.

23 We take great pride in our safety legacy and
24 environmental record. And I want to ensure that
25 protection of the marine environment is Chevron's

1 undisputed priority for operations at the marine terminal.

2 In my role as general manager, my most critical
3 function is to make sure that our employees, neighbors,
4 and the environment are protected, and that everyone goes
5 home safely to their families each and every day.

6 I again offer my appreciation for the opportunity
7 to be here and I also thank you for your recognition of
8 the importance of our continuing marine terminal
9 operation. I would now like to introduce our project
10 manager Rod Spackman, who will provide you with additional
11 insight into the final EIR.

12 Thank you.

13 ACTING CHAIRPERSON ARONBERG: Thank you.

14 MR. SPACKMAN: Commissioners Aronberg, Ms.
15 Ingenito, I'm Rod Spackman. I'm the public and government
16 affairs manager for Chevron. And I have some comments
17 here that covers, again, a range of the issues that have
18 been worked on with this project.

19 And as Frank said, as team lead, I would like to
20 thank the State Lands Commission for putting together a
21 very comprehensive EIR, which outlines in detail the
22 continued operation of our marine terminal at Chevron's El
23 Segundo refinery.

24 We support the document's conclusions and staff
25 recommendation which identifies the existing marine

1 terminal as the preferred environmental alternative. We
2 also support the wide ranging set of mitigation measures
3 in the final EIR that have been incorporated in the lease
4 document, all of which will add an additional measure of
5 safety to our future operations.

6 Next year, Chevron will celebrate its 100th
7 anniversary of operation. During that time, we have
8 continuously and successfully operated a marine terminal
9 to import crude oil.

10 This terminal is an integral part of our facility
11 and supplies the majority of the raw materials necessary
12 to manufacture transportation fuels that are distributed
13 throughout southern California. One in five cars in this
14 region uses our gasoline products, and the jet fuel -- and
15 40 percent of the jet fuel used at LAX comes from our
16 refinery.

17 Our employees and their families live in the City
18 of El Segundo and the south bay and we take very seriously
19 our obligation to be good environmental stewards in the
20 conduct of our business. We have, I believe, over many
21 years demonstrated our commitment to safe, reliable
22 operations with a focus on ensuring that we meet or exceed
23 the rigorous standards required by us of those agencies
24 who oversee our activities.

25 This commitment to be a good neighbor was best

1 reflected at your field hearings on September 22nd in El
2 Segundo on the draft EIR where some 40 elected officials
3 and community leaders testified in support of the lease
4 renewal.

5 Their voices were buttressed by over 160
6 supporting letters from other members of the community.
7 We were -- from our perspective, we were very humbled and
8 overwhelmed by this level of support. You know, in
9 reviewing some of the public comments on the Draft EIR,
10 there have been questions raised about the lease term. So
11 I would like to briefly describe for you why a 30-year
12 lease is reasonable, appropriate, and fundamental to our
13 continued operation.

14 To do that, you need to start with the fact that
15 Chevron El Segundo is a unique -- is unique amongst the
16 refineries in southern California. In that, our facility
17 is geographically isolated from our competitors and
18 related port infrastructure, which means that we require a
19 different system, a supply system, to support our
20 business.

21 Like any other business, we also need operational
22 certainty that comes with a 30-year lease for our marine
23 terminal, so that we can continue to invest in our
24 facility to meet both future environmental standards for
25 our products and at the same time improve the efficiency

1 and reliability of our operations.

2 For example, looming on the horizon are AB 32
3 requirements to produce new fuels which meet the low
4 carbon -- which will meet the low carbon fuel standard, as
5 well as significant investments to reduce the refinery's
6 overall carbon footprint.

7 Separately, we are finalizing the details of
8 adding a new cogeneration plant at the refinery, which is
9 30 to 40 percent more efficient than traditional power
10 sources. A shorter lease would eliminate the incentive to
11 make those kinds of investments.

12 In addition, the marine terminal provides us with
13 a critical opportunity to move products between ourselves
14 and our sister facility in northern California during the
15 year, which greatly minimizes the potential for supply
16 disruptions to consumers statewide.

17 This lease term is consistent with other leases
18 you have provided throughout the State over the past
19 number of years. As an example, our sister facility in
20 Richmond, California received a new 30-year lease for its
21 Long Wharf in San Francisco Bay approximately one year
22 ago.

23 As a 24/7 operation, we need the ability day in
24 and day out to deliver 240,000 barrels of crude oil into
25 the facility. Our existing marine terminal is the only

1 facility that can meet the above requirements and at the
2 same time provide the necessary flexibility to segregate
3 the different types of crude oil coming to our refinery,
4 so that these raw materials can be fed to our plants in a
5 way that does not damage our equipment.

6 For individuals to suggest that at some time in
7 the future other facilities may exist in the region, which
8 could replace our terminal, is simply not accurate. As
9 was clearly indicated in the EIR, there is no guaranty
10 that any such facilities will ever be built. The proposed
11 project in the Port of Los Angeles is a speculative
12 venture by a private company. And whether or not it ever
13 sees the light of day remains uncertain at best and should
14 not be used as a rationale for changing the lease term.

15 Most importantly, any such alternative would
16 require the major construction of new dedicated -- a new
17 dedicated pipeline to ratably deliver the volume of crude
18 oil required for our facility on a daily basis.

19 Attempting to build such a massive new pipeline
20 through 11 different communities raises undeniable
21 environmental justice concerns, enormous environmental
22 permitting hurdles and guaranteed opposition from a number
23 of interest groups along the way, along any proposed
24 pipeline corridor or existing right of way.

25 Also, as Frank indicated, we strongly agree that

1 conducting our business safely, as well as protection of
2 the marine environment, is our highest priority.

3 But we must take exception to the inference by
4 some individuals that would -- that we are not adequately
5 prepared in terms of our emergency response capabilities.
6 As the EIR describes, we maintain a rigorous and clearly
7 defined process to ensure safe operations at the terminal,
8 including the capability to immediately deploy booming
9 equipment from response vessels always present at the
10 terminal when a tanker is in berth.

11 We also house additional onshore equipment that
12 can be rapidly deployed. We have dedicated response
13 vessels in Redondo Beach and Long Beach harbors that are
14 always on call for a quick response.

15 Lastly, the final EIR and associated marine
16 terminal lease incorporate a number of mitigation measures
17 that will enhance the safety of our operations, provide a
18 mechanism to incorporate new and improved technologies in
19 our operations in the future. And from a broader Homeland
20 Security perspective, it preserves a critical asset for
21 the region by making sure we don't put all our eggs in one
22 basket and that we have access to multiple sources of
23 strategic supplies in order to reduce the potential for
24 disruptions here in southern California.

25 As I said earlier, we believe the final EIR is a

1 comprehensive document that thoroughly analyzes both the
2 issues and the alternatives. We support the Commission
3 staff's recommendation for certification of the document
4 and approval of a new EIR -- excuse me, a new 30-year
5 lease consistent with the mitigation requirements in the
6 EIR.

7 We would be happy to answer any questions you
8 have. I would say one thing respectfully to the
9 Commission. We understand that one of the Commissioners,
10 Lieutenant Governor Abel Maldonado, if not close, very
11 close to being here this afternoon. And we would very
12 much ask that this issue -- final decisions on this issue
13 and the vote on this issue wait until where he, as a
14 commissioner, has been able to join you in that
15 deliberation.

16 We certainly think it's important and knowing
17 that a commissioner is on his way makes that even more
18 critical. So again, I thank you very much for your
19 consideration. Please let us know if you have any
20 questions.

21 ACTING CHAIRPERSON ARONBERG: Thanks, Rod.

22 So thank you. You're about to make the point
23 that I'm about to make. The staff and the Lieutenant
24 Governor are actually apparently on the ground here at the
25 airport. So instead of being speculative, that they're

1 going to arrive, they might arrive. There's a possibility
2 that they actually are here, so let's take a short break.
3 Chevron can continue if it wants to once everyone is in
4 place, because generally we let the proponents and
5 opponents have, you know, sort of a set amount of
6 time -- an equal set amount of time, in agenda
7 items -- contentious agenda items like this.

8 So let's take a -- Mark, you wanted to say
9 something.

10 ASSISTANT CHIEF COUNSEL MEIER: The last word we
11 got was that the staff is on the tarmac, but they parked
12 the plan on the other side of the airport, because they
13 don't have a gate.

14 (Laughter.)

15 ASSISTANT CHIEF COUNSEL MEIER: So they should be
16 here as soon as a gate opens up.

17 ACTING CHAIRPERSON ARONBERG: Okay. Let's -- the
18 airport is really close. Let's say we'll reconvene in 15
19 minutes. If everyone is not here in 15 minutes, we may
20 sort of delay a little longer to let everyone get it
21 together, but just so -- in case everyone's here, let's
22 get back in the room, so that we can get started in the
23 event that staff and Lieutenant Governor are ready to go
24 then.

25 Thank you.

1 (Thereupon a recess was taken.)

2 ACTING CHAIRPERSON ARONBERG: Staff should be
3 here any moment. They're being picked up at the airport.
4 So if the other Commissioners are okay with it, why don't
5 we just continue on with the hearing.

6 Oh, here they are. Hooray. Perfect timing.

7 Hello. Welcome.

8 INTERIM EXECUTIVE OFFICER FOSSUM: Are we on?

9 ACTING CHAIRPERSON ARONBERG: We had just -- Rod
10 Spackman had finished from Chevron and we were just about
11 to continue. Did you want to, Curtis, have --

12 INTERIM EXECUTIVE OFFICER FOSSUM: Take a breath?

13 (Laughter.)

14 ACTING CHAIRPERSON ARONBERG: -- continue with
15 the cards or do you want to have something to say because
16 I was going to head to Eric Busch the Mayor of El Segundo,
17 unless you have something to add.

18 INTERIM EXECUTIVE OFFICER FOSSUM: I'm sorry?

19 ACTING CHAIRPERSON ARONBERG: I'm just going to
20 go to the Mayor of El Segundo --

21 INTERIM EXECUTIVE OFFICER FOSSUM: That would be
22 fine.

23 ACTING CHAIRPERSON ARONBERG: -- who's next on
24 the speaker card list.

25 EL SEGUNDO MAYOR BUSH: Good afternoon. My name

1 is Eric Busch and I serve as the mayor of El Segundo. I'm
2 here to provide a perspective on the certification of
3 final Environmental Impact Report and issuance of a new 30
4 year lease for the Chevron marine terminal, as proposed by
5 the State Lands Commission.

6 As a biologist who has worked in the
7 environmental area for 20 years, leads sustainability
8 efforts for a major corporation, rides a bike to work,
9 loves our oceans, and has read many Environmental Impact
10 Reports, I'm acutely aware of the importance of the
11 environment to our society.

12 Our experience has shown that a protected and
13 healthy environment will provide us financial, physical,
14 and spiritual benefits, let alone the benefits for the
15 other life forms within our environment.

16 As you may be aware, Chevron provides a
17 significant portion of the fuel that sustains our society.
18 As mentioned before, 20 percent of gasoline for southern
19 California and 40 percent of LAX's jet fuel are among
20 other products produced by this refinery.

21 These products are essential to the financial
22 stability of southern California. This alone may be
23 enough to justify a Statement of Overriding
24 Considerations, if there were, as there are unmitigated
25 environmental impacts.

1 However, when we look at Chevron's past
2 performance with respect to our local environment, we see
3 an exemplary record. For all the oil that has traveled
4 through this terminal over the past decades, Chevron has
5 had only two spills.

6 In 1980, a spill of 2,400 barrels and one in 1991
7 of 200 barrels. In both of these spills, cleanup
8 operations began immediately and were ceased after a few
9 weeks in 1980 and after three days in 1991. In addition,
10 operations of the terminal were changed, so that another
11 spill like the one in 1991 is now impossible.

12 In fact, Congressman Glenn Anderson, who was
13 involved with California spill cleanup stated that
14 Chevron's response and cleanup in the 1991 spill was
15 textbook in its execution and effectiveness. And since
16 1991, there has not been a single oil spill during the use
17 of this terminal.

18 Chevron uses many technologies to ensure that a
19 potential for a spill is minimized. It is clear that
20 Chevron is committed to their spill prevention efforts.
21 As I'm sure you know, we cannot eliminate all risk in the
22 activities we undertake, but we can minimize our risks, so
23 that we can continue to grow and evolve as a society.
24 Chevron has been and is very effective in managing their
25 risk with respect to this terminal and the environment.

1 I have often thought that there will come a day
2 that our grandchildren or their grandchildren will wonder
3 at the fact that we actually burned the valuable resource
4 we call oil. But we have not reached that day, and we
5 need this vital resource to help us achieve a more
6 efficient society with a much smaller environmental
7 impact.

8 Therefore, as a mayor of a community that has the
9 highest solid waste recycling percentage in the State,
10 where 45 percent of our water used is reclaimed, I support
11 and encourage the approval of the final EIR and a 30-year
12 lease as proposed.

13 Thank you so much for your time.

14 ACTING CHAIRPERSON ARONBERG: Thank you.

15 I have a request to speak from someone who needs
16 to head out and it's Stefanie Sekich-Quinn. Would you
17 like to provide your comments?

18 MS. SEKICH-QUINN: Thank you for letting me speak
19 a little bit sooner and rearranging the order of
20 everything. I really appreciate it.

21 My name is Stefanie Sekich-Quinn. And I'm a
22 campaign specialist with the Surfrider Foundation. The
23 headquarters is based in San Clemente.

24 Today, I'm here to urge you to consider not
25 issuing the lease, or at maximum issuing a 10-year lease.

1 Over the past eight months our society has been focused on
2 the biggest environmental disaster our country has ever
3 seen. I went down to the Gulf of Mexico to work with
4 locals and other national organizations about the best way
5 to go forward post the spill.

6 Part of my job was to go down there and take a
7 needs assessment on how to go forward. And quite frankly
8 that needs assessment never happened, because the impacts
9 of the spill were so tremendous. It was actually
10 impossible to assess measures that would help both people
11 and the broken ecosystems there.

12 I even mentioned my trip to the Gulf of Mexico
13 today, because I think it's important to juxtapose what a
14 spill potentially could look like with continued use of
15 the terminal in Santa Monica Bay. Those two ecosystems
16 are relatively similar. They're very fragile. They're
17 unique to that area and they're a little bit isolated from
18 the rest of the coastline.

19 The assets that are there are tremendous, but the
20 population that lives within Santa Monica Bay and works
21 within Santa Monica Bay really actually is so big that any
22 spill that would happen there would trump the impacts that
23 we saw in the Gulf of Mexico. So I was going to
24 juxtapose, and it's apples and oranges at that point.

25 Therefore, the Surfrider Foundation respectfully

1 requests that you evaluate alternatives as we all have to
2 do with EIR's. One alternative would be to have some of
3 the vessel traffic go to the Ports of Los Angeles, Long
4 Beach, and Pier 400. It's not only environmentally
5 superior, but it also -- those two ports have a better
6 capacity to deal with rapid response. We know that that's
7 critical in terms of having a spill.

8 We also suggest that the Commission thoroughly
9 analyze the benefits of having traffic go north.
10 Obviously, less traffic within the bay itself would be
11 better for the environment and decrease the potential of a
12 spill.

13 And finally, I'd like to point out a bit of an
14 ironic point here, is that Chevron has never been granted
15 a 30-year lease, so I'm not sure why -- for this
16 particular terminal, why we would at this point,
17 especially considering we just are in the aftermath of the
18 biggest environmental disaster, and there are other
19 alternatives to this project.

20 So in closing, I think regulatory bodies and the
21 State Lands Commission as yourself, the onus is on us to
22 go forward and to look to the future. I would hate to
23 think that in 30 years from now we're still going to be
24 looking at society that relies on fossil fuels. We should
25 be looking at a society that is leaning more towards clean

1 energy.

2 By not issuing a lease or a shortened lease
3 today, we're actually proving that we're currently
4 protecting our natural resources, which to me is more
5 important than any of us can imagine today.

6 So thank you again for your time.

7 ACTING CHAIRPERSON ARONBERG: Ms. Sekich --

8 COMMISSIONER MALDONADO: I have a question for
9 you.

10 MS. SEKICH-QUINN: Yeah.

11 COMMISSIONER MALDONADO: With those options
12 that -- recommendations of going to the other port, how do
13 you expect to get the oil to the refinery?

14 MS. SEKICH-QUINN: I think that, you know,
15 there's creative ways that we could continue to work
16 there. Also, too, I know that Pier 400 is in the capacity
17 of having an upgrade, so I'm sure that there's a way that
18 we can improve infrastructure and technology at Pier 400.

