

MEETING
STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
LANDS COMMISSION

RADISSON HOTEL LOS ANGELES AIRPORT
CENTURY MEETING ROOM
6225 WEST CENTURY BOULEVARD
LOS ANGELES, CALIFORNIA

WEDNESDAY, APRIL 23, 2014

1:01 P.M.

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

A P P E A R A N C E S

COMMISSION MEMBERS:

Mr. John Chiang, State Controller, Chairperson,
represented by Mr. Alan Gordon

Mr. Gavin Newsom, Lieutenant Governor, represented by Mr.
Kevin Schmidt

Mr. Michael Cohen, Director of Finance, represented by Ms.
Eraina Ortega

STAFF:

Ms. Jennifer Lucchesi, Executive Officer

Mr. Mark Meier, Chief Counsel

Mr. Seth Blackmon, Staff Counsel

Mr. Reid Boggiano, Public Land Management Specialist

Ms. Sheri Pemberton, Chief, External Affairs Division

ATTORNEY GENERAL:

Mr. Joe Rusconi, Deputy Attorney General

ALSO PRESENT:

Mr. Bill Brand, Council Member, District 2, Redondo Beach

Mr. Pete Carmichael, Waterfront and Economic Director,
City of Redondo Beach

Ms. Bonnie Christensen, San Pedro Homeowners Association

Mr. Ed Clark

Ms. Melanie Cohen

Ms. Elisabeth Crawford

Ms. Nadine Diaz

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Steven Diels, City Treasurer, City of Redondo Beach

Ms. Jenna Driscoll, Santa Barbara Channelkeeper

Mr. Steve Greig, Venoco

Ms. Marcie Guillermo

Ms. Janet Gunter, San Pedro Peninsula Homeowners United

Mr. John Jay, Central Coast Energy Alliance

Ms. Linda Krop, Environmental Defense Center

Mr. Jess Money

Mr. Gary Ohst

Ms. Sofia Quinones

Ms. Connie Rutter

Mr. Neil Saaty

Ms. June Burlingame Smith, Pt. Fermin Resident Association

Ms. Tania Solé

Ms. Mona Sutton, Omelette and Waffle Shop

Mr. Noel Weiss

Mr. John Winkler, Mira Flores Homeowners Association

Ms. Kathleen Woodfield, San Pedro Peninsula Homeowners
United

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I	1:00 P.M. - CLOSED SESSION: AT ANY TIME DURING THE MEETING THE COMMISSION MAY MEET IN A SESSION CLOSED TO THE PUBLIC TO CONSIDER THE FOLLOWING PURSUANT TO GOVERNMENT CODE SECTION 11126:	2
A.	LITIGATION. THE COMMISSION MAY CONSIDER PENDING AND POSSIBLE LITIGATION PURSUANT TO THE CONFIDENTIALITY OF ATTORNEY-CLIENT COMMUNICATIONS AND PRIVILEGES PROVIDED FOR IN GOVERNMENT CODE SECTION 11126(e).	
1.	THE COMMISSION MAY CONSIDER MATTERS THAT FALL UNDER GOVERNMENT CODE SECTION 11126(e)(2)(A): Redwood Square Enterprises, LLC v. Standard Brands Paint Co. et al. State of California, acting by and through the State Lands Commission v. Crockett Marine Services et al. Seacliff Beach Colony Homeowners Association v. State of California et al. State of California, acting by and through the State Lands Commission v. Singer Defend Our Waterfront v. California State Lands Commission et al. The Melton Bacon and Katherine L. Bacon Family Trust et al. v. California State Lands Commission, City of Huntington Beach SLPR, LLC et al. v. San Diego Unified Port District, State Lands Commission San Francisco Baykeeper v. State Lands Commission	

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City of Los Angeles v. Great Basin
Unified Air Pollution Control District
et al.

City of Los Angeles v. California Air
Resources Board et al.

California State Lands Commission v.
Edward L. Clark Jr.

2. THE COMMISSION MAY CONSIDER MATTERS THAT
FALL UNDER GOVERNMENT CODE SECTION
11126(e)(2)(B) or (2)(C).

B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS.
THE COMMISSION MAY CONSIDER MATTERS THAT
FALL UNDER GOVERNMENT CODE SECTION 11126(c)
(7) - TO PROVIDE DIRECTIONS TO ITS NEGOTIATORS
REGARDING PRICE AND TERMS FOR LEASING OF REAL
PROPERTY.