19 COMMISSIONER MALDONADO: And that's in the Port
20 of L.A., correct?

21 MS. SEKICH-QUINN: Correct.

22 COMMISSIONER MALDONADO: Then how do you get the
23 oil to the refinery in El Segundo?

24 MS. SEKICH-QUINN: Well, there's some pipelines
25 that could be in place. And you know, to be honest with

1 you, I think that, at that point, once we expand the
2 options that we would have at Pier 400, I think that
3 there's innovative ways that we could figure out a more
4 succinct way to do that, that would be economically and
5 environmentally feasible.

6 COMMISSIONER MALDONADO: Okay.

7 MS. SEKICH-QUINN: Thanks again.

8 ACTING CHAIRPERSON ARONBERG: Thank you.

9 Next, we have a card from Charles Gale followed
10 by Marsha Hansen.

11 MR. GALE: Good afternoon, Madam Chairman and
12 Commissioners. My name is Charles Gale and I'm the
13 chairman of the Manhattan Beach Chamber of Commerce.

14 I'm here today on behalf of our board of
15 directors in urging you to support the certification of
16 the EIR for 30 years and the 30-year lease for the Chevron
17 terminal.

18 Since 1941, the metropolitan -- well, the
19 Manhattan Beach Chamber has the mission of promoting a
20 balanced business economy and quality of life for our
21 residents. We have deliberated this issue not only at our
22 Legislative Advocacy Council, but with our board of
23 directors.

24 Please note that the business community is not a
25 pay-to-play organization. We take our environment very

1 seriously. The Manhattan Beach Chamber of Commerce is the
2 only chamber in the state that supported the Manhattan
3 Beach City in its banning of plastic bags. We are a tough
4 organization when it comes to our environment.

5 We agree with the Commission's findings that
6 the -- there will be a reduction in the output to our
7 economy in the south bay. And a downturn in our economy
8 will also affect our schools. Our schools in Manhattan
9 Beach are number three in the State, and that's because we
10 have a thriving business community and the highest --
11 number three, highest test scores in the south bay, but
12 also throughout the State. And we can only do that with
13 our business community being strong and we represent firms
14 from Northrop Grumman all the way down to your local
15 optometrist, and people that sell surf boards.

16 The El Segundo terminal is key in providing
17 resources, gasoline, to southern California, but also to
18 LAX, one of our partners in the south bay, that keeps our
19 economy going.

20 But let's move forward. As you know, businesses
21 need to lead and plan for the future, and a 30-year lease
22 at this terminal makes sense for our community.

23 The biggest threat to our community, if you could
24 help us, is the sewage that shows up on our beaches, when
25 the sanitation district pumps fail. It is not from

1 Chevron. Let's be clear about what our biggest concern
2 is.

3 So in summary, the Chevron marine terminal is
4 needed for our community. We hope you'll support the
5 final recommendations from staff today and grant them
6 their 30-year lease.

7 Thank you.

8 MS. HANSEN: Good afternoon. I'm Marsha Hansen.
9 I'm the executive director of the El Segundo Chamber of
10 Commerce. I'm here on behalf of our chamber and its
11 members who include Fortune 500 companies, leading
12 international firms, and small- to medium-sized businesses
13 that take great pride in doing business in El Segundo and
14 the entire south bay.

15 Our chamber and its members urge you for your
16 support for the certification of the final Environmental
17 Impact Report and the new 30-year lease for the Chevron
18 marine terminal, as proposed by the State Lands
19 Commission.

20 The El Segundo's Chamber's fundamental mission is
21 to promote economic prosperity and a home town quality of
22 life in our city. As such, the El Segundo -- Chevron El
23 Segundo refinery and its marine terminal are a critical
24 component of our local economic stability, enabling the
25 gasoline supplies to power our local businesses and a

1 large portion of jet fuel at LAX, in which many of our
2 chamber members conduct significant business with.

3 During my tenure as executive director of the
4 Chamber, I can attest to Chevron's dedication and
5 commitment to enrich our business climate, our schools,
6 community, arts and civic organizations.

7 I was also overwhelmed by the number of
8 representatives from our local and adjacent communities,
9 including their elected officials and dozens and dozens of
10 organizations, who stood in support of Chevron's lease at
11 the field hearings you conducted in El Segundo a month or
12 so ago.

13 I've never seen this type of broad based support.
14 And it became apparent that Chevron was truly a unique and
15 responsible company, extremely dedicated to enhancing our
16 community.

17 I again urge you to approve the final EIR and
18 30-year lease as we strongly support in providing them
19 with needed plant -- business planning assurance to
20 continue viable long-term operations in El Segundo.

21 Thank you very much.

22 ACTING CHAIRPERSON ARONBERG: Thank you. Chris
23 Powell who will be followed by Chuck Milam or Milam.

24 MR. POWELL: Good afternoon. My name is Chris
25 Powell. I'm both an El Segundo resident and four-term

1 member on our board of education in El Segundo.

2 As a parent advocate for quality education, I
3 can't express how proud we are of our city's school
4 system. I'm here today to support your consideration of
5 the final EIR and 30-year lease for the Chevron marine
6 terminal as proposed by the State Lands Commission.

7 Chevron provides critical support for our schools
8 and community and we want to ensure that continues long
9 into the future. Our District's mission is to provide
10 students with an optimal learning environment that
11 prepares educated, productive, compassionate citizens to
12 meet the challenges of the 21st century.

13 We are able to achieve this, because of the broad
14 support of our community and businesses such as Chevron.
15 The Chevron refinery has provided longstanding
16 contributions and volunteer support, and I personally
17 witnessed their unfailing commitment to enrich our
18 education system, our students, and our staff. In doing
19 so, they specifically and strategically targeted math,
20 science, and technology in our schools.

21 Chevron also is the largest property tax payer in
22 our district. This is important, because our
23 district -- to our district and to our residents, because
24 we have several school modernization bonds outstanding,
25 many of which extend close to 30 years.

1 Due to the fact that Chevron refinery is actually
2 over 50 percent of the assessed valuation in our
3 community, without their presence, the responsibility for
4 this would fall totally on our residents. It would more
5 than double their current property tax when it comes to
6 these modernization bond repayments. It would be an
7 extreme hardship, especially on those with fixed incomes.

8 Chevron's continuing contribution to our school
9 district provides support at a time when budgets, as you
10 all know, are being cut, and our students need it the
11 most. That is why I urge your support of the final EIR
12 and 30-year lease, as proposed, to ensure the continued
13 operation of the marine terminal and ongoing support for
14 our schools. I would not want to imagine our schools
15 without Chevron's presence in our community.

16 Thank you.

17 ACTING CHAIRPERSON ARONBERG: Thank you.

18 Chuck Milam who will be followed by Valerie Hill.

19 MR. MILAM: I am Chuck Milam. And thank you very
20 much, Commissioner, for pronouncing my name correctly.

21 As a long time resident of Manhattan Beach, as
22 treasurer of the Manhattan Beach Roundhouse Aquarium,
23 secretary of Manhattan Beach Coordinating Council, member
24 of the Los Angeles County Beach Commission, and a former
25 member of the California Regional Water Quality Control

1 Board, Los Angeles Region, I'm here today to strongly
2 support certification of the final EIR and 30-year lease
3 for the Chevron marine terminal as proposed by the State
4 Lands Commission.

5 My first residence in Manhattan Beach was located
6 adjacent, very close, to the western boundary of the
7 Chevron refinery. And I can attest to its excellent
8 safety and environmental record. I know they place a
9 tremendous amount of focus on maintaining a safe and
10 environmentally sound operation.

11 Furthermore, since I can remember, Chevron has
12 maintained and attractive green belt, separating its
13 refinery from the local street level.

14 I also remember being informed of Chevron's
15 efforts and progress in becoming the first Los Angeles
16 refinery to construct sulfur recovery facilities. Chevron
17 has been very proactive and open about its environmental
18 efforts in improving air and water quality in the beach
19 area.

20 You've heard from the Surfrider Foundation. I'm
21 an active ocean swimmer. I have swam in Santa Monica Bay
22 since 19 -- early 1970's. I can assure you there has been
23 no impact whatsoever and the quality of the water that I
24 swim in around the Chevron facilities is fantastic. I'm
25 still here today. I've been swimming for over 40 years.

1 Nothing is wrong with me right now.

2 (Laughter.)

3 MR. MILAM: From the perspective of the Manhattan
4 Beach Roundhouse Aquarium, Chevron provides yearly funding
5 to operate and maintain the Chevron shark tank, which is a
6 showcase exhibit at our aquarium. You're going to hear
7 more about the aquarium later.

8 The facility has been a local community asset
9 since 1979, and is financially supported by class fees,
10 community donations, and increasingly corporate and
11 foundation grants. The potential for losing or
12 diminishing Chevron as a sponsor would have significant
13 impact on our public and school marine education outreach
14 programs.

15 Again, I fully support certification of the final
16 EIR and 30-year lease to ensure Chevron can sustain
17 operations in the south bay. That's north south bay. You
18 heard from south south bay earlier today. Without them,
19 or in any diminished capacity, we lose both a good
20 neighbor and community resource.

21 As we look upon the current economic climate,
22 please do not alter the current staff proposal. To do so
23 will only exemplify the State's anti-business attitude and
24 obstruct and unnecessarily delay regulatory progress.

25 Thank you.

1 ACTING CHAIRPERSON ARONBERG: Thank you.

2 Valerie Hill, who will be followed by Jenny
3 Armstrong.

4 MS. HILL: Hello. My name is Valerie Hill. I am
5 the co-director at the Roundhouse Aquarium, which is a
6 small nonprofit aquarium at the end of Manhattan Beach
7 Pier.

8 Our focus there is on education about the oceans,
9 marine life in the environment and the importance of
10 protecting the environment. And we do that through
11 educational classes. We see about 12,000 students a year
12 from the beach cities all the way inland, even out to
13 Pasadena. They come down to visit the beach. And many of
14 the students come see the beach for the very first time,
15 even though they're 10, 11 years old.

16 We also see about 125,000 visitors each year
17 during our public hours. And Chevron has been a big part
18 of that. In addition to their great environmental record,
19 they have an outstanding record of supporting the
20 community surrounding El Segundo. They support us and
21 many other similar organizations.

22 They've supported us for many, many years.
23 Certainly, longer than I've been there. I think even
24 possibly longer than I've been alive, they've been
25 supporting the Roundhouse. So each year they donate

1 approximately a little less than 10 percent of our total
2 income. So it's a huge portion for us.

3 And that income allows us to remain open to the
4 public free of charge, which we are seven days a week to
5 anyone who's interested in coming in and learning. It
6 helps us maintain our tanks, care for our animals, train
7 our volunteers and interns who are about 95 percent high
8 school and college students interested in the oceans and
9 the environment and furthering their careers in science
10 and education as well. That's actually how I started was
11 as a volunteer.

12 But most importantly, the support from Chevron
13 allows us to continue our public education program. And
14 that's the most important thing, because I think many of
15 the people in this room know that the cumulative effects
16 of non-point source urban runoff pollution into the marine
17 environment are much greater than anyone organization's
18 pollution into the marine environment.

19 And Chevron allows us to teach people about this
20 to increase education, increase awareness about how
21 people's everyday actions affect the marine environment
22 and hopefully lead to action, even small actions like not
23 throwing your plastic bag on the ground, which of course
24 decreases the marine pollution.

25 So we're hoping that we can make a difference

1 through education and awareness. And without Chevron and
2 their support, our programs and the education and
3 awareness of south bay residents and visitors would
4 greatly suffer.

5 So on behalf of the Roundhouse Aquarium, we
6 support the certification of the final EIR and issuance of
7 a new 30-year lease for the Chevron El Segundo marine
8 terminal as proposed.

9 Thank you.

10 ACTING CHAIRPERSON ARONBERG: Thank you.

11 Jenny Armstrong, who will be followed by Pamela
12 Fees.

13 MS. ARMSTRONG: Good afternoon, Commissioners.
14 My name is Jenny Armstrong, and I'm here representing the
15 Sportfishing Conservancy out of Long Beach. I'm also here
16 to show our support for the 30-year renewal lease of the
17 El Segundo marine terminal.

18 The Sportfishing Conservancy represents millions
19 of salt water anglers across California. Over the past
20 several years, we have worked very closely with Chevron on
21 a variety of projects and have always had a very
22 compatible relationship with Chevron.

23 Representing these anglers we have had no
24 negative impact to any sportfishing activities from the El
25 Segundo marine terminal. Chevron's safety record has been

1 exemplary. Prevention of any environmental or safety
2 hazard is their top priority. And every precaution is
3 taken to maintain protection of the marine environment.

4 The Sportfishing Conservancy has no reason to
5 oppose the renewal of the 30-year lease and has great
6 confidence in their continued protection of the marine
7 environment. We strongly support the Commission's
8 consideration in renewing this lease for the full 30-year
9 term.

10 Thank you.

11 ACTING CHAIRPERSON ARONBERG: Thank you.

12 Pamela Fees who will be followed by Dana Murray.

13 MS. FEES: Good afternoon. I'm Pamela Fees, and
14 I'm a life-long resident of the City of Hawthorne. I'm
15 speaking today as a education proponent and a former local
16 school administrator. And I want to recognize Chevron for
17 their longstanding support of our schools and programs
18 that are a benefit to the community.

19 I want to state my support of the certification
20 of the final Environmental Impact Report and the renewal
21 of the 30-year lease for the continued operation of the
22 Chevron El Segundo marine terminal.

23 As a resident, I've witnessed the effort of
24 Chevron and what they do to directly support many worthy
25 causes, including Pride Day, which is a volunteer activity

1 that helps to improve the school facilities. I've
2 personally participated in that with volunteers from
3 Chevron for a number of years.

4 Chevron has been a good corporate neighbor and a
5 member of the community, and their employees volunteer
6 generously to many of the worthy organizations.

7 Chevron is a valuable resource for the region and
8 an important member of our business and civic community.
9 Their presence and continued ability to support many
10 worthy causes in our local south bay area is extremely
11 important to our need to foster good government decision
12 making, and to provide them the assurance for a future to
13 sustain our economic well-being.

14 So I also urge the Commission to support the
15 final EIR and the 30-year lease.

16 Thank you.

17 ACTING CHAIRPERSON ARONBERG: Thank you. And my
18 error. We divided this into support and opposition and I
19 have left out several support cards.

20 So let's go to Dr. Pamela Yochem or Yochem, who
21 will be followed by Matthew Winder. I'm sorry Wunder or
22 Winder.

23 DR. YOCHER: My name is Pamela Yochem. And I'm
24 the executive vice president and senior research scientist
25 at Hubbs-Sea World Research Institute, which is a

1 501(c)(3) nonprofit research organization, whose mission
2 since 1963 has been to return to the sea some measure of
3 the benefits derived from it.

4 I'm here to speak in support of the final EIR and
5 issuance of a 30-year lease as proposed by the State Lands
6 Commission. I've lived in southern California for over 45
7 years and have dedicated my life to marine research and
8 conservation.

9 As a marine biologist and wildlife veterinarian,
10 who has worked in the environmental field for over 30
11 years, I'm very aware of the influence of our oceans and
12 coasts on the wildlife that inhabit them, as well as their
13 importance to the humans for whom they provide aesthetic
14 enjoyment, recreational opportunities, food and other
15 benefits.

16 Chevron has partnered with our organization in
17 research, conservation, and education and outreach
18 activities for over 20 years. Some examples include
19 research that I did as part of my graduate work on the
20 ecology and health of marine mammals at the southern
21 California Channel Islands.

22 Our organization is also working with Chevron,
23 the State of California, and NOAA Fisheries to replenish
24 depleted fish stocks in California waters. In fact, one
25 of our grow out net pens that's staffed by volunteers is a

1 an embayment that's less than 10 miles from the marine
2 terminal, which I think demonstrates the compatibility of
3 Chevron's activities with marine resource enhancement
4 activities.

5 I've been a member of the advisory board for the
6 California Oiled Wildlife Care Network and a response
7 veterinarian for the State of California since the Oiled
8 Wildlife Network was formed in 1994.

9 The OWCN is recognized as an international leader
10 in providing the best possible care for oiled wildlife.
11 And we heard earlier about the Gulf oil spill. Indeed,
12 many of the volunteers and the director of the OWCN were
13 called to help in the Gulf spill, because of its
14 recognized leadership in this regard.

15 In my capacity as an advisor, educator, and
16 response veterinarian for the OWCN, I've participated in
17 many spill drills and trainings with representatives from
18 Chevron. And I've also had the pleasure of serving with
19 several dedicated representatives from Chevron on the
20 advisory board for the Oiled Wildlife Care Network as well
21 as its scientific advisory committee.

22 Chevron has demonstrated a sincere dedication to
23 marine protection, and in our case, marine research and
24 enhancement.

25 Their safety and spill records are exemplary.

1 From our perspective, we agree that they continue to
2 adhere to a high degree of environmental stewardship and
3 safe operation. And therefore we support the final EIR
4 and issuance of a 30-year lease as proposed by the State
5 Lands Commission.

6 Thank you very much.

7 ACTING CHAIRPERSON ARONBERG: Thank you. So
8 Matthew Wunder or Winder who will be followed by Carmen
9 Sandoval.

10 My apologies for the name.

11 DR. WUNDER: My apologies for poor penmanship.

12 (Laughter.)

13 DR. WUNDER: I am here today to strongly support
14 certification of a final Environmental Impact Report and
15 30-year lease for the Chevron marine terminal as proposed
16 by the State Lands Commission. My name is Matthew -- Dr.
17 Matthew Wunder. And I'm the executive director of the
18 DaVinci Schools, a nonprofit organization operating two
19 independent charter high schools within the attendance
20 area of the Wiseburn School District.

21 Wiseburn's attendance area is roughly the eastern
22 part of the El Segundo and the western part of Hawthorne.
23 We serve students and families from 48 zip codes and 121
24 feeder schools across Los Angeles county.

25 Prior to opening our high schools, I was a

1 principal at Dana Middle School in the Wiseburn School
2 District and before that the director of student services
3 in the Manhattan Beach Unified School District. As such,
4 I witnessed Chevron's exceptional commitment to public
5 education for the last 16 years.

6 As you know, this local area boasts one of the
7 largest concentrations of Fortune 100 and 500 companies in
8 the United States. Chevron was a founder of this
9 community nearly a hundred years ago, and continues to be
10 a vital economic and educational anchor. Chevron
11 understands and invests in this critical role by ensuring
12 safety, quality and community leadership.

13 Chevron has been one of the most significant
14 educational partners I witnessed in 22 years as an
15 educator. And while good public relations are part and
16 parcel of operating a billion dollar company, particularly
17 an energy company, I've been most impressed with how the
18 people at Chevron look to do the right thing, even when
19 people are not looking.

20 I've had the opportunity to work with local
21 Chevron representatives, and they've -- have proven to be
22 truly committed to quality educational outcomes for our
23 kids all over southern California.

24 As you well know, our nation faces a critical and
25 accelerating shortage of well qualified science,

1 technology, engineering, and mathematics employees.
2 Chevron has invested significant resources of time and
3 money to fill the educational pipeline. Not only does our
4 nation face a crisis of future STEM employees, but the
5 high cost of living in southern California tends to send
6 our future engineers, scientists, and technologists, as
7 well as highly skilled technicians, out of our community,
8 rather than attracting them into it.

9 As such, Chevron's investment in our schools and
10 the kids we partner to serve represents our best
11 opportunity to target, attract, and retain our local kids
12 for these important jobs. Chevron has consistently
13 invested in this critical long-term corporate educational
14 strategy for as long as I can remember. And certifying
15 this EIR and 30-year lease, as proposed, will give them
16 long term business planning and the assurance to continue
17 to support our schools and our youth.

18 A few examples of Chevron's investments at
19 DaVinci Science and Middle School are providing free
20 college engineering courses to our high school students on
21 our campus taught by college professors; providing high
22 quality teacher professional development for our math and
23 science teachers; funding chemistry and sustainable energy
24 equipment and consumables; building technology centers.

25 And in conclusion, Chevron is a crucial anchor in

1 our community. We again support providing the long-term
2 operational viability. Diminishing or limiting their
3 viability would be a significant blow to students and
4 schools in California.

5 Thank you.

6 ACTING CHAIRPERSON ARONBERG: Thank you. Carmen
7 Sandoval who will be followed by Angelika or Angelika
8 Villagrana.

9 MS. VILLAGRANA: Good afternoon, Commissioners,
10 and Lieutenant Governor. Carmen Sandoval had to leave.
11 I'm Angelika Villagrana representing the San Diego
12 Regional Chamber of Commerce, our almost 3,000 members and
13 their 400,000 employees.

14 And we're here today in support of the
15 certification of the final EIR and the 30-year lease, the
16 full term, as proposed.

17 As the other chambers who spoke before me today,
18 our chamber's mission is also to promote economic
19 prosperity, job creation, and to maintain the quality of
20 life and future welfare for all residents here in San
21 Diego. We are geographically isolated from the hub of
22 southern California's refining industry, all of which is
23 located to the north in Los Angeles.

24 Since we do not have a refinery here in San Diego
25 to direct supply for our consumers and businesses, we are

1 critically dependent on operations such as the marine
2 terminal in El Segundo. And it is an important component
3 for our region's energy and fuel supply stability.

4 Our businesses are trying very hard to overcome
5 the current economic crisis. However, any loss of
6 diminished capacity or future uncertainty surrounding the
7 Chevron marine terminal would work counter to that
8 objective and have an immediate negative impact on
9 California's gasoline supplies and the thousands of our
10 members who depend on this petroleum product.

11 For these reasons, the San Diego chamber supports
12 the 30-year lease to its full term and the final EIR and
13 we urge your support.

14 Thank you for listening to us. And we're sorry
15 about the fog.

16 (Laughter.)

17 ACTING CHAIRPERSON ARONBERG: Thank you.

18 Did you say you were representing both of you, so
19 that I --

20 MS. VILLAGRANA: The San Diego Chamber of
21 Commerce.

22 ACTING CHAIRPERSON ARONBERG: Okay, because there
23 were two speaker cards.

24 MS. VILLAGRANA: Yes, Carmen Sandoval
25 unfortunately had to leave.

1 Thank you.

2 ACTING CHAIRPERSON ARONBERG: Thank you so much.

3 Okay, Gail Church who will be followed Dana
4 Murray.

5 MS. CHURCH: I'm an environmentalist and I'm here
6 today to stand in support of the certification of the
7 final EIR and the new 30-year lease for Chevron's El
8 Segundo marine terminal as proposed by the State Lands
9 Commission. Now, let me explain why.

10 I am the executive director of Tree Musketeers,
11 the world's first youth environmental organization,
12 founded by El Segundo children 23 years ago.

13 Way back when our work first began someone from
14 Chevron called and asked if they could help. An adult who
15 was present at the Brownie meeting where I posed this
16 question interrupted to say, "Well, I just read about how
17 much Chevron pollutes and I don't think you should take
18 money from them".

19 Well, with furrowed brows the little girls began
20 to ask questions. And what is it that Chevron makes?
21 Well don't we need gas for our cars? Is there a company
22 that knows how to make it without polluting?

23 And a few more questions later, they ultimately
24 resolved that it was not their job to sit in judgment of
25 Chevron or anyone else and that it was their job to

1 provide as many environmental opportunities to do good for
2 everyone.

3 Well, our programs have now grown to have a
4 global reach. We're still headquartered in El Segundo.
5 And indeed all of these years Chevron has made annual
6 contributions to our work. However, this relationship
7 would have ended long ago, as some others have, were it
8 not for the conscientious environmental stewardship that
9 exists at Chevron.

10 Chevron and its people have participated year
11 after year in tree planting events that have virtually
12 turned El Segundo into a green oasis in the south bay.
13 Chevron was the most forthcoming of corporate citizens
14 while I chaired a committee to draft the waste management
15 plan for El Segundo. They provided internal information
16 and were highly dedicated to the cause of reducing El
17 Segundo's waste by 50 percent.

18 I spoke to folks working the same plan in other
19 cities and learned about a then new catalyst that would
20 vastly reduce solid waste. Although, those groups have
21 been unsuccessful at convincing their refineries to even
22 try, when I inquired with Chevron, they were already using
23 it.

24 Chevron also plunged ahead in doing their own
25 waste audits and developing purchasing policies that

1 helped the cause.

2 Finally, I'd like to tell you about a science
3 teacher friend of mine, who is a devout environmentalist.
4 My friend took a summer job at Chevron and he went into it
5 not sure whether or not he was selling his soul. One day
6 he was sitting in his office and alarms went off. His
7 boss ran in, tossed a hard hat at him and said, "We've got
8 a spill. Let's go".

9 Well, my friend's imagination ran wide and it
10 turned out that about a cup of oil had dribbled from a
11 hose during disconnect from a truck. And Chevron people
12 scooped off a cubic yard of soil and treated this small
13 incident as seriously as we would expect in a major
14 crises.

15 My friend left that summer job proud to have
16 worked for Chevron, a company that does business with such
17 a high priority on environmental and health and safety.

18 I too have the deepest respect for Chevron. And
19 so long as we consumers continue to create a market for
20 products that fuel our airplanes, our cars that brought us
21 here today, it's Chevron that I trust to deliver it.

22 ACTING CHAIRPERSON ARONBERG: Thank you. Dana
23 Murray, who will be followed by Sarah Sikich.

24 MS. MURRAY: Good afternoon. My name is Dana
25 Murray and I'm a marine scientist from the nonprofit Heal

1 the Bay. I'm also a resident of Santa Monica Bay and an
2 avid scuba diver and ocean user.

3 I have thoroughly read, reviewed, and commented
4 on both the Draft EIR and the final EIR and I'm here to
5 talk about some of those points.

6 The proposed lease for Chevron's marine terminal
7 is for 30 years as you know. This is double as long as
8 the previous lease issued. In addition, as of 2013, this
9 will be the last and only non-fixed marine terminal in the
10 State of California. This speaks to the huge
11 responsibility that the Commission has to make.

12 Considering a three decade lease to an operation
13 that has been phased out everywhere else in the state is a
14 big decision to make.

15 One of the large impacts this marine terminal can
16 have relates to marine mammals. Santa Monica Bay is home
17 to many sensitive and endangered species, such as the
18 federally endangered Blue Whale and the California Gray
19 Whale. This summer alone over 30 Blue Whales at a time
20 were feeding on krill just a mile offshore in Santa Monica
21 Bay.

22 As stated in the EIR, there's a potential for
23 increase in Chevron's throughput and vessel traffic of up
24 to one percent per year, which could lead to a 40 percent
25 increase over 30 years. That's a huge increase, and you

1 can imagine the amount of vessel traffic that would be a
2 part of that increase.

3 This could have some big effects on marine
4 mammals in the area and so we'd like to see some language
5 strengthened in the EIR and for these considerations to
6 take place in your decision to grant the lease.

7 As this traffic increases in the bay, the risk of
8 these large oil tankers striking whales increases. And
9 the effect of the increase in vessel traffic and
10 throughput should be assessed and up for lease review more
11 than every 30 years. Are we just going to wait 30 years
12 to wait to see what these vessel increases are going
13 to -- how they're affecting marine mammals?

14 A ten-year lease link followed by additional
15 environmental review makes a whole lot more sense.

16 The Commission should be demanding the best
17 technology available and military professionals to prevent
18 whale ship strikes if Chevron is to be allowed to use
19 public lands in waters to make a profit.

20 Instead, the final EIR has weakened the language
21 and measures for cetacean detection and protection. Based
22 on recommendations from marine mammal experts, we
23 specifically request that observers on board vessels be
24 trained by NOAA experts and be specified as marine mammal
25 observers.

1 However, the EIR was weakened from the Draft EIR
2 and the words marine mammals was struck from it, so they
3 can be any observers, just identifying whales out at sea.
4 We feel like this really weakens that mitigation measure.

5 In addition, all oil vessels should slow down,
6 change direction, or stop the hazard within 500 yard of a
7 ship. Precedents for this can be seen all over the
8 country, such as 500 yards for White Whales on the east
9 coast, 1,000 feet for Humpbacks in Hawaii and 100 yards
10 for Humpbacks in Alaska.

11 Instead, the EIR includes a loophole for oil
12 vessels to be excluded from avoiding whales when there are
13 poor sea and weather conditions. Instead, shouldn't oil
14 transfers be halted in these conditions as ships may be
15 prone to accidents in these type of weather conditions,
16 and bringing the oil spill responses would be less
17 effective.

18 Also, we request that quarterly reporting on
19 cetacean observations and ship strikes be documented and
20 reported in NOAA National Marine Fisheries. This is done
21 in other parts of the world and was required as a part of
22 other terminal leases, such as for LNG terminals.

23 Lastly, a recommendation that a hydrophone system
24 be placed on all oil vessels in the bay should be included
25 as a mitigation measure. This way whales can be detected

1 acoustically and proper vessel precautions will be taken.

2 An example of this can be seen on the east coast
3 Stellwagen Banks National Marine Sanctuary where a
4 hydrophone system is used at the LNG terminal vessel
5 for -- LNG terminal vessels and shipping vessels and
6 shipping boats to prevent the ship strikes to right
7 whales.

8 This is not equivalent to observers as is
9 currently stated in the EIR, but this is rather a
10 supplement and more advanced way to mitigate. You'd get
11 this kind of recommendation from other marine mammal
12 experts and we could give you specific language from other
13 projects.

14 I urge you to take this decision seriously and to
15 consider nothing longer than a 10-year lease, as 30 years
16 is a very long time and could have extreme effects on the
17 marine environment, especially on marine mammals.

18 Thank you.

19 ACTING CHAIRPERSON ARONBERG: Just a moment. We
20 have a Commissioner question.

21 ACTING COMMISSIONER INGENITO: I just had a
22 question about the hydrophones.

23 MS. MURRAY: Yeah.

24 ACTING COMMISSIONER INGENITO: And from reading
25 one of the documents that staff provided, the way I

1 understood it was that hydrophones, if a marine species
2 was identified, that when folks had the hydrophones on
3 their ships, that they would reduce their speed and that
4 was kind of the mitigation. So if you identify the
5 species, you reduce your speed. And in the EIR it says
6 that if you are in the bay, you have to already be at that
7 speed. So what additional advantage --

8 MS. MURRAY: So the mitigation measure doesn't
9 say if -- when boats are in the bay that they reduce their
10 speed. It's if whales are present. So when there's
11 observers on board, they're supposed to see whales -- I
12 mean, if they see whales they're supposed to lower the
13 speed down to 10 knots. However, if you, in addition to
14 this hydrophone system, you could actually detect more of
15 the whales and that's just an additional measure to
16 strengthen that risk of shipping -- of striking whales.

17 ACTING COMMISSIONER INGENITO: Thank you.

18 MS. MURRAY: In addition, the EIR says that it's
19 during certain times of year. And it would be better if
20 that was year-round, if when whales are present they
21 slowed down and maneuver around them.

22 Any other questions?

23 ACTING CHAIRPERSON ARONBERG: Thank you so much.

24 MS. MURRAY: Thank you.

25 ACTING CHAIRPERSON ARONBERG: Sarah Sikich who

1 will be followed by Mark Gold.

2 MS. SIKICH: Good afternoon. My name is Sarah
3 Sikich. I'm the Coastal Resources Director for Heal the
4 Bay and I'm here to add on to the comments you've just
5 heard from my colleague Dana Murray.

6 Specifically to speak towards the response to
7 comments in the final EIR that was issued less than a
8 month ago. Many of the comments and questions we raised
9 in our letter on the draft Environmental Impact Report
10 were left unanswered or given quick response without
11 thorough research. And the final EIR was weakened in some
12 areas from its draft form.

13 This is not meant to be a criticism of staff.
14 They've done very commendable work, given the short time
15 frame that they've had to evaluate such a large project.

16 One of the examples I'd like to speak about is
17 the alternatives analysis of relocation to the Ports,
18 which was inadequately researched in the CEQA analysis.
19 And our questions about this alternative were not given
20 thorough research or response.

21 We raised several questions about existing
22 pipelines, infrastructure needs, pipeline capacity,
23 Environmental Justice and other elements associated with
24 the alternative of relocating to the Ports or Pier 400.

25 Instead of presenting an analysis or a research

1 justification to evaluate and base their elimination of
2 this alternative, the final EIR simply dismisses this
3 option as too speculative.

4 Even Chevron representatives today spoke about
5 some of the areas of the Port issue in their testimony in
6 some more detail than was included in the CEQA review.

7 The final EIR is also weakened in its
8 requirements for sediment sampling associated with
9 pipeline maintenance and capacity and construction, excuse
10 me.

11 The draft Environmental Impact Report called for
12 sediment sampling to be conducted before construction and
13 offshore activities that would disturb sediments to
14 minimize disruption of contaminated sediments. However,
15 the final EIR excludes routine inspection, maintenance and
16 repair of any sediment sampling and analysis requirements.

17 With the presence of high levels of legacy
18 contaminants, such as DDT and PCB off the Palos Verdes
19 shelf, strong sediment sampling and analysis requirements
20 are of particular importance associated with any pipeline
21 maintenance or construction.

22 These are just some of the several concerns we
23 raised during the CEQA process that have not been
24 adequately researched or evaluated.

25 The final EIR clearly states that there is a

1 reasonable possibility that operation of the marine
2 terminal over the course of a 30-year lease will cause an
3 oil spill.

4 As the last open ocean marine terminal for oil in
5 the state, this risk is of particular concern and should
6 be reason for a shorter lease term. Although, they occur
7 infrequently, a black swan event or a large oil spill are
8 catastrophic to coastal communities, coastal resources,
9 and coastal economies. We've seen this with the Deepwater
10 Horizon this year and with Exxon Valdez previously.