II	OPEN SESSION	1
III	CONFIRMATION OF MINUTES FOR THE MEETING OF FEBRUARY 21, 2014	3
IV	EXECUTIVE OFFICER'S REPORT	3

Continuation of Rent Actions to be taken by the
CSLC Executive Officer pursuant to the
Commission's Delegation of Authority:

- Wild Goose Storage, Inc. (Lessee):
Continuation of rent at \$250 per year for a
General Lease - Right-of-Way Use, located on
sovereign land in the Sacramento River, near
Delevan, Colusa County, (PRC 8443.1).
- Pacific Gas and Electric Company (Lessee):
Continuation of rent at \$100 per year for a
General Lease - Right-of-Way Use, located on
a 0.355 acre parcel of School Land within a
portion of Section 28, Township 4 South,
Range 18 East, MDM, near the town of
Mariposa, Mariposa County (PRC 6703.2).

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- Alan and Jennifer Faughn (Lessees):
Continuation of rent at \$1,600 per year for
a General Lease - Grazing Use, located on
approximately 320 acres of State lieu land
near Bakersfield, Kern County (PRC 8089.2).

V. CONSENT CALENDAR C01-C89 14

THE FOLLOWING ITEMS ARE CONSIDERED TO BE
NON-CONTROVERSIAL AND ARE SUBJECT TO CHANGE AT
ANY TIME UP TO THE DATE OF THE MEETING.

LAND MANAGEMENT DIVISION
NORTHERN REGION

- C01 ROBERT A. HYER AND SONOMA HYER (APPLICANT):
Consider application for a General Lease -
Recreational Use, of sovereign land located in
the Sacramento River, adjacent to 16510 County
Road 117, near the city of West Sacramento, Yolo
County; for the proposed construction, use and
maintenance of a floating boat dock, floatable
bridge gangway, and two steel pilings.
CEQA Consideration: categorical exemption
(PRC 8460.1; RA# 01613) (A 4; S 3)
(Staff: G. Asimakopoulos)

- C02 ANN SOLARI FERRANTE; ELAINE-MARYSE SOLARI; AND
VIRGINIA SOLARI MAZRY, AS TRUSTEE OF THE VIRGINIA
SOLARI MAZRY 2005 TRUST DATED MAY 19, 2005
(LESSEES); ELAINE-MARYSE SOLARI; RICHARD DONALD
JOHNSON; MATTHEW SCOTT FERRANTE; JASON ANTHONY
FERRANTE; MARISSA DIANE FERRANTE; AND ANN SOLARI
FERRANTE, AS TRUSTEE OF THE JOSEPH A. FERRANTE
AND ANN SOLARI FERRANTE 2004 TRUST U/D/T MARCH
31, 2004 (APPLICANTS):
Consider acceptance of a lease quitclaim deed and
an application for amendment to Lease No. PRC
7416.9, a Recreational Pier Lease, of sovereign
land located in Lake Tahoe, adjacent to 8453
Meeks Bay Avenue, near Meeks Bay, El Dorado
County; for an existing pier, boat lift, boat
hoist, and two mooring buoys. CEQA Consideration:
not projects. (PRC 7416.9; RA# 01713) (A 5; S 1)
(Staff: G. Asimakopoulos)

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- C03 DALE E. DORN 1983 REVOCABLE TRUST DBA KO-KET RESORT (APPLICANT): Consider application for a General Lease - Commercial Use, of sovereign land located in the Sacramento River, adjacent to 14174 Isleton Road, near the city of Isleton, Sacramento County; for an existing commercial marina known as Ko-Ket Resort, consisting of 18 existing boat docks with gangways, launch ramp, and fuel dock with gangway previously authorized by the Commission; and an accommodation dock with gangway, 14 existing wood decks, electrical and water utility outlets, two bulkheads with fill, and bank protection not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 2049.1; RA 02512) (A 11; S 3) (Staff: V. Caldwell)
- C04 WILLIAM R. GREEN AND MICHELLE A. GREEN, AS TRUSTEES OF THE WILLIAM AND MICHELLE GREEN 1999 REVOCABLE TRUST (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8801 One Ring Road, near the city of South Lake Tahoe, El Dorado County; for an existing pier and four mooring buoys. CEQA Consideration: categorical exemption (PRC 8251.1; RA# 35712) (A 5; S 1) (Staff: M.J. Columbus)
- C05 CHARLES W. KING, III, AND PATRICIA KING PORTER, TRUSTEES OF THE 1999 MICHAEL JAMES KING FAMILY TRUST DATED MARCH 26, 1999 (ASSIGNORS); SANJAY SRIVASTAVA (ASSIGNEE): Consider application for the assignment of Lease No. PRC 8400.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4830 West Lake Boulevard, near Homewood, Placer County; for one existing mooring buoy. CEQA Consideration: not a project (PRC 8400.1; RA# 07713) (A 1; S 1) (Staff: M.J. Columbus)
- C06 SILVER BLUE LODGE, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4784 North Lake Boulevard, near