11 A 30-year lease and lengthy EIR should be given
12 appropriate review, research, and analysis before State
13 Lands approval. We are concerned this project is being
14 rushed through with a time line that provides inadequate
15 assessment and urge your consideration of a 10-year lease
16 today.

17 Thank you.

18 ACTING CHAIRPERSON ARONBERG: Thank you.

19 Mark Gold who will be followed actually by Mitch
20 Ward.

21 DR. GOLD: Good afternoon. My name is Dr. Mark
22 Gold, and I'm the president of the environmental group
23 Heal the Bay. Thank you for the opportunity to speak.

24 I want to first speak about what we're not here
25 talking about today. We're not here, on behalf of Heal

1 the Bay, talking about closing the refinery. We're not
2 here opposing tankering. We're not here to talk about
3 Chevron's exemplary philanthropy record. We're not here
4 to talk about spills in Ecuador, or spills in Salt Lake
5 City with Chevron's pipeline.

6 We're here today to talk about the lease and the
7 terms in the lease. You've heard specifically about the
8 need for a 30-year lease, but really not a heck of a lot
9 of information in that regard. And one of the things I
10 just want to remind you of is that they've been operating
11 under a 15-year lease, followed by a 10-year lease, and a
12 10-year lease.

13 And I don't know about you, but I read the
14 business section every day and it seems to me that Chevron
15 is doing pretty darn well in their quarterly profit. So
16 I'm not really seeing that there's been a huge economic
17 impact of having these shorter leases of 15, 10 and 10
18 years.

19 You heard previously from Sarah some very, very
20 strong reasons why 10 years makes a heck of a lot more
21 sense than 30 years. To think that the State would
22 basically have lease terms that last 30 years with all of
23 the dynamic conditions that we have here in the State of
24 California is nonsensical. Just look at the State of
25 California's budget a short four years ago compared to

1 today and imagine the difference 30 years ago. So it just
2 doesn't make sense.

3 The other thing is, I want to talk about the
4 lease terms themselves. Look at what is charged in
5 California for the economy -- what's changed in the
6 economy the last three years is one of the things I was
7 talking about. There was an inadequate response on our
8 comments and rush to respond, which Sarah talked about at
9 length.

10 But specifically on the lease terms financially,
11 \$1.3 million per year, a raise from \$319,000 a year. And
12 tying it to the CPI seems pretty silly from the standpoint
13 of what the true value is of giving up that use in Santa
14 Monica Bay for two generations, 30 years.

15 So the economic benefit for Chevron is absolutely
16 enormous, and there's a great public cost. And we're at a
17 time where it's the worst economic recession in California
18 since the thirties.

19 So what are the marine resources at risk?

20 I personally remember the 21,000 gallon oil spill
21 and the impacts as far away as Malibu's beaches on some of
22 the local birds. Spills can happen. It doesn't mean that
23 Chevron has a horrible safety record. It just means that
24 the nature of the business is spills can indeed happen.

25 Soon there will be marine protected areas nearby

1 near the moorings, as close as right off of Palos Verdes.
2 That decision will be made by State Fish and Game
3 literally next Thursday. And soon after -- on that very,
4 very same day, Malibu will also have an MPA. So those are
5 obviously resources that are at great risk. Rocky Point
6 is nearby, which is an extraordinary resource, Redondo
7 Submarine Canyon as well as the Ballona Wetlands.

8 So we're talking about extraordinary California
9 resources are at risk, which is your charge to protect on
10 the State Lands Commission.

11 Also, the issue of aesthetics in Santa Monica
12 Bay. Every single day it's blighted by the presence of
13 oil tankers, a mere 1.5 miles away from shore. And we're
14 talking about a \$1.5 billion a year coastal tourism
15 industry within Los Angeles county, and 50 million annual
16 visitors to Santa Monica Bay beaches, and every day that
17 view of Santa Monica Bay is blighted by the presence of
18 tankers.

19 Is that only worth \$1.3 million a year?

20 So 1.3 million for California's precious State
21 lands is a joke, especially in light of California's
22 unprecedented budget crisis and the crippling
23 ramifications of Proposition 26 ironically greatly funded
24 by the very same company we're talking about, Chevron.

25 So to tie the lease rate to volume throughput

1 risk and economic benefit loss due to the lease is the
2 correct thing to do. That is not what your staff has
3 done. They've done a small incremental increase of 1.3
4 million -- to \$1.3 million, which is trivial on the face
5 of it, in light of the value of the resource that's being
6 leased.

7 So in conclusion on behalf of Heal the Bay, your
8 own staff has determined that there's significant
9 unmitigated impacts, that with overriding considerations
10 that evidently those are okay. We have a lease that
11 should be 10 years instead of 30 years. We have
12 economic -- we don't have economically appropriate lease
13 amount. That's something that needs to change.

14 And finally, we need much, much stronger marine
15 mammal protection. And I think that's changed
16 dramatically just this summer, in light of what we've seen
17 with the Blue Whale population taking residence within
18 Santa Monica Bay for a six-week period. It's never
19 happened before in my lifetime, but it just happened and
20 it's right nearby, near that terminal.

21 Thank you so much for the opportunity to speak.

22 COMMISSIONER MALDONADO: I think we can say that
23 what Heal the Bay wants or what you want is to have them
24 go to Pier 400, correct?

25 DR. GOLD: No. What we said very, very clearly

1 in our 21-page comment letter was that we felt that the
2 CEQA document provided by your staff was grossly
3 inadequate, because we asked a number of questions about
4 that Draft EIR that were not provided.

5 We don't have the answers of whether or not Pier
6 400 is the right place to go. Is there an Environmental
7 Justice concern of value? What is the infrastructure
8 capacity? None of that information is provided within the
9 CEQA document.

10 COMMISSIONER MALDONADO: And I have groups here
11 that are from Sea World that are from local communities
12 who say that it is adequate. Are they wrong too?

13 DR. GOLD: No. They're just not CEQA experts in
14 any way, shape, or form.

15 COMMISSIONER MALDONADO: So you're the expert on
16 CEQA?

17 DR. GOLD: No. We, as a member of the public,
18 have the right under CEQA to bring up concerns. And if
19 those concerns are not adequately addressed, it's our
20 right to be able to bring that out and point that to us
21 and that's what this public hearing is all about.

22 COMMISSIONER MALDONADO: Okay. Gotcha.

23 DR. GOLD: All right. Thank you.

24 ACTING CHAIRPERSON ARONBERG: Thank you.

25 COMMISSIONER MALDONADO: I'm prepared to make a

1 motion whenever you're ready, Madam Chair.

2 ACTING CHAIRPERSON ARONBERG: Oh, thanks. We've
3 got about 10 or so speaker cards left. Okay?

4 So this is Mitch Ward, who will be followed by
5 Chris Thomason, who will then be followed by Brian Meux.

6 MANHATTAN CITY COUNCIL MEMBER WARD: Good
7 afternoon, Madam Chair and the Commission. I thank you
8 very much for this opportunity to speak to you. My name
9 is Mitch Ward, Council Member for the City of Manhattan
10 Beach and former mayor. I also thank the Chair for
11 allowing the Lieutenant Governor to be here to hear all of
12 our conversations this afternoon.

13 I'm here for three primary reasons, to urge your
14 support of the EIR, the marine terminal and the 30-year
15 lease agreement for Chevron. I think it is imperative
16 that we talk about Chevron's background, because that will
17 give us an indication of how this individual or this
18 corporation will act going forward.

19 As an elected official in the City of Manhattan
20 Beach, and for nearly over 20 years as a resident in that
21 community, I have known Chevron to be a very cooperative
22 neighbor, very, very in tune with our environment and our
23 concerns in the City of Manhattan Beach.

24 As you have heard earlier, they have been a great
25 contributor to arts, scholarships, the community of

1 Manhattan Beach and the surrounding cities.

2 Two, there are green jobs associated with this
3 project. Good jobs. And there are potential for these
4 jobs to last 30 years. And in the fragile economy, the
5 potential to have jobs for 30 years for our families in El
6 Segundo and Manhattan Beach and the beach communities are
7 very, very important to us.

8 And third, we've heard the idea of a pipeline
9 running through pristine waters of Manhattan Beach just
10 off of our shores, of our clean sand and beaches. We say
11 this Commission should say never to that idea.

12 Thank you very much.

13 ACTING CHAIRPERSON ARONBERG: Chris Thomason.

14 MR. THOMASON: Good afternoon, Commission
15 members. My name is Chris Thomason. I'm a 26-year
16 veteran of the El Segundo Fire Department and currently
17 serve as president of a 51-member El Segundo Firefighters
18 Association.

19 Our Department jurisdiction includes El Segundo
20 beach, extending three miles offshore in an area
21 encompassing the Chevron marine terminal. I am not here
22 today to speak in opposition of the marine terminal
23 operations. The El Segundo Firefighters Association fully
24 recognizes the vital role the Chevron marine terminal
25 plays in ensuring the constant flow of fuel to our region,

1 our state, and our nation.

2 However, I must read into the record our strong
3 reservations about a Chevron marine terminal control plan
4 that remains woefully inadequate, one that puts our
5 members' lives at greater risk.

6 Table 7-1 of the final Environmental Impact
7 Report mandates some important new safety and reliability
8 mitigation measures. Yet, we are concerned that the CSLC
9 would agree to extend the marine terminal lease for 30
10 years before knowing if the proposed mitigation measures
11 are sufficient and if Chevron will implement them in a
12 timely manner.

13 Chevron has been operating the marine terminal
14 for over 30 years under its current lease. During that
15 time not a single drill or training exercise between the
16 Chevron Refinery Fire Department and the El Segundo Fire
17 Department or mutual aid agencies that would respond have
18 ever taken place on the terminal.

19 In the interests of public safety, we implore the
20 CSLC to extend the current marine terminal lease for one
21 year and we ask the Commission to order Chevron, as a
22 condition of any multi-year lease extension, to work with
23 affected public safety agencies to develop and test a
24 viable fire control plan during this period.

25 Today, there is no way if the marine terminal's

1 existing fire control plan, even with the proposed
2 mitigation measures, is likely to work. There's no way to
3 know. I liken the fire control plan to British
4 Petroleum's now infamous regional spill plan, the Gulf of
5 Mexico, and its site-specific plan for the ill-fated Deep
6 Horizon rig.

7 We know now that the Gulf spill plan vastly
8 understated the dangers posed by the rig. We learned that
9 BP vastly overstated the company's preparedness to dig or
10 to deal with the rig catastrophe. And it's clear that the
11 federal government rubber stamped a spill plan that was
12 riddled with omissions and glaring errors.

13 The CSLC must not make the same mistake with the
14 Chevron marine terminal. Even though we have identified
15 the fire control plan's numerous shortcomings, the
16 proposed mitigation measures still leave many unanswered
17 questions. In the event of an explosion or a fire at the
18 marine terminal, what is expected of the El Segundo Fire
19 Department in its role as incident commander or first
20 responders?

21 What about the roles of mutual aid agencies
22 that's listed in the report that would respond?

23 Granting a new 30-year lease extension without
24 making Chevron develop a comprehensive, tested, fire
25 control plan first is irresponsible.

1 There is no reason to put lives, the environment,
2 or our fuel supply at risk.

3 Thank you.

4 ACTING CHAIRPERSON ARONBERG: Can I ask you to
5 remain at the microphone for just a moment. Thanks.

6 Staff, I have tremendous concerns about what the
7 speaker is raising. Can you please talk about what's
8 going on in the EIR with this and what we can do?

9 INTERIM EXECUTIVE OFFICER FOSSUM: I can initiate
10 some conversation, but I think some of our other staff may
11 have some more detail. In Table 7-1 that he refers to,
12 there's a sentence that reads, "The applicant shall
13 conduct biennial, or more frequently as needed, fire and
14 response drills with the El Segundo Fire Department as
15 part of its emergency response preparedness training. And
16 they are to, within one year of the lease approval, submit
17 reports to the Commission staff, annually thereafter".

18 So I'm not sure if that's --

19 MR. THOMASON: No, I saw it in there. It's just
20 something that hasn't been done yet. So hopefully it will
21 happen --

22 COMMISSIONER MALDONADO: But it's in the lease.

23 MR. THOMASON: Yeah, and hopefully it will
24 happen. It's something that we can get done, but what I'm
25 talking about is a plan, an incident action plan, out on

1 that terminal that we know as first responders, and all
2 the local agencies that would respond to that terminal,
3 know what their responsibilities are.

4 INTERIM EXECUTIVE OFFICER FOSSUM: Well, and I
5 think the preceding sentence, I think, lays out -- or
6 sentences layout, "The response planning documents shall
7 address response equipment and fire boats that would
8 respond to a fire at the offshore location. These
9 documents shall be completed and submitted to the
10 Commission staff within one year of lease approval and
11 reports submitted to the staff when changes are required
12 to the document".

13 So for this first year, they -- I guess, it
14 provides for the planning period and the training as well.
15 And they're to be reported to the Commission at that
16 point.

17 ACTING CHAIRPERSON ARONBERG: It sounds like the
18 speaker is interested in having an incident action plan
19 ready to go now before --

20 MR. THOMASON: I think we should start working on
21 it now, yeah.

22 ACTING CHAIRPERSON ARONBERG: Okay, so what can
23 we do --

24 MR. THOMASON: I think it's critically important.

25 ACTING CHAIRPERSON ARONBERG: I hear you and this

1 makes complete sense.

2 What can we do? Is Chevron -- are you willing to
3 undertake this?

4 MR. SPACKMAN: Madam Commissioner and members of
5 the Commission, we're absolutely not only prepared, but we
6 believe we already have a good structure and framework in
7 order to continue this effort to work with the fire --
8 local El Segundo Fire Department to enhance whatever
9 elements of our plan need to be improved to ensure that
10 they have the capabilities to be on site in our facilities
11 and respond to any kind of issues use within the marine
12 terminal.

13 They are an integral part of our emergency
14 response structure. We train regularly with the fire
15 department. We send many of their personnel to the Texas
16 training fire schools. We will continue to do that. We
17 also work with the county agencies as well in this same
18 arena.

19 So to the extent we need to -- you know,
20 immediately, if you will or in the very near future,
21 update and improve our plans in that regard, to the extent
22 there's some question about their sufficiency, I believe
23 we have a structure that already is in place to do that.
24 We meet regularly with the fire chief and his personnel
25 and his senior battalion leaders. And certainly Chris can

1 be part of that discussion.

2 So we're very much there already. We, as I
3 said -- they are --

4 ACTING CHAIRPERSON ARONBERG: Is there an
5 incident action plan or a fire control plan? Does that
6 exist?

7 MR. SPACKMAN: There are a number of plans that
8 cover our response within the facility yes. And they
9 exist today and they're well documented and so forth.

10 But I think what was being described here was
11 adding some value, in terms of training, on the marine
12 element itself. And I think that's the area that we can
13 spend a lot of time in the very near future working to, if
14 you will, make sure that we understand whatever concerns
15 there might be and close that gap almost immediately.

16 ACTING CHAIRPERSON ARONBERG: Thank you. Can I
17 ask you to respond, please.

18 MR. THOMASON: It's true that we do have a
19 training with Chevron, but just not on the marine
20 terminal. We have training on the ground at their
21 refinery. It's a completely different animal. If there's
22 something -- if there's a fire on board of one of those
23 ships, there may be an instance where a firefighter is
24 going to have to board the ship and go down into the hull
25 and extinguish a fire. We can't do that. We don't have

1 that capacity or that ability. We don't have a boat. We
2 have no means to get out to the ships.

3 So us being listed in the Environmental Impact
4 Report was very interesting to me, because we don't have
5 any capacity to serve. So we want to. We would love to
6 be a part of it.

7 L.A. County Fire Department is one of the closest
8 fire departments that has a boat, which would have the
9 first ship on seen that has firefighting capabilities.
10 They were not listed in the Environmental Impact Report
11 that I saw, until after we had made some recommendations
12 on the draft. And they would be -- according to the Coast
13 Guard, they would be considered operations if there is a
14 ship board fire out there.

15 Now, how would we work with them? I don't know.
16 We haven't sat down. We haven't talked about it. There
17 is no plan right now in place to put out a fire on a ship
18 out there and coordinate all the different resources that
19 need to be put together in order to take care of a problem
20 out there. And that's my concern for the environment and
21 for the safety of my people that may be called upon to do
22 something that they're not trained to do.

23 And that's why I'm here.

24 ACTING CHAIRPERSON ARONBERG: How can we get the
25 resources -- how can we get the resources to your people?

1 MR. SPACKMAN: If I may?

2 ACTING CHAIRPERSON ARONBERG: I'm sorry, can I
3 just --

4 MR. THOMASON: Ma'am, the first thing that we
5 need to do is sit down and we need to talk, and we need to
6 actually put the people together that will respond out
7 there. We have to have the people, the firefighters. We
8 have to have the people -- not the people that come up
9 with plans, but the people that are going to be boarding a
10 ship and -- or sitting on outside of a ship and squirting
11 water onto that ship. Those are the people that need to
12 have an active participant role in developing a plan.

13 And all those people need to work together. And
14 once we work together, we need to come up with a plan.
15 Once that plan is put together, we need to implement it by
16 training. And we need to make sure it's adequate. And
17 once we know that it's adequate, and it's safe, then we
18 need to continue the operations there, because I agree
19 Chevron is a wonderful, wonderful company. And I'm not
20 here to raise any questions about that.

21 It's purely for the safety of my members and any
22 firefighter that's going to have to board that ship and do
23 any kind of mitigation as far as fire or explosion.

24 COMMISSIONER MALDONADO: Were you involved in the
25 two community hearings that they had?

1 MR. THOMASON: I found out -- to be quite honest
2 with you, I didn't know what our role was out in that.
3 I've worked here for 26 years, and I didn't know what our
4 role was on the terminal, until I read the draft
5 Environmental Impact Report, and I saw that we were listed
6 on there. And that was shocking to me and my members,
7 because it was offshore and we don't have any means to get
8 out to that ship, so we didn't realize -- we didn't
9 realize that we had responsibility out there. So that's a
10 shortcoming, I agree.

11 But that's something that did happen. It took
12 place. And now we need to fix it and we need to move on
13 forward. And I've had discussions today with our mayor,
14 and he's in agreement that we need to look forward and
15 move forward on this.

16 MR. SPACKMAN: Again, if I may. And again, what
17 Chris has indicated is something that we're more than
18 happy to do is they -- from our perspective, they are an
19 integrated part of the emergency response structure.
20 We've said that to the county.

21 And so you also need to understand, the county
22 does have a significant role to play here, but the El
23 Segundo fire personnel also need to be integrated into the
24 plan. We're happy to do that. We have had several
25 significant training exercises with the county personnel

1 prior to this, through our continuing liaison with their
2 organization.

3 They have the equipment in Marina Del Rey at this
4 point that needs to be part of that integrated response
5 component. We had 50 of their personnel offshore early in
6 February of this year and we had another program with them
7 in November. And in both occasions, we made clear that we
8 needed to integrate the El Segundo personnel into that
9 program.

10 That's something I would expect to do. And early
11 in February of this coming year we'll have that same
12 opportunity to do that. So the plans are already in place
13 to be doing that in early February.

14 ACTING CHAIRPERSON ARONBERG: Thanks, Rod.

15 MR. SPACKMAN: Okay thank you.

16 MR. THOMASON: If that's the case, I'm happy to
17 hear that, because we're ready to work with them and do
18 whatever that we can.

19 So thank you. Any other questions?

20 ACTING CHAIRPERSON ARONBERG: Thank you. Are you
21 going to remain in the room for the remainder of the item
22 in case we wind up with a question for you?

23 MR. THOMASON: I'll be sitting in back.

24 ACTING CHAIRPERSON ARONBERG: Thank you.

25 Okay. Brian who will be followed by Bryan

1 Murray.

2 MR. MEUX: Greetings, Commission. My name is
3 Brian Meux from the Santa Monica Bay Keeper. Santa Monica
4 Baykeeper is based in Los Angeles and is basically aiming
5 at protecting and restoring Santa Monica Bay and their
6 valuable habitats.

7 We have a kelp restoration project there that we
8 use our research vessel to take volunteer divers out of
9 Marina Del Rey to Palos Verdes. So what we're doing is
10 trying to restore kelp forests there, and we pass by the
11 Chevron El Segundo terminal every day.

12 It's interesting that the previous comment was
13 just stated, because I've been at work at sea like this
14 trying to work the sea using volunteers at sea for over
15 four years. And what's surprising to me is how rough
16 Santa Monica Bay can actually get. We can have six to
17 seven foot swells in the bay, and no matter how much boom
18 you have in the response vessel near the Chevron El
19 Segundo marine terminal, it will not contain the oil in
20 the event of a large spill.

21 So that is why I'm here today to urge you to
22 delay this decision you are making until 2011, because we
23 need to figure out an action plan for a cleanup, and we
24 need to figure out more about the alternative of the Port.
25 There are unanswered questions in the EIR about the Pier

1 400 issue regarding the pipeline.

2 There's a statement from Chevron, I believe that
3 they've been environmentally responsible, but there is a
4 statement saying that it is mere speculation as to the
5 pipeline of shipping crude oil up from the Port.

6 And so that's basically what I wanted to say is
7 give you my experience at sea in the Santa Monica Bay over
8 four years, and say that it can get rough, it can get
9 nasty, and the open ocean terminal is kind of a dinosaur
10 in this world.

11 As stated before, it is the last one as of 2013,
12 and we highly urge you to please -- and we urge Chevron to
13 please consider the Port as an environmental option. If
14 Chevron truly cares about the natural community, the human
15 communities of this area, they would consider a more
16 environmentally responsible option.

17 So that's basically where I want to leave it.
18 We're all looking for change. We're all looking for
19 answers. And we believe in the future, we need more
20 environmental responsibility. And so I'll leave it there.

21 Thanks.

22 ACTING CHAIRPERSON ARONBERG: Thank you. Bryan
23 Murray, who will be followed by Jose Bacallao -- pardon me
24 for the pronunciation.

25 DR. MURRAY: Hi. Thank you, Commissioners. My

1 name is Bryan Murray. I'm a resident of Santa Monica.
2 I'm a Ph.D at UC Santa Barbara and I'm an active ocean
3 user within Santa Monica Bay. I'm a surfer. I'm in there
4 at least a couple times a week. And actually I'm missing
5 some really good surf today, because I think this is an
6 important issue to talk about.

7 And I also enjoy diving the kelp forest off of
8 Palos Verdes peninsula and Malibu. I'm here in opposition
9 of granting a 30-year lease to this marine terminal.
10 Besides it just being an eyesore within Santa Monica Bay,
11 I'm concerned about the potential of a large oil spill
12 through continued use of this open water oil terminal.

13 As Brian just stated, it is exposed to the big
14 swells that come through into Santa Monica Bay and it has
15 the potential for an accident. And we all witnessed the
16 environmental and economic disaster in the Gulf of Mexico
17 this last summer resulting from the Deep Water Horizon
18 spill. And I don't want to see similar impacts to our
19 fragile marine ecosystems and the ocean-based economy we
20 have here in Santa Monica Bay from the accidental release
21 of any hydrocarbons.

22 I'm sure Chevron -- I know they're not an evil
23 company that wants to pollute the environment, and they
24 have -- you know, they have a pretty good environmental
25 track record as far as accidents and preventing accidents.

1 However, accidents do happen. And my concern is that if
2 there's an accident, it will be -- have huge consequences
3 on the environment in Santa Monica Bay.

4 And so instead of granting a 30-year lease, I
5 feel that a shorter term lease would be the better option.
6 And that would give Chevron time to phase -- permanently
7 phase out this antiquated marine terminal and come up with
8 an alternative location to offload their crude oil.

9 Thank you.

10 ACTING CHAIRPERSON ARONBERG: Thank you. Jose
11 Bacallao, who will be followed by Saira Gandhi. And
12 please correct my pronunciation.

13 MR. BACALLAO: Thank you, Commission. My name is
14 Jose Bacallao. I live in Hermosa Beach with my family.
15 I'm a south bay native and proud of it. My family and I
16 live and love the south bay. We use the natural
17 resources. We dive. We fish. We surf. We go to the
18 beach.

19 I also have no interest in shutting down
20 Chevron's operations in El Segundo and expect Chevron to
21 be an ongoing partner in this community.

22 But the El Segundo marine terminal does pose an
23 environmental threat to our bay and to our communities, so
24 I urge this Commission to grant only a 10-year lease, not
25 a 30-year lease. It doesn't make any sense. I'm not

1 convinced by Chevron's claims of operational uncertainties
2 with the limited lease. And it hasn't affected the
3 operations in the past, so why should it in the future.

4 A 10-year lease is fair and it is rationale,
5 because it will allow this Commission and Chevron to
6 reassess the needs of the State, the needs of the public,
7 which is as important as making profit, and of course the
8 environment, and allow it to do it more readily and more
9 frequently.

10 I don't see this as a threat to Chevron's
11 operations or the region's energy needs, as was stated
12 earlier. Clearly, a profitable Chevron benefits my
13 community and its economic opportunities. Obviously,
14 there's a lot of love here for Chevron today. We heard it
15 all, but we still need to be committed to the protection
16 of our environment and the Public Trust, both onshore and
17 offshore. And you're hearing a lot of different expert
18 opinions today.

19 This Commission has an obligation to making this
20 a priority for the citizens of our state and the public.
21 The request for allowing a 10-year lease is not radical at
22 all. It is rational and it is responsible and it still
23 satisfies the needs of Chevron's operations, which we're
24 not -- no one is trying to stop. Obviously, this
25 community benefits from the relationship we have with

1 Chevron and you hear it from a lot of its leaders in our
2 community.

3 To end, Chevron should continue its operations,
4 but rationally. No one here is contesting this. Chevron
5 uses our public lands for its own gains, its profitable
6 gains. And it is not a privilege, it is a right to do
7 business in this state.

8 So thank you very much.

9 ACTING CHAIRPERSON ARONBERG: Thank you.

10 MR. BACALLAO: Sorry. This is a privilege not a
11 right. Thanks.

12 (Laughter.)

13 ACTING CHAIRPERSON ARONBERG: Thank you. Saira
14 Gandhi.

15 MS. GANDHI: Hi. Before I begin, I was hoping to
16 have the attention of all of the people making the
17 decision today?

18 ACTING CHAIRPERSON ARONBERG: Yeah. You know
19 what, absolutely we can just take a quick break.

20 MS. GANDHI: Thank you.

21 (Thereupon a recess was taken.)

22 MS. GANDHI: Well, I would like my voice to be
23 heard rather than you making a motion before I even had a
24 chance to speak.

25 My name is Saira Gandhi and I'm a resident of Los

1 Angeles, California. And I am here today because I am
2 very deeply disturbed by the announcement of a 30-year
3 lease for Chevron's El Segundo marine terminal. I believe
4 that 30 years is too long and I'm supportive of a shorter
5 lease.

6 I do not live by the beach, but like thousands of
7 Angelinos during the summer, I travel to the beach. And
8 the beach I choose to go to is Dockweiler. It is one of
9 the most accessible, convenient, and well oriented beaches
10 in Los Angeles county for people who don't get to go to
11 the beach every day, because it's not in their backyard.

12 And when we go to the beach, we deserve to see
13 something better than just oil tankers just a few miles
14 off the coast. We deserve to have a beautiful beach there
15 waiting for us.

16 Dockweiler is an important asset to our
17 environment and to Los Angeles. And as such, it deserves
18 to have as much protection. After seeing the horrible
19 impacts of the oil spill in the Gulf of Mexico, the
20 importance of strong permits that have adequate assessment
21 and plans and take the full time needed to answer
22 questions from environmental groups, is greatly
23 aggrandized. Today isn't the day to rush into decisions
24 for 30 years.

25 Furthermore, the marine terminal has an existing

1 record of oil spills in the Santa Monica Bay. There's two
2 examples from 1980 and 1991 that were significant, as well
3 as smaller ones that have occurred.

4 They're not a new facility. They might not have
5 the best technology. So why are we rushing to give them a
6 30-year lease? We should be taking time to think about
7 this first.

8 I believe that 10 years is plenty of time for
9 Chevron's permit, plenty of time to think about the future
10 and invest. There's so much possibility 10 years from now
11 that we can't even imagine. If you look back 10 years
12 ago, I was 15 years old. There was no war going on.
13 There was a vibrant and growing economy. People used pay
14 phones on a regular basis. I mean, did anyone imagine the
15 iPhone 10 years ago?

16 No.

17 So why are we thinking that 10 years isn't enough
18 time for investment. Ten years is plenty of time for
19 investment and for our corporations to operate within and
20 make plans. And it's not even saying that in 10 years you
21 guys aren't going to renew the lease. If Chevron does a
22 great job and follows every single mitigation plan that's
23 been set forth, maybe you guys can move forward and give
24 them a lease. It's not saying that they don't have the
25 option of continuing to present.

1 But it is important to take that time and not
2 rush through this and give them a lease for 30 years.
3 Thirty years is a long time. I'm going to be old by 30
4 years.

5 (Laughter.)

6 MS. GANDHI: Come on.

7 So I hope you guys will listen to my
8 recommendations. The State Lands Commission your job is
9 to protect my land, my environment for the city that I
10 live in, for the state that I live in.

11 It's not here to protect the profit or protect
12 anything else for corporations. You're here to protect my
13 land. And I hope that today you will do so by not
14 granting Chevron a rush 30-year lease, but actually
15 consider the questions that are being asked by
16 environmental groups, consider what you guys can do to
17 make any sort of requirement anything that lessens the
18 likelihood of an oil spill, because if an oil spill
19 happens in the Santa Monica Bay in the next 30 years and
20 you guys let this lease go forward without having
21 something to say or without putting in a mitigating factor
22 that might have prevented it, it's kind of on your
23 shoulders.

24 So please take this decision seriously. And I
25 really hope that you guys will listen to me and grant

1 Chevron only a 10-year lease.

2 Thank you.

3 ACTING CHAIRPERSON ARONBERG: Meagan Wylie is the
4 last speaker card I have. If there's anyone else who
5 wishes to speak, please fill out a speaker card.

6 MS. WYLIE: Good afternoon, Commissioners. My
7 name is Meagan Wylie. I'm the marine conservation manager
8 for San Diego Coastkeeper. I am also a San Diego native
9 and I'm speaking to you also today as an avid recreational
10 ocean user and a person who tremendously values our marine
11 resources.

12 San Diego Coastkeeper agrees with our colleagues
13 at Heal the Bay, Santa Monica Baykeeper, and Defenders of
14 Wildlife that a maximum of a 10-year lease renewal for
15 Chevron's El Segundo marine terminal is more than
16 generous.

17 In fact, the request by Chevron for a 30-year
18 lease extension is somewhat outrageous. The State Lands
19 Commission has never granted a lease extension to Chevron
20 for such an extended period, so why now, especially as the
21 risk of oil spills is very real and fresh in our memories
22 from the Horizon incident?

23 The Chevron terminal is antiquated having been
24 built nearly a century ago. It poses too great of a risk
25 to the health of Santa Monica Bay. A spill would be

1 detrimental and unravel decades worth of significant
2 rehabilitation efforts to the marine ecosystem.

3 It would also further threaten the network of
4 marine protected areas that is soon to be designated by
5 the California Fish and Game Commission next Wednesday,
6 including multiple marine protected areas in the Los
7 Angeles region.

8 Should the Commission choose to grant a renewed
9 lease to Chevron, please consider how much change in the
10 span of three decades, in terms of technology, the economy
11 and health and integrity of marine ecosystems can occur.

12 Thanks to Sarah for giving us an amazing
13 perspective on that time frame.

14 We have had several speakers come this afternoon
15 and say that Chevron looks to do the right thing. It's my
16 opinion that asking for a 30-year renewal isn't the right
17 thing. It's actually attempting to take advantage of the
18 support from communities and organizations that Chevron
19 has provided financial support to over any number of
20 years, which is very unfortunate.

21 It's my feeling that a 10-year renewal would be
22 more than generous and we also encourage the Commission to
23 continue its movement towards fixed harbor based marine
24 terminals for safety and environmental risk reduction.

25 Thank you for your time.

1 ACTING CHAIRPERSON ARONBERG: Thank you.

2 Commissioners, comments, questions?

3 Please.

4 ACTING COMMISSIONER INGENITO: I just wanted to
5 note that -- I know that early in the staff presentation
6 it was noted that Chevron has been operating in these
7 waters, and under the terms of their current lease, they
8 interpret it to basically be -- to go through 2022. And
9 while staff doesn't concur with that read of it, they are
10 currently operating, and whether or not they get to go to
11 2022 without this action or not, it would be left if we
12 didn't take this today.

13 If we tried to go to a 10-year lease, that is
14 actually less than the term that they believe they have
15 available to them currently. They're currently operating
16 with not the full complement of environmental mitigations
17 and monitoring that this EIR would put them under. And
18 they're also currently operating at a rate that they're
19 paying to the State at significantly less than the new
20 terms of this.

21 So if you look at the increment from 2022 to the
22 30 years, it's 18 years, which again I don't have a great
23 history of, you know, how many other leases we've done in
24 this and if staff wants to provide some background on
25 that, but that was an observation that I made listening to

1 the folks here.

2 And that it is all of us, Commissioners, I
3 believe I can say this, you know, have a -- take our
4 responsibilities very seriously about making sure that the
5 environment is protected and that the Public Trust is
6 protected. And by entering into an EIR and getting the
7 commitments from Chevron to take the actions that they
8 have agreed to, I think is moving us in the right
9 direction. And I want to thank staff for their work on
10 this.