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Carnelian Bay, Lake Tahoe, Placer County; for two existing mooring buoys. CEQA Consideration: categorical exemption (PRC 8476.1; RA# 11413) (A 1; S 1) (Staff: M.J. Columbus)

- C07 SHALLOW BEACH ASSOCIATION, INC. (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Tomales Bay adjacent to 470-520 Pierce Point Road, near the unincorporated town of Inverness, Marin County; for an existing fixed pier, stairway, catwalk, gangway, two floating docks, and 10 pilings not previously authorized by the Commission. CEQA Consideration: categorical exemption (W 26724; RA# 08513) (A 10; S 2) (Staff: K. Foster)
- C08 UNION BANK OF CALIFORNIA, NATIONAL ASSOCIATION, A NATIONAL BANKING ASSOCIATION, AS TRUSTEE UNDER THAT CERTAIN DECLARATION OF TRUST BY GEORGE A. POPE DATED DECEMBER 30, 1935 (LESSEE): Consider correction of prior approval for revision of rent for Lease No. PRC 5505.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 9800 Brockway Springs Drive, near Kings Beach, Placer County; for an existing pier, boathouse, three boat hoists, sundeck with stairs, and two mooring buoys. CEQA Consideration: not a project (PRC 5055.1) (A 1; S 1) (Staff: W. Hall)
- C09 CEDAR POINT HOMEOWNERS ASSOCIATION (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 1200 West Lake Boulevard, near Sunnyside, Placer County; for an existing pier, 18 mooring buoys, and six marker buoys. CEQA Consideration: categorical exemption (PRC 2859.1; RA# 15711) (A 1; S 1) (Staff: W. Hall)
- C10 CITY OF SACRAMENTO (APPLICANT): Consider application for a General Lease - Dredging to dredge material from sovereign land located in the Sacramento River, at the entrance to the Sacramento Marina in Miller Park and at the Miller Park Boat Ramp, in the city of Sacramento,

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Sacramento County; disposal of dredged material initially at one of two city-owned upland parcels near the dredged site, with final disposal at an approved U.S. Army Corps of Engineers' disposal site. CEQA Consideration: categorical exemption (PRC 7775.9; RA# 33312) (A 9; S 5, 9) (Staff: D. Jones)

- C11 CENTRAL VALLEY FLOOD PROTECTION BOARD (LESSEE): Consider application for an amendment to Lease No. PRC 7203.9, a General Lease - Public Agency Use, of sovereign land located in the Sacramento River at River Mile 16.8L, near the town of Isleton, Sacramento County; to conduct erosion repair. CEQA Consideration: Mitigated Negative Declaration, State Clearinghouse No. 2009042057, and adoption of a Mitigation Monitoring Program (PRC 7203.9) (A 11; S 5) (Staff: D. Jones)
- C12 TRUCKEE DONNER PUBLIC UTILITY DISTRICT (APPLICANT): Consider application for a General Lease - Public Agency Use, of sovereign land located in Donner Lake, adjacent to 15775 Donner Pass Road, in the town of Truckee, Nevada County; for an existing eight-inch fresh water intake pipeline previously authorized by the Commission and an existing 12-inch fresh water intake pipeline not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 4945.9; RA# 16413) (A 1; S 1) (Staff: N. Lavoie)
- C13 JOHN LONGEVAL LEWALLEN AND DIANA M. LEWALLEN, TRUSTEES OF THE JOHN AND DIANA LEWALLEN TRUST (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in the Sacramento River adjacent to 13800 River Road, near Walnut Grove, Sacramento County; for an existing uncovered floating boat dock, ramp, and two pilings. CEQA Consideration: categorical exemption (PRC 6036.1; RA# 19412) (A 11; S 3) (Staff: N. Lavoie)