11 So thank you.

12 COMMISSIONER MALDONADO: Thank you. To staff.
13 How long have you been working on coming up with this
14 lease agreement?

15 INTERIM EXECUTIVE OFFICER FOSSUM: Thank you,
16 Commissioner Maldonado. I actually -- I have a little
17 personal one. Ms. Gandhi mentioned that 30 years is a
18 long time and she wasn't alive 30 years ago.

19 Thirty years ago -- 33 years ago I joined the
20 State Lands Commission. And the month before that, this
21 lease was entered into by the Commission. So it is a long
22 time, but --

23 (Laughter.)

24 INTERIM EXECUTIVE OFFICER FOSSUM: -- it passes
25 quickly. Trust me.

1 (Laughter.)

2 INTERIM EXECUTIVE OFFICER FOSSUM: I think it's
3 important to -- as Commissioner Ingenito said, to note
4 that there is a dispute between the staff and the
5 applicant here, Chevron, as to what the terms of that
6 lease that was entered into in 1977 entail. And that's
7 one reason it's taken so long. Your question is how long
8 have we been negotiating this? We've basically been
9 negotiating this since about 1992 or 7, I'm not sure which
10 one.

11 ASSISTANT CHIEF COUNSEL MEIER: It's actually we
12 started looking -- started on this talking to Chevron in
13 '93.

14 INTERIM EXECUTIVE OFFICER FOSSUM: Yeah. So it
15 was after that first 15-year term, the initial term was
16 up. Staff started negotiating with them as to the
17 reasonable terms and conditions, and it was believed by
18 staff, at that time, that an Environmental Impact Report
19 was necessary. Chevron disputed that because it was an
20 existing facility. And it took us a number of years to
21 work through that. We actually did an EIR back in -- that
22 was completed in 1996, but -- and the staff report, I
23 think, lays this out. And I don't know, I wasn't here for
24 this presentation, but there was some issues with EPA.

25 And so the issue dragged on. And so frankly,

1 we've been working on this for -- since 1993, I guess.
2 And there's been a lot of issues. It's one of the things
3 that we're concerned about, because we have a number of
4 these marine terminals in California that are important to
5 our economy. They also are important from an
6 environmental standpoint to make sure they're safe.

7 Our Marine Facilities Division has, in the last
8 20 years -- it was mentioned that Chevron had some
9 problems here 20 some years ago. Our Marine Facilities
10 Division now has very stringent requirements that the
11 Commission has adopted to try and prevent any kind of
12 spills from happening. So it's a long way from where we
13 were 20 years ago on that.

14 The 30 years is something that we've been talking
15 about with Chevron for a number of years, that the staff
16 has in trying to reach negotiations. And because of their
17 commitment to do the EIR and which we've now finalized,
18 the staff was prepared to recommend the 30-year term to
19 the Commission.

20 COMMISSIONER MALDONADO: Was there a point in
21 time of the discussion, that if there was an Environmental
22 Impact Report, there would be a 30-year lease provided by
23 staff?

24 INTERIM EXECUTIVE OFFICER FOSSUM: That's my
25 understanding. I have -- this has come more recently on

1 my desk, if you will. I haven't been involved. Initially
2 Mark Meier our Assistant Chief Counsel, has been involved
3 for a number of years and may be able to give you more
4 detail on that.

5 ASSISTANT CHIEF COUNSEL MEIER: The -- one of the
6 ways that the question was resolved as to whether or not
7 they were going to pay for an EIR was whether they had to
8 do an EIR just for 10 years.

9 We -- the Executive Officer, at that time,
10 Charles Warren, agreed that they could apply for a 30-year
11 lease and we would -- instead in lieu of the 10-year
12 options to renew and then we could do a single EIR that
13 would cover the next 30 years.

14 There wasn't a commitment they would get a
15 30-year, only that they could apply for one. The reason
16 we -- we had -- we started the practice of issuing 30-year
17 leases basically in the nineties.

18 We started reviewing the existing marine terminal
19 leases in the early nineties to -- and return to the
20 question of whether or not an EIR is required. Prior to
21 that, we were applying the existing facility categorical
22 exemption. And we determined that that was inappropriate
23 because any marine terminal that's transferring oil over
24 the water you're going to have a significant impact -- or
25 potential for a significant impact.

1 That triggers the need to do an EIR. So we
2 started -- that's where we started down the road of
3 creating, what I call, a new generation of the marine
4 terminal leases. In that time -- since then, we have
5 issued three new terminal leases since '93. And we've
6 approved one renewal.

7 The three previously approved ones in -- it was
8 July '95 we approved a 30-year lease to Unocal, which is
9 now ConocoPhillips that's up in Rodeo. In the
10 mid-2000's -- I was trying to locate the exact year, but
11 wasn't able to find it, because the Internet went
12 down -- to what was then the Shore terminal up in near
13 Martinez. It's now, I believe, Pacific Atlantic. That
14 was a 30-year lease. And in January of '09 Chevron was
15 given a 30-year lease for the long wharf. The only
16 exception was the Ellwood terminal in Santa Barbara. And
17 at that time, they had one 10-year right of renewal left.
18 We told them they were not going to get anything past
19 2013, so we just simply renewed under the existing lease
20 with some new mitigation measures.

21 So those are the only actions, the actual
22 approvals that we've given to that -- up-to-date. We have
23 three more marine terminal leases in the works right now.
24 Shell in Martinez. Tesoro's Amorco terminal. And I
25 always forget the name, because they've changed hands.

1 It's Selby. It used to be NuStar. I think it's still
2 NuStar. I think it's -- they've a subsidiary for Shore.

3 Anyway, those are the three that are -- they also
4 have applications for 30-year leases. So that's the
5 history of it.

6 COMMISSIONER MALDONADO: So this would not be the
7 first and only 30-year lease in the State of California.

8 ASSISTANT CHIEF COUNSEL MEIER: No. We have had
9 three -- we've issued three 30-year leases in the last 20
10 years. And we have three more applications for 30-year
11 leases, besides this one.

12 COMMISSIONER MALDONADO: Have we had any that are
13 longer than 30 years?

14 ASSISTANT CHIEF COUNSEL MEIER: No. The question
15 was -- the Chevron Long Wharf was originally -- the old
16 lease was actually a 50-year lease. And then we had a
17 number of leases where we had that confusion about rights
18 of renewal and what does that mean? They were basically
19 somewhere between 45 and 50 years. You had a 15 to 20
20 year initial period and then you had rights of
21 renew -- rights of renewal for several periods. And it
22 was unclear on what those rights of renewal were.

23 The problem is, is that they were all -- all
24 those leases were written pre-CEQA. And it -- when we
25 looked at what that language meant, there was so much

1 discretion that was given to the Commission under those
2 rights of renewal, it appeared to us that it still
3 triggered CEQA action.

4 So in some respects those old leases may have
5 been -- you might be able to construe it as somehow a
6 45 to 50 year right. But it was confusing, so we
7 basically -- rather than give them a long lease -- or a
8 long -- some sort of rights -- lease rights, with some
9 broken down into various periods with ambiguous language,
10 we just decided to go with a 30-year.

11 If we give them a shorter period of time, they
12 would -- it would -- each discretionary action by the
13 Commission in the future would trigger CEQA. So we would
14 have to do another EIR. If we do another -- if we give
15 them a 10-year lease or a 15-year lease, another EIR would
16 have to be done before that next action.

17 ACTING CHAIRPERSON ARONBERG: Within 10 or 15
18 years?

19 ASSISTANT CHIEF COUNSEL MEIER: Ten or 15 years,
20 yes.

21 COMMISSIONER MALDONADO: Just a quick question.
22 What's the other option? Obviously, I think some of the
23 folks that are here would like to see that marine terminal
24 just go away. Let's just be sincere. What's the other
25 option?

1 ASSISTANT CHIEF COUNSEL MEIER: Well, that's what
2 we have looked at. I think the reason why we can --
3 Chevron applied for a 30 year. Now, the question is, is
4 what's going to change in the next 30 years?

5 COMMISSIONER MALDONADO: I'm not talking about
6 the lease. I'm talking about if the marine terminal was
7 just to go away.

8 INTERIM EXECUTIVE OFFICER FOSSUM: Commissioner
9 Maldonado, from a practical standpoint, it's a major
10 source of fuel. The refinery there is a major source of
11 fuel. The fuel that the hydrocarbons that are brought
12 into that provide, as was stated earlier I believe, a
13 substantial amount of jet fuel for Los Angeles Airport --
14 International Airport, the vehicles in southern
15 California, there's all kinds of things that could happen.

16 It's unlikely from a standpoint -- strategic
17 standpoint, that it would be a wise thing to place all our
18 terminals -- all our marine terminals in southern
19 California, it was told, in Los Angeles-Long Beach. It
20 was expressed by the people here in San Diego that they
21 rely on the terminals in the Los Angeles-Long Beach, and
22 El Segundo area for their fuels, because there's no
23 refinery down here.

24 We're concerned about putting all our eggs in one
25 basket. There may be things that come down the road that

1 make other options available with alternative energies,
2 but I think we're a long way from getting away from a
3 reliance on hydrocarbon fuels.

4 I do want to clarify one other thing, and that
5 is, Commissioner Ingenito mentioned that we'll be raising
6 the rent now. We actually did that a year ago and raised
7 it to the current rate of 1.29 million.

8 So what we're doing now is adjusting future rents
9 based on the Consumer Price Index. So they will continue
10 to rise now after this meeting, but for the last year
11 they've been pegged at that 1.29 million.

12 And the other thing I wanted to mention was
13 that -- well, maybe I've forgotten it now. Well, I'll let
14 Gary speak, because he's our expert on marine terminals.

15 MARINE FACILITIES DIVISION CHIEF GREGORY: Good
16 afternoon. I'm Gary Gregory. I'm the Chief of the Marine
17 Facilities Division here at the State Lands Commission.

18 Let me say that today there is inadequate
19 throughput capacity within the Ports of Los Angeles and
20 Long Beach to move the oil from the L.A.-Long Beach as
21 opposed to the offshore terminal at El Segundo.

22 There was several mentions made of Pier 400. The
23 Pier 400 berth 408 project is a project that we're looking
24 at -- I'm sorry, the Port of Los Angeles and Plains
25 Pipeline is looking at. It has been delayed, and delayed,

1 and delayed. They have an approved environmental impact
2 document, but they do not have a lease with the Port of
3 Los Angeles. They're at about 80 percent done on their
4 engineering, but they're engineering may be redone in a
5 different manner, different fashion.

6 The latest thoughts are that that terminal would
7 be ready, potentially if things fell into place right now,
8 in 2015. It's more likely to be 20 -- in my estimation
9 2016, 2017 before that terminal will even be built. And
10 that's with the throughput capacity that's designed for
11 the partners that are lined -- the business partners that
12 are lined up with that.

13 Adding El Segundo would require additional
14 tankage, potentially additional pipelines. The tankage
15 would be difficult to find in the Los Angeles-Long Beach
16 area. It potentially could be done, but it would be
17 difficult today to find that. And to our knowledge, we
18 have done a little bit of work with this, there are no
19 existing pipelines to get oil directly from -- not oil --
20 indirectly from the center of the Port of Los Angeles and
21 Long Beach to the refinery at El Segundo.

22 Now, there's thousands of miles of pipelines and
23 you could look at potential opportunities for turning some
24 of those around and flowing them in different directions,
25 but they currently do not exist.

1 COMMISSIONER MALDONADO: Or you'd have to put
2 some new pipe?

3 MARINE FACILITIES DIVISION CHIEF GREGORY:
4 Exactly.

5 COMMISSIONER MALDONADO: Okay.

6 INTERIM EXECUTIVE OFFICER FOSSUM: The other
7 issue that I wanted to mention was there's been some
8 criticism about the amount of rent that the Commission is
9 charging here and that we should be charging a dollar a
10 barrel, instead of a penny a barrel.

11 In fact, your predecessors back in the late 1970s
12 attempted that, and in 1985 the U.S. Supreme Court in the
13 case of Cory versus Western Oil and Gas Association ruled
14 against State Lands Commission on that.

15 Mr. Cory was the Controller at the time. And so
16 we had tried, what was called, a throughput charge, and
17 the U.S. Supreme Court ruled it unconstitutional.

18 So that's when we had -- we fell back on using an
19 appraisal method, which we did a year ago to bring the
20 rents up to where they are today.

21 COMMISSIONER MALDONADO: Okay.

22 ACTING CHAIRPERSON ARONBERG: Being precluded
23 from using the throughput method by the Supreme Court, is
24 there any -- what else can you think of, other than just
25 the appraisal method? This is such a -- I mean, I'm just

1 going to think someone pointed out that it's -- Manhattan
2 Beach has some of the top schools in the State, which it
3 does. That makes the real estate value so high right
4 there.

5 INTERIM EXECUTIVE OFFICER FOSSUM: That's a good
6 question. It is. That's a very good question about how
7 we do appraise our land. And, of course, subsurface land
8 is not quite as valuable as waterfront in Malibu or Santa
9 Monica or anywhere else.

10 But that's where we start in our approach to it
11 is looking at what the value of the adjacent land is. And
12 this is industrial land, however, not residential. And so
13 there is less of a value to that. We did an appraisal.
14 The Commission did approve that last year and that's the
15 basis for the current rent. And if you want more detail,
16 we do have our staff that is available.

17 ACTING CHAIRPERSON ARONBERG: As between the
18 throughput, which we can't look at, and appraisal, is
19 there something else? Is there some other way to obtain
20 more rent?

21 INTERIM EXECUTIVE OFFICER FOSSUM: We'll keep
22 looking.

23 If we knew of that, we would be using it, but
24 we're always trying to think of ways to, you know, expand
25 on the ability to return to the People of California the

1 use of their property -- the value of that property.

2 ACTING CHAIRPERSON ARONBERG: Mark, you look like
3 you want to say something.

4 ASSISTANT CHIEF COUNSEL MEIER: No.

5 ACTING CHAIRPERSON ARONBERG: Okay.

6 ASSISTANT CHIEF COUNSEL MEIER: Under the
7 existing regulations, we really don't have any other
8 option, so we would have to change the regulations.

9 Appraised land value is -- one of the differences
10 between, for instance, the Ports and State Lands is the
11 Ports will charge additional fees, dockage. They do
12 charge on throughput, but the difference is they build the
13 facilities. All we're doing is leasing Chevron the land
14 and Chevron is building the facilities.

15 So that's one of the reasons why we were not
16 permitted to charge a throughput rate. It's a difference
17 in what we do -- between what we do and what the Ports do.

18 COMMISSIONER MALDONADO: Well, I'd like to, first
19 of all, thank you folks, the staff. Obviously, I haven't
20 been on for 30 years at State Lands like you have, Curtis.
21 But all I can say is that I know that this has been going
22 on for quite some time. And I know that you've had
23 community forums where you've actually gone into the
24 community to hear from the community.

25 I actually took it a step further, I actually

1 didn't tell anybody. I went to Manhattan Beach. And I
2 went to the strand. And a couple neighbors were outside
3 there. And I said, "What do you think about that ship out
4 there?" One guy says, "It's been there for 50 years.
5 I've been here for 20. That's all I know is that ship."

6 "Is it a problem?" And he said, "You know, not
7 really". So it's -- I mean, I think the goal is to
8 eventually move away from that kind of a system, but I do
9 agree that under the situation that we have today, where
10 we put all our baskets in the Port of L.A., not only for
11 goods but also for our fuels that, you know, move
12 airplanes and move cars and so forth. I think it is to
13 have a diverse way.

14 I mean, the other option is, you know, there's
15 lightering going on outside of the Port of Long Beach,
16 where no one is seeing it, and there's probably more
17 action going on out there. This is a place -- a system
18 that's been in place for quite some time, what, since
19 1911? And I'm not going to sit here and say that Chevron
20 is the best of the best of the best. It is a California
21 corporation.

22 I think that in the actions that I've seen them,
23 they've done an exemplary job. You have the mayor of El
24 Segundo here. You have the community of El Segundo here.
25 The Chamber of Commerce of Manhattan Beach, and I agree

1 with them, when they say they're progressive. They are.
2 I've seen the positions that they've taken.

3 So I'm prepared to move the staff recommendation,
4 and ask that we provide -- that we adopt the Environmental
5 Impact Report and we provide a 30-year lease.

6 ACTING CHAIRPERSON ARONBERG: I have a few
7 questions remaining, so -- and I'm not prepared to vote
8 for that motion, but I do have some questions.

9 This is the first that I've heard about the
10 incident action plan or the fire control plan that the
11 firefighter from El Segundo discussed. I'm very concerned
12 about this.

13 How long would that take to put together
14 something of the sort that this firefighter is discussing
15 and get it in place? How long would that take? Could we
16 do that maybe before our next meeting?