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- C14 PAUL A. COAD AND GERICA L. COAD (LESSEES); DANIEL BAKER (APPLICANT): Consider termination of Lease No. PRC 8732.1, a General Lease - Recreational and Protective Structure Use, and an application for a new General Lease - Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 6735 Garden Highway, near the city of Sacramento, Sacramento County; for an existing uncovered floating boat dock, gangway, three pilings, and bank protection previously authorized by the Commission, and an existing boat lift not previously authorized by the Commission. CEQA Consideration: Lease - categorical exemption; lease termination - not a project (PRC 8732.1; RA# 13513) (A 7; S 6) (Staff: N. Lavoie)
- C15 TAHOE BOAT COMPANY OWNERS ASSOCIATION (LESSEE): Consider acceptance of back rent and waiver of penalty and interest for Lease No. PRC 7920.1, a General Lease - Commercial Use, of sovereign land located in Lake Tahoe, in the Tahoe City Marina Boat Harbor, adjacent to 700 North Lake Boulevard, Tahoe City, Placer County; for an existing commercial marina operation. CEQA Consideration: not a project (PRC 7920.1) (A 1; S 1) (Staff: N. Lee)
- C16 DELTA GAS GATHERING, INC. (LESSEE): Consider revision of rent to Lease No. PRC 8077.1, a General Lease - Right-of-Way Use, of sovereign land located in Steamboat Slough, between Grand Island and Ryer Island, near Walnut Grove, Sacramento and Solano Counties; for a six-inch-diameter, directionally bored, natural gas pipeline. CEQA Consideration: not a project (PRC 8077.1) (A 11; S 3) (Staff: D. Oetzel)

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- C17 PACIFIC FRUIT FARMS, A CORPORATION (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the Sacramento River, adjacent to 14090 State Highway 160, Walnut Grove, Sacramento County; for an existing floating boat dock, gangway, three pilings, and a two-pile dolphin. CEQA Consideration: categorical exemption (PRC 7796.1; RA# 09013) (A 11; S 3) (Staff: J. Sampson)
- C18 ASHLEY W. ABDO AND MARY E. ABDO (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 9922 Lake Street, Kings Beach, Placer County; for two existing mooring buoys. CEQA Consideration: categorical exemption (PRC 8366.1; RA# 15013) (A1; S1) (Staff: J. Sampson)
- C19 PATRICK C. BRADLEY AND NANCY T. IMMEKEPPEL (APPLICANTS): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in Georgiana Slough, adjacent to 17001 Terminous Road, city of Isleton, Sacramento County; for an existing single-berth covered floating boat dock, four pilings, gangway, ramp, utility shed, walkway, and bank protection. CEQA Consideration: categorical exemption (PRC 7764.1; RA# 13313) (A 11; S 3) (Staff: J. Sampson)
- C20 WILLIAM D. WATKINS AND DENISE P. WATKINS TRUSTEES OF THE WATKINS FAMILY TRUST DATED 1-7-94 (APPLICANTS): Consider application for a General Lease - Commercial Use, of sovereign land located in Lake Tahoe, adjacent to 6980 West Lake Boulevard, near Tahoma, Placer County; for an existing pier and five mooring buoys. CEQA Consideration: categorical exemption (PRC 3637.1; RA# 12313) (A 1; S 1) (Staff: J. Sampson)
- C21 BARRY AGRI\TECH (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land

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- located in Georgiana Slough, adjacent to 14270 River Road, Walnut Grove, Sacramento County; for an existing double-berth floating boat dock, gangway, three pilings, and bank protection. CEQA Consideration: categorical exemption (PRC 5349.1; RA# 11613) (A 8, 15; S 5, 14) (Staff: J. Sampson)
- C22 KLAUS MARTIN HIRT AND SABINE GABRIELE HIRT (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8477 Meeks Bay Avenue, near Tahoma, El Dorado County; for two existing mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption (W 26725; RA# 09113) (A 5; S 1) (Staff: J. Sampson)
- C23 BROCK R. SETTLEMIER AND MARLENE B. SETTLEMMIER, TRUSTEES OF THE BROCK R. SETTLEMIER AND MARLENE B. SETTLEMIER TRUST UNDER INSTRUMENT DATED DECEMBER 4, 1991, LAURA SETTLEMIER MCINTYRE, JULIET GRACE SETTLEMIER IVEY, BROCK REID SETTLEMIER, JR., AND WESTON JAMES SETTLEMIER (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 800 West Lake Boulevard, near Tahoe City, Placer County; for an existing pier, boat lift, and two mooring buoys. CEQA Consideration: categorical exemption (PRC 5843.1; RA# 30212) (A 1; S 1) (Staff: J. Sampson)
- C24 FRANK CHIU-NG TSANG AND JUDY MING-MING SZE TSANG AS CO-TRUSTEES OF THE FRANK CHIU-NG TSANG AND JUDY MING-MING SZE TSANG 2003 TRUST ESTABLISHED MAY 5, 2003 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Petaluma River, adjacent to 6300 Lakeville Highway, Petaluma, Sonoma County; for an existing pier, gangway, floating boat dock, and two pilings. CEQA Consideration: categorical exemption (PRC 8452.1; RA# 7812) (A 10; S 3) (Staff: J. Sampson)

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- C25 MARILYN B. WINTERS, TRUSTEE, LEO H. WINTERS AND
MARILYN B. WINTERS REVOCABLE 1989 TRUST
(APPLICANT): Consider application for a General
Lease - Recreational Use, of sovereign land
located in Lake Tahoe, adjacent to 3840 North
Lake Boulevard, near Carnelian Bay, Placer
County; for an existing pier and one mooring
buoy. CEQA Consideration: categorical exemption
(PRC 5489.1; RA# 10313) (A 4; S 1)
(Staff: J. Sampson)
- C26 RICHARD L. MARTUCCI AND CAROL T. MARTUCCI;
MARGARET M. DOLAN, TRUSTEE OF THE DOLAN FAMILY
TRUST, UNDER DECLARATION OF TRUST DATED NOVEMBER
2, 1995, FOR THE BENEFIT OF JOHN P. DOLAN AND
MARGARET M. DOLAN AND OTHERS; MAUREEN B. BOOKER,
AS TRUSTEE OF THE MAUREEN B. BOOKER TRUST, UDT
DATED AUGUST 25, 2009; MAUREEN B. BOOKER; FRANCIS
J. DOLAN AND CATHERINE LISA DOLAN, TRUSTEES OF
THE FRANK AND LISA DOLAN REVOCABLE TRUST DATED
APRIL 9, 1999; FRANCIS J. DOLAN; ERIN DOLAN;
BRENDA FLEGAL; AND MARGARET R. MCNAMARA
(APPLICANTS): Consider application for a General
Lease - Recreational Use, of sovereign land
located in Lake Tahoe, adjacent to 5736 and 5744
North Lake Boulevard, near Agate Bay, Placer
County; for an existing joint-use pier and
boathouse previously authorized by the
Commission; and two existing boat lifts and two
mooring buoys not previously authorized by the
Commission. CEQA Consideration: categorical
exemption (PRC 4850.1; RA# 02798)
(A 1; S 1) (Staff: M. Schroeder)
- C27 EDWARD D. PIKE, III, TRUSTEE OF THE PIKE FAMILY
TRUST DATED NOVEMBER 17, 1984 AND AMENDED AND
RESTATED MARCH 11, 1999 (APPLICANT): Consider
application for a General Lease - Recreational
Use, of sovereign land located in Lake Tahoe,
adjacent to 8335 Meeks Bay Avenue, near Rubicon
Bay, El Dorado County; for an existing pier and
two mooring buoys not previously authorized by
the Commission. CEQA Consideration: categorical
exemption(W 26729; RA# 10013) (A 5; S 1)
(Staff: M. Schroeder)