17 INTERIM EXECUTIVE OFFICER FOSSUM: You know, I
18 don't know enough detail about that. And I'm not sure if
19 Gary Gregory is still present.

20 There he is.

21 ACTING CHAIRPERSON ARONBERG: Or could we do that
22 within a short amount of time? Is it something that takes
23 a year as the firefighter suggests or --

24 INTERIM EXECUTIVE OFFICER FOSSUM: I think if
25 there's anybody here who has an idea of that, it's --

1 ACTING CHAIRPERSON ARONBERG: -- could it be a
2 little shorter?

3 MARINE FACILITIES DIVISION CHIEF GREGORY: If I
4 may correct you a little bit on terminology. An incident
5 action plan is put together for a specific incident that
6 has specific known characteristics. You're talking about
7 putting together your pre-fire plan or your contingency
8 plans for how you would operate in the event of this risk,
9 this risk, this risk and this risk --

10 ACTING CHAIRPERSON ARONBERG: Okay, I'm going to
11 interrupt you and just let you know my concerns.

12 MARINE FACILITIES DIVISION CHIEF GREGORY: Sure.

13 ACTING CHAIRPERSON ARONBERG: I know definitely
14 that the California coast has a 54 -- contributes \$54
15 billion to the economy, the entire coast. I don't
16 know -- I'm embarrassed to say how much the Santa Monica
17 Bay is a part of that, but I imagine it's significant,
18 given the population here.

19 A fire, a ship board fire for which these
20 firefighters are expected to respond, could, sounds like
21 to me, you know, as a lay person, and not an engineer,
22 lead to a spill.

23 And so I'm concerned about this plan that the
24 firefighter discussed. And yes I maybe didn't get the
25 terminology right. I want to know how long it would take

1 to put together a plan.

2 MARINE FACILITIES DIVISION CHIEF GREGORY: Well,
3 there are significant other issues involved with that too
4 with ship-board firefighting. It is typically not a local
5 fire department's responsibility to get involved in
6 ship-board firefighting. It's the ship-board's personnel
7 responsibility to be responsible. That's an international
8 sort of issue.

9 In some jurisdictions, such as the Port of Los
10 Angeles, New York, New Jersey, they have specifically
11 trained firefighters who know how to go on board vessels
12 and deal with it, but that's all done through MOUs and
13 understandings with the maritime community.

14 As is typical today, the ship would be fighting
15 its fire. If they needed additional resources, the
16 shipping company would contract for those resources.
17 You'd be looking at professional salvage people who know
18 how to get on board a ship and fight a fire.

19 Nonetheless, those contingency plans and those
20 pre-fire plans could be put together in a number of
21 months. No doubt about it. And I believe that Chevron
22 would tell you that they could work together and have
23 those pre-fire plans done before the next meeting.

24 ACTING CHAIRPERSON ARONBERG: Okay. Thank you.
25 Would you like to speak?

1 COMMISSIONER MALDONADO: I want to ask the
2 gentleman another question while he was up there.

3 ACTING CHAIRPERSON ARONBERG: Mr. Gregory?

4 COMMISSIONER MALDONADO: Mr. Gregory.

5 Is there an oil recovery plan on this --

6 MARINE FACILITIES DIVISION CHIEF GREGORY:

7 Absolutely. Every terminal in the State of
8 California is required by the Office of Spill Prevention
9 and Response of the Department of Fish and Game and the
10 U.S. Coast Guard to have an approved oil spill contingency
11 plan. We also look at those plans to review them and make
12 sure that they are consistent with the operation of that
13 terminal.

14 But there are defined definite approved plans
15 both federally and State that mesh with the regional plans
16 that mesh with the national plan.

17 COMMISSIONER MALDONADO: And obviously that plan
18 is defined by the size of the ship that's unloading the
19 oil there at the marine terminal, right?

20 MARINE FACILITIES DIVISION CHIEF GREGORY: That's
21 part of the equation that's defined by all sorts of
22 different characteristics of the terminal and all the
23 different risk factors associated with those
24 characteristics.

25 COMMISSIONER MALDONADO: Sure, okay.

1 MR. THOMASON: My concern was not with spills at
2 all. I think they've identified that. I was talking
3 about explosions or fires, because that's the part of the
4 EIR that I'm actually listed in.

5 So it's true that it's a very specialty type of
6 firefighting. The U.S. Navy is one agency that actually
7 trains people. And I understand that they've trained L.A.
8 County Fire Department a couple stations or a few people
9 at really their own expense.

10 They went down and paid for their own hotel
11 rooms, because you're interested in providing that type of
12 service to board a ship.

13 So they're the experts, the people that can go
14 inside of a ship and actually know how to do it. We don't
15 have a boat. We don't have a fire boat. The L.A. County
16 Boat 110 is in Marina Del Rey, which is the closest one,
17 only shoots about 2,500 gallons a minute of water. And
18 the Port of Los Angeles board shoots about 10,000.

19 And what I was told is at least 10,000 is what
20 you're going to want to have a ship on site that can
21 actually be effective.

22 So it's a very complex situation and that's why
23 I'm here today, because it's not something that's simple
24 that your local agency that can come over and handle, but
25 yet we're listed in the Environmental Impact Report and

1 we're listed as being -- as training with them as if it's
2 something that we can handle, but it's not something that
3 we can handle. It's something that needs special
4 attention, with special agencies and get people together.
5 It's going to take some time.

6 But once it's done, everybody in the community
7 that has spoke today, that has concerns about what the
8 environmental impact could be, will be rest assured that
9 it will be safer for 30 years, 40 years however long. But
10 it will be safer once a plan is in place.

11 ACTING CHAIRPERSON ARONBERG: Okay. Chevron
12 believes that it has about 12 years left on its lease.
13 You said it's going to take some time. Can you give me an
14 idea of how much time?

15 MR. THOMASON: No, I don't think -- no, I think
16 you could do it. I can't say exactly, but I would say
17 definitely less than a year. I think you could do it in
18 six months, but you have to get people that are committed
19 to doing it and the resources have to be allocated to get
20 the people there and sit down. And it has to be a
21 priority and we have to make sure that that's a concern of
22 all of ours and we have to follow through with it.

23 It's not something that we can say that we're
24 going to do and talk about and then let it drop by the
25 wayside. It has to be finalized and it has to be

1 practiced on. And it has to get to a point where it's
2 second nature for our first responders. And if something
3 happens out there, these guys feel capable and confident
4 in going out and doing something, and staying safe, and
5 protecting the environment.

6 And I think we all want that. There's no one
7 here that board -- that does not want that. There's no
8 question. Chevron wants that. I want that. We all want
9 it. We're all in agreement with that.

10 It's just about implementing and getting it done.
11 And that has to take place.

12 ACTING CHAIRPERSON ARONBERG: Thank you.

13 MR. SPACKMAN: Just to follow up on what Chris
14 said. Very clearly, we agree 100 percent. We know that
15 this can be done very quickly there. As Mr. Gregory said,
16 they're already required under State law, vessel response
17 plans. These plans are very detailed in their design.
18 They specify what the requirements are.

19 The Coast Guard, for example, is the
20 administrative agency for those first responses when it
21 comes to any kind of an onboard fire on a ship. The role
22 of the other agencies, the county and city fire
23 departments are all integral to that whole response
24 process. The structure for that already exists because of
25 the existing State plans that each vessel must have when

1 it comes to our mooring. The challenge for us in very
2 short terms, and I can think of -- be done in a very short
3 number of months over the next -- frankly over the next
4 quarter is to augment those existing plans, integrate the
5 local agencies to make sure that they're comfortable with
6 that structure, and do that in a way that's complimentary.

7 But the framework, as I said earlier, already
8 exists. Every vessel under State law, through the
9 administration of OSPR, is required to have detailed
10 response plans that includes addressing onboard fires and
11 the responding agencies that are involved with that.

12 Our job, out of this discussion, is to make sure
13 that everybody is in the same place on what that needs to
14 be and what kind of mutual training will help augment our
15 response capabilities.

16 ACTING CHAIRPERSON ARONBERG: Do either of the
17 Commissioners have a problem with waiting a couple months
18 to get the El Segundo firefighters up to -- you know, up
19 to speed and up to par on this?

20 COMMISSIONER MALDONADO: I made a motion, Madam
21 Chair, and hope that we can proceed with the motion.

22 ACTING COMMISSIONER INGENITO: I second the
23 motion.

24 ACTING CHAIRPERSON ARONBERG: I just have a
25 couple quick question for Curtis.

1 INTERIM EXECUTIVE OFFICER FOSSUM: Sure.

2 ACTING CHAIRPERSON ARONBERG: We were talking
3 about ways to try to obtain more money for the People of
4 the State of California from this lease. Have you -- do
5 we have any experience or have we heard of an ecosystem
6 services valuation to determine the least cost ecosystem
7 services valuation?

8 INTERIM EXECUTIVE OFFICER FOSSUM: I have not
9 heard of that term before.

10 ACTING CHAIRPERSON ARONBERG: Okay. Do we have
11 the ability under -- there's a motion and a second -- do
12 we have the ability under the lease to find other ways to
13 obtain --

14 INTERIM EXECUTIVE OFFICER FOSSUM: In nine
15 years -- in approximately nine years, there is a provision
16 to do a rent review. So even though -- if the Commission
17 approves this item, it would be entering into a 30-year
18 lease and each 10-year anniversary -- and as I understand
19 it, you shouldn't hold me to this, because I haven't
20 looked at this, but whether that 10-year anniversary is
21 from last December or if it's from today -- okay, so the
22 rent has been set a year ago, but it's a 30-year lease, so
23 it would be 10 years from today the Commission would have
24 the authority to set a new rent.

25 ACTING CHAIRPERSON ARONBERG: Okay, thank you.

1 INTERIM EXECUTIVE OFFICER FOSSUM: But if you'd
2 like the staff to look into your question, we would
3 certainly -- we're always looking for alternative ways to
4 compensate the public for the use of their property.

5 ACTING COMMISSIONER INGENITO: I would just kind
6 of like to echo the Chair's desire to look into these
7 additional means to increase the rents paid to the State.

8 INTERIM EXECUTIVE OFFICER FOSSUM: Absolutely.

9 ACTING CHAIRPERSON ARONBERG: Okay. So we have a
10 motion and a second.

11 All in favor say aye?

12 (Ayes.)

13 ACTING CHAIRPERSON ARONBERG: Okay, please record
14 me as opposed. And the motion carries 2 to 1.

15 Okay, what's the --

16 INTERIM EXECUTIVE OFFICER FOSSUM: Thank you very
17 much. I believe the next item is L.A. Water and Power.

18 Calendar Item 50 is to be presented by Colin
19 Connor our Assistant Chief of the Land Management
20 Division.

21 ACTING CHAIRPERSON ARONBERG: Could we have folks
22 who are not proceeding with Item 50 please clear the room,
23 so that Mr. Connor can get going on this agenda item,
24 please.

25 We have a quick Commissioner request. An updated

1 green sheet was passed around. We're curious what the
2 update is about?

3 LAND MANAGEMENT DIVISION ASSISTANT CHIEF CONNOR:

4 I was going to discuss that. Would you like me
5 to jump right into that or as part of the presentation?

6 ACTING CHAIRPERSON ARONBERG: As part of the
7 presentation. Thank you.

8 LAND MANAGEMENT DIVISION ASSISTANT CHIEF CONNOR:

9 Okay. Good afternoon, members of the Commission.
10 My name is Colin Connor. I'm the Assistant Chief of the
11 Land Management Division. I'm here to present information
12 on Calendar Item 50, which is a request for a lease
13 amendment to allow the City of Los Angeles Department of
14 Water and Power to place gravel cover on 2.03 square miles
15 of the dry bed of Owens Lake for dust control purposes.

16 And you might not be able to see it, the map is
17 right behind you there. The area where the gravel is
18 proposed to be placed is the brown area at the
19 northwest -- tip of the lake, thank you.

20 And can you go to the next slide, please.

21 This is kind of a closeup on an -- overlaid over
22 an aerial of the lake. And it's the gold area and the
23 yellow area up at the top left-hand side.

24 I'm not sure how much you know of Owens Lake. I
25 know I've probably given four or five of these

1 presentations over the last year. I'll just kind of back
2 up and give a little bit of the background.

3 Up until 1913, Owens Lake was just that, 110
4 square mile lake with water a depth of 50 feet and vessel
5 traffic across it. Beginning in 1913, the City of Los
6 Angeles began diverting water south to Los Angeles through
7 an aqueduct system they built.

8 By the mid-1920s the lake was essentially dry,
9 except for a brine pool. And the brine pool is kind of
10 the left middle side of the lake.

11 Jumping forward. The Environmental Protection
12 Agency has designated the southern part of Owens Valley as
13 a serious nonattainment area for a very fine particulate
14 dust. This dust is a result of the city's water
15 diversion.

16 The Great Basin Unified Air Pollution Control
17 District is a regulatory agency tasked with enforcing air
18 quality standards in this area. To bring the dust under
19 control, the Great Basin has approved three best available
20 control measures, known as BACM, for reducing dust
21 emissions.

22 These are shallow flooding, managed vegetation,
23 and gravel cover. In 1999, the Commission authorized a
24 20-year lease to the city for dust control measures on
25 various emissive sites on the lake. The lease has been

1 amended nine times over the years to include new emissive
2 sites.

3 Most of the authorized dust control measures have
4 been for shallow flooding and managed vegetation. In
5 April of 2009, the Commission denied an amendment for a
6 modified Moat and Row dust control measure on the grounds
7 that it was inconsistent with the Public Trust needs,
8 resources, and values of Owens Lake and it was not in the
9 best interests of the State.

10 The Commission did approve an amendment for a
11 dust control concept known as tillage in June of this
12 year. This is for the areas that were previously
13 designated for Moat and Row. However, tillage is not a
14 best available control measure.

15 Moving forward. In early 2010, a few months ago,
16 the city submitted an application requesting another
17 amendment, this time to replace gravel cover on 2.03
18 square miles on the north end of the lake bed. This is
19 the request before you now.

20 Commission staff has long opposed the placement
21 of gravel on the grounds that it would diminish the lake
22 bed's Public Trust values, which include public access,
23 recreation, wildlife, habitat -- excuse me, wildlife
24 habitat, open space, preservation of lands and their
25 natural state, and aesthetic enjoyment among others.

1 However, unlike the city's earlier Moat and Row
2 design, gravel cover would not entrap wildlife. Although,
3 it could eliminate wildlife habitat.

4 Gravel cover would not block or restrict the
5 viewshed and the visual impact would be minimized by
6 blending gravel on the approximate same color as the
7 existing lake bed.

8 Can you can go to the next slide, please?

9 This is a typical view of the playa and you can
10 see it's pretty much like almost a moonscape. It's
11 dark -- it's beautiful out there, but this area is really
12 flat and sandy.

13 Can you go to the next slide, please?

14 This is another view of the playa, but with a
15 road in the foreground. You can see this road-based
16 material is similar that would be placed for the gravel
17 cover. You can see it blends fairly nicely.

18 Can you go to the next slide, please?

19 This is what the city proposes. Picture on the
20 left is the Phase 8 playa as it is. The picture in the
21 middle is a closeup. And the picture to the right is
22 gravel that's out on the playa right now. It's called
23 Corridor 1. And the State Lands Commission authorized the
24 placement of that. It was approximately 40 acres and a
25 long rectangular shape back in 2001.

1 So we have the application in hand. In order to
2 work towards the common goal of reducing dust emissions
3 from the Owens Lake bed, the Commission staff has proposed
4 a special lease provision requiring the city to preserve
5 and enhance Public Trust values of Owens Lake elsewhere on
6 the lake in order to offset the loss of Public Trust
7 values resulting from the project. And this is where the
8 green sheet really comes into play.

9 The original staff report and negotiations with
10 the city, we are looking at a specific property, and it
11 was known as Dirty Socks.

12 Can you -- excuse me, can you fast forward to a
13 couple more slides, please, one more.

14 Right behind you, this is the Dirty Socks
15 property. This property is held in private ownership.
16 The original calendar item and negotiations required the
17 city to acquire this property and deed it to us. During
18 the course of negotiations, the city made it aware that
19 they might have difficulties acquiring the property and
20 deeding it to us because of problems with their city
21 charter.

22 Because of that, we backed off requiring specific
23 property and instead asked them to make a contribution to
24 the Kapiloff Land Bank Fund in the amount of \$500,000, so
25 that we could go out there and acquire property similar to

1 this.

2 There's very few of them along the end of the
3 lake bed. They do provide habitat for birds and other
4 wildlife.

5 So that's the primary change to the staff report
6 and the lease amendment is instead of having a specific
7 property, we're going to have a monetary contribution to
8 the Kapiloff Land Bank.

9 ACTING COMMISSIONER INGENITO: And do the terms
10 of the proposal here include some ongoing maintenance?

11 LAND MANAGEMENT DIVISION ASSISTANT CHIEF CONNOR:

12 Yes, they do. It's not only acquisition, it's
13 ongoing maintenance and improvements. The city could be
14 required to make this contribution within six months.
15 The -- by the way, that's another change to the original.
16 I believe the original. I don't have it in front of me.
17 The original discussions were for three months. The city
18 felt they needed more time to go through their internal
19 process to be able to make that contribution.

20 Other terms of the lease include, but aren't
21 limited to -- I'm going to give you kind of the
22 highlights -- the placement of the gravel shall not be
23 permitted until the specifications of the gravel -- the
24 type, size, color, et cetera, have been reviewed and
25 approved by the Executive Officer or his designee. And

1 the intent is to ensure that the gravel cover does, in
2 fact, blend in with the surrounding playa to minimize the
3 aesthetic impact.

4 Additionally, wherever and whenever safe, the
5 city will maintain public access to the Owens Lake bed
6 throughout the estimated 20-month construction period
7 particularly during the public's annual bird counting
8 activities.

9 And speaking of birds, there are protection
10 measures in place for the Western Snowy Plover. The city
11 will adhere -- implement and adhere to the environmental
12 impact minimization measures described in the mitigation
13 monitor and reporting program.

14 To offset the estimated greenhouse gas emissions
15 from the construction and maintenance of the Phase 8
16 project, the city shall obtain 13,965 metric tons of
17 carbon offsets renewable energy certificates as a one-time
18 obligation to be purchased prior to construction of the
19 project.

20 This city is required to submit proof of the
21 acquisition of these offsets to the Commission staff prior
22 to commencement of the project. As the Commission knows,
23 the Commissioners have taken an interest in greenhouse gas
24 emissions. And that's the intent of this provision is to
25 address that.

1 The city is required to conduct archaeological
2 testing and evaluation program to characterize and
3 evaluate any identified sites in the Phase 8 area. For
4 sites determined to be significant, the city shall conduct
5 an archaeological data recovery program.

6 Let's see. Lastly, the city acknowledges that
7 the Commission's approval and issuance of this lease
8 amendment for the placement of gravel dust control
9 measures on Owens Lake bed is no assurance that the future
10 use of gravel cover will be allowed on the lake bed.

11 Commission staff believes the benefits to the
12 State resulting from the required lease provision, that is
13 the acquisition of additional real property with habitat
14 value, would offset the loss of Public Trust values from
15 the implementation of the Phase 8 project, and staff
16 therefore recommends approval of the lease amendment.

17 This concludes my presentation. I'm available to
18 answer any questions. And staff of LADWP is also here and
19 would like to address the Commissioners.

20 COMMISSIONER MALDONADO: I'd like to make a
21 motion, Madam Chair, that we move approval of the staff
22 recommendation on this project.

23 ACTING COMMISSIONER INGENITO: Second.

24 ACTING CHAIRPERSON ARONBERG: Okay, there's a
25 motion and a second. Mr. Adams, do you still want to

1 speak in light of the fact that there's a motion and a
2 second on the table?

3 COMMISSIONER MALDONADO: Smart man if he doesn't
4 speak.

5 (Laughter.)

6 MR. ADAMS: I'll pass then.

7 ACTING CHAIRPERSON ARONBERG: Is there any other
8 member of the public who wants to speak on this item?

9 Okay, we have a motion and a second. All in
10 favor say aye, please.

11 (Ayes.)

12 ACTING CHAIRPERSON ARONBERG: No opposed.

13 The motion carries.

14 We already have -- Curtis, you looked like you
15 wanted to say something.

16 INTERIM EXECUTIVE OFFICER FOSSUM: Well, I did
17 about five hours ago --

18 (Laughter.)

19 INTERIM EXECUTIVE OFFICER FOSSUM: -- have a nice
20 presentation for an Executive Officer report and
21 everything. I don't know what the Commission's -- I still
22 would like to make a few comments in that regard.

23 ACTING CHAIRPERSON ARONBERG: Please.

24 INTERIM EXECUTIVE OFFICER FOSSUM: And if you'd
25 indulge me on that.

1 First, I don't know if there's any members of
2 Port Commissioners and staff here, but I want to thank
3 them for making these facilities available for us. It's
4 always a pleasure to come to San Diego and enjoy such a
5 nice facility.

6 We worked very well with them for almost half a
7 century now. And they're one of the top notch grantees in
8 California in their operations.

9 I'm sorry for the delay. You can be happy that
10 you at least weren't stuck in a plane for all those hours.
11 But I do have several things I would like to cover and
12 I'll start with the good news first.

13 Yesterday, your Chief Counsel became a mother.
14 Jennifer and her baby are doing fine. Her son, Harrison
15 Daniel Sandrino Lucchesi, was born yesterday morning. And
16 they were going to try and make it here, but all the
17 flights were sold out.

18 (Laughter.)

19 INTERIM EXECUTIVE OFFICER FOSSUM: And now bad
20 news. Today, I have to unfortunately announce that this
21 is Gary Gregory's last Commission meeting. And this month
22 he'll be leaving State service as Chief of the
23 Commission's Marine Facilities Division, which he became
24 the father of 20 years ago.

25 (Laughter.)

1 INTERIM EXECUTIVE OFFICER FOSSUM: It's really
2 hard to be too effusive about Gary's talents and
3 accomplishments. Gary came to the Commission in 1990 just
4 after the Exxon Valdez and American Trader spills. And it
5 was following his 20-year career as a Coast Guard officer,
6 including being Chief of the Port Operations in the Marine
7 Safety Office in Long Beach.

8 California was looking to strengthen its oil
9 spill prevention program to protect the marine environment
10 and granted the Commission various oil spill prevention
11 responsibilities at that time.

12 From the beginning, Gary helped form the Marine
13 Facilities Division and shaped it into what it is today,
14 an incredibly successful program that has set the bar
15 nationally and internationally for oil spill prevention,
16 invasive species control, and marine terminal engineering.

17 The Marine Facilities Division is illustrated
18 in -- the success is illustrated in the significant
19 decline of oil spills at marine terminals in California.
20 Last year, for example, there were over 33 billion gallons
21 of oil pumped through oil marine terminals and a total of
22 only four barrels were spilled. This is an extraordinary
23 accomplishment, and Gary's vision and leadership is due a
24 tremendous amount of the credit.

25 Gary is also known for his diplomacy. He brings

1 people together from industry, government, and the
2 environment, to develop policies and to workout
3 differences. He's created technical advisory groups on
4 several different issues and created and organized the
5 Commission's Prevention First symposium, which brings
6 people together from all over the world every other year
7 to discuss issues related to the marine environment.

8 Gary's philosophy regarding transparency and
9 partnership has gained him the respect of his counterparts
10 worldwide.

11 Among his colleagues in the shipping industry and
12 employees at the Commission, Gary is held in the highest
13 esteem both professionally and personally. He has both an
14 exceptional personality and management style. We will all
15 seriously miss him.

16 So on behalf of the staff, I would like to thank
17 Gary Gregory for his dedication, leadership, and
18 outstanding service to the State and the Commission.
19 Gary, we wish you and your family the very best in your
20 future endeavors.

21 (Applause.)

22 MARINE FACILITIES DIVISION CHIEF GREGORY: I'm
23 sorry, I have to be this way. I have to correct something
24 that Curtis said. He got -- this is serious actually. He
25 got barrels and gallons a little mixed up. In 2009, we

1 moved 90 million gallons of oil across the dock every
2 single day. Ninety million gallons a day. And in the
3 whole year, 124 gallons were spilled among the marine
4 terminals in the State of California.

5 I think some of the marine facility staff here, a
6 couple of people are here. It's a team that does a great
7 job. And working with the industry, the industry also
8 deserves some credit for that incredible record of moving
9 oil and being as safe and as careful as they are.

10 INTERIM EXECUTIVE OFFICER FOSSUM: I stand
11 corrected.

12 (Applause.)

13 INTERIM EXECUTIVE OFFICER FOSSUM: On behalf of
14 the Commission, this is our plaque we'd like to show to
15 our retirees with the congratulations on behalf of the
16 staff, and you may get the Commissioners to even sign it.

17 Thank you.

18 ACTING CHAIRPERSON ARONBERG: Great. And we also
19 have a wonderful resolution for you here. Gary.

20 MARINE FACILITIES DIVISION CHIEF GREGORY: Thank
21 you.

22 ACTING CHAIRPERSON ARONBERG: And I'm going to
23 read it into the record, because you deserve that.

24 "Whereas, Gary Gregory for nearly 40 years
25 has dedicated his career to public service and

1 where from 1971 to 1990 he served his country in
2 the United States Coast Guard starting as Deck
3 Watch Officer in the U.S. Coast Guard and rising
4 the rank of Commander and position of Chief of
5 Port Operations at the Coast Guard's Marine
6 Safety Office in Long Beach, California;

7 "Whereas, Gary in the wake of the
8 catastrophic 1989 Exxon Valdez and 1990 American
9 Trader crude oil spills brought his experience,
10 intellect, and leadership talents to the
11 California State Lands Commission, where he
12 helped create and has led the Marine Facilities
13 Division, which is charged with protecting the
14 environment by implementing several of the oil
15 spill prevention programs in the
16 Lempert-Keene-Seastrand Oil Spill Prevention and
17 Response Act;

18 "Whereas, Gary, through his guidance and
19 vision as the Chief of the Commission's Marine
20 Facilities Division has grown the Division to
21 include in addition to its oil spill prevention
22 operations, world renowned program such as the
23 California Marine Invasive Species Program, and
24 the Marine Oil Terminal Engineering and
25 Maintenance Standards Program, and has organized

1 events such as the popular Prevention First
2 Symposium, which is entering its third decade of
3 bringing together professionals from industry,
4 regulatory agencies, and the environmental
5 community, and;

6 "Whereas, Gary's commitment to the People of
7 California is illustrated by his willingness to
8 assume additional responsibilities when called
9 upon from 1997 to 2000, he served as the
10 Assistant Executive Officer of the Commission,
11 and from 1999 to 2000, he served as the Interim
12 Administrator of the Office of Oil Spill
13 Prevention and Response for the Department of
14 Fish and Game all while carrying out his duties
15 as Chief of the State Lands Commission's Marine
16 Facilities Division;

17 "Whereas, Gary's influence extends to other
18 important organizations and groups, as he is the
19 President of the Board of Governors of the
20 Propeller Club of Los Angeles-Long Beach, and an
21 executive board member and treasurer of the
22 California Marine and Intermodal Transportation
23 System Advisory Council, and a member of the
24 California Marine Affairs and Navigation
25 Conference, the Harbor Safety Committee of Los

1 Angeles, Long Beach, and the California State
2 Interagency Oil Spill Committee."

3 Wow.

4 (Laughter.)

5 ACTING CHAIRPERSON ARONBERG: "Gary Gregory's
6 passion for protecting the environment is
7 displayed by his recent work in the Gulf Coast
8 and Michigan, for which he used his own personal
9 vacation time to lend his expertise to the oil
10 spill response efforts involving the Deep Water
11 Horizon offshore drilling rig disaster and
12 Enbridge pipeline burst, and;

13 "Whereas, Gary is admired by his colleagues,
14 employees, and friends because of his genuine
15 personality and the great importance he places on
16 integrity, quality, transparency, and leadership,
17 and;

18 "Whereas, Gary when he's not busy working for
19 the State or sitting on boards, councils, or
20 committees enjoys being with friends, and family,
21 working on racing his cars, shooting his pistol
22 and shopping on the Internet".

23 (Laughter.)

24 MARINE FACILITIES DIVISION CHIEF GREGORY:
25 Not necessarily in that order.

1 ACTING CHAIRPERSON ARONBERG: "Now therefore
2 be it resolved, that Gary be commended for his
3 distinguished record of the professional service
4 to the State of California and for the legacy of
5 accomplishments during his 20 years serving on
6 the California State Lands Commission as its
7 Chief of Marine Facilities Division. We extend
8 sincere best wishes to Gary and his future
9 endeavors, and the Commission wishes Gary, his
10 wife Kathy, his daughters Kami and Meagan and
11 sons Brendon, Owen, Matthew, and Colin the very
12 best in years to come."

13 MARINE FACILITIES DIVISION CHIEF GREGORY: Thank
14 you very much.

15 (Applause.)

16 COMMISSIONER MALDONADO: I just want to say thank
17 you, Gary. And I must tell you that staff is what makes
18 the people that are elected look good.

19 (Laughter.)

20 COMMISSIONER MALDONADO: And people who serve for
21 such a long period of time to the taxpayers is just
22 amazing. So -- and for me, I actually -- you know I was
23 hearing everybody talking about Deep Water Horizon, I
24 actually went to Deep Water Horizon. And it was amazing
25 how many Californians I saw out there, whether it be in

1 habitat protection, oil response recovery, it was
2 California's model.

3 So thank you for your service, Gary.

4 MARINE FACILITIES DIVISION CHIEF GREGORY: Thank
5 you very much.

6 (Thereupon a picture was taken.)

7 (Applause.)

8 INTERIM EXECUTIVE OFFICER FOSSUM: I know we're
9 trying to move along, so I have just a couple more things
10 in the Executive Officer's report.

11 I want to mention that we just received a
12 \$700,000 grant from the Bureau of Ocean Energy Management
13 Regulation Enforcement for removing of hazards in Santa
14 Barbara and Ventura counties. This is a program that the
15 Commission has been undertaking for many years and because
16 of budget constraints in California, the money was
17 removed, even though at one time, it had been provided to
18 us.

19 There's 24 sites there. They are remnants of old
20 past oil production and these typically go back to the
21 1920s and 30s, so we're very fortunate to get those funds,
22 and we'll be trying to remove those in the next couple
23 years all over that area.

24 I also wanted to mention that we're moving
25 forward on the Bolsa Chica Wetlands. We have a dredging

1 project there, because of the siltation. This is \$125
2 million investment the State has -- based on port
3 mitigation funds has invested in restoring the wetlands at
4 that point.

5 The audit -- the State Bureau of Audits will be
6 coming in on Monday to meet with us. We've provided them
7 with our -- the initial information they requested
8 regarding our leases, revenues, budgets, and staffing. So
9 we're looking forward to meeting with them next week.

10 I have a lot of other things I could share, but I
11 know, in the interests of time, that I should be moving
12 along, so I will.

13 We are having a Western States Lands
14 Commissioners meeting in Long Beach on January 9th through
15 13th. And I want to invite all the Commissioners and
16 their staffs. We're having -- the Western States Lands
17 Commissioners consists of 23 public land management
18 agencies from Alaska to Arkansas. We haven't hosted this
19 in eight years, so we're looking forward to meeting with
20 these folks. We're having about half the State's
21 represented, we believe. And there will also be people
22 from the Bureau of Land Management and U.S. Forest
23 Service.

24 Some very interesting topics will be talked
25 about, including the oil spill in the Gulf. And we'll

1 have experts there. We'll be giving a tour of the Bolsa
2 Chica area and we'll talk about the green port project of
3 Long Beach, which is an important one in dealing with air
4 quality issues in our harbors.

5 This is being funded, by the way, by either
6 registration fees or donations, so we want to thank the
7 Port of San Diego, Port of L.A., Long Beach, and San
8 Francisco for their donations.

9 And finally, this is my last comment. Since a
10 new Commission will be constituted next month, I want to
11 thank the current Commissioners and their staff. I want
12 to personally thank them for all the service they
13 performed as trustees of the State's waterways and school
14 lands. California is better for it.

15 I'm also pleased to report that although the
16 President on March 10th of this year had announced plans
17 for possible oil leasing in California's outer continental
18 shelf, the new five-year plan released last week does not
19 include offshore leasing along the California coast.

20 And on a final note, although I've only served on
21 the Commission as -- I have served on the Commission for
22 33 years, this last month as Executive Officer has
23 provided me a much different perspective. California, the
24 Commission and I am all very fortunate to have an
25 incredibly hard working professional staff.

1 The Marine Corps has a motto of duty, honor, and
2 country. But it brings to mind to me what exemplifies
3 your staff's work ethic, which is dedication, and pride
4 and service to the State.

5 So thank you very much.

6 (Applause.)

7 ACTING CHAIRPERSON ARONBERG: Thank you, Curtis.
8 Great. Okay.

9 INTERIM EXECUTIVE OFFICER FOSSUM: I think we're
10 ready for closed session, unless there's any other public
11 comment.

12 ACTING CHAIRPERSON ARONBERG: We did public
13 comment. One person wasn't here. Bruce Heyman, are you
14 here now?

15 Is there anyone else who wishes to give public
16 comment before we adjourn to closed session?

17 Great. The open session of the meeting is now
18 over and we will adjourn to closed session. Please, if
19 you're not involved in closed session, leave the room.

20 Thank you.

21 (Thereupon the California State Lands Commission
22 meeting adjourned at 3:25 p.m.)