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- C28 DAN BEST II, IN TRUST, FOR THE BENEFIT OF BRENDA PAYNE COOLEY, WILLIAM ASHLEY PAYNE AND ROBERT BEST PAYNE UNDER THE BARBARA BEST PAYNE TESTAMENTARY TRUST; DAN G. BEST II, AS TRUSTEE UNDER THE BRENDA BEST WEAVER TESTAMENTARY TRUST; DAN G. BEST II, TRUSTEE OF THE DAN G. BEST II, REVOCABLE LIVING TRUST UNDER DECLARATION OF TRUST DATED OCTOBER 7, 1993; DAN G. BEST, AS SOLE TRUSTEE OF THE "BEST EXEMPT CREDIT TRUST"; AND DAN G. BEST, AS SOLE TRUSTEE OF THE "BEST SURVIVOR'S TRUST" (LESSEES); BRENDA P. COOLEY, TRUSTEE OF THE BRENDA COOLEY TRUST DATED APRIL 10, 2013, AND SUCCESSOR TRUSTEES THEREUNDER; WILLIAM ASHLEY PAYNE, ROBERT BEST PAYNE, JOHN C. WEAVER, III; DAN G. BEST, II, TRUSTEE OF THE DAN G. BEST II REVOCABLE LIVING TRUST UNDER DECLARATION OF TRUST DATED OCTOBER 7, 1993; DAN G. BEST, II, AS SOLE TRUSTEE OF THE "BEST EXEMPT CREDIT TRUST"; AND DAN G. BEST, II, AS SOLE TRUSTEE OF THE "BEST SURVIVOR'S TRUST" (APPLICANTS): Consider acceptance of a lease quitclaim deed for Lease No. PRC 5828.9, a Recreational Pier Lease, rescission of approval of Lease No. PRC 9055.1, a General Lease - recreational Use, and an application for a new General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4940, 4950, and 4960 West Lake Boulevard, near Homewood, Placer County; for an existing pier previously authorized by the Commission; and four existing mooring buoys not previously authorized by the Commission. CEQA Consideration: Lease - categorical exemption; quitclaim and rescission - not projects (PRC 5828.1; RA# 08013) (A 1; S 1) (Staff: M. Schroeder)
- C29 DONNA L. BENNER, TRUSTEE OF THE RAMSEIER-BENNER FAMILY TRUST DATED FEBRUARY 2, 1990; AND DONNA L. BENNER, TRUSTEE OF THE DONNA L. BENNER QUALIFIED PERSONAL RESIDENCE TRUST AGREEMENT DATED JANUARY 17, 2000 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 5310 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing pier, boat lift, and two

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mooring buoys. CEQA Consideration: categorical exemption (PRC 2457.1; RA# 08312) (A 1; S 1) (Staff: M. Schroeder)

- C30 MAX W. DAY AND ALVENA V. DAY AS TRUSTEES OF THE DAY FAMILY TRUST ESTABLISHED FEBRUARY 16, 1999 AND JOHN KEAGY, TRUSTEE OF THE KEAGY REVOCABLE TRUST, DATED FEBRUARY 22, 2007 (HSP) (LESSEES): Consider amendment of lease and revision of rent to Lease No. PRC 4866.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4760 West Lake Boulevard, near Homewood, Placer County; for an existing joint-use pier, boathouse with boat lift, and two mooring buoys. CEQA Consideration: not projects (PRC 4866.1) (A 1; S 1) (Staff: M. Schroeder)
- C31 RONALD M. FADELLI AND JOAN R. FADELLI; THE FADELLI LIMITED PARTNERSHIP; NORMA L. COMBS, TRUSTEE OF THE SURVIVOR'S TRUST, SET UP BY THE DECLARATION OF TRUST DATED DECEMBER 13, 1990; AND NORMA L. COMBS, TRUSTEE OF THE BY-PASS TRUST, SET UP BY THE DECLARATION OF TRUST DATED DECEMBER 13, 1990 (LESSEES): Consider amendment of lease and revision of rent to Lease No. PRC 5358.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 5270 and 5274 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing joint-use pier, two boat lifts, and two mooring buoys. CEQA Consideration: not projects (PRC 5358.1) (A 1; S 1) (Staff: M. Schroeder)
- C32 ANNEKE DE WEERD SHURTLEFF, AS TRUSTEE OF THE LAWTON AND ANNEKE SHURTLEFF FAMILY TRUST DATED OCTOBER 2, 1989, SURVIVOR'S TRUST (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 241 Drum Road, near Meeks Bay, El Dorado County; for an existing pier and two mooring buoys. CEQA Consideration: categorical exemption (PRC 2724.1; RA# 10913) (A 5; S 1) (Staff: M. Schroeder)

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- C33 BRUCE A. KRATER AND DORIS K. KRATER, TRUSTEES, OR THEIR SUCCESSORS IN TRUST, UNDER THE KRATER LIVING TRUST, DATED NOVEMBER 15, 2000, AND JOHN R. STRICKLEY AS TRUSTEE U/T/A DATED 5/20/88 KNOWN AS THE JOHN R. STRICKLEY AND HELEN K. STRICKLEY FAMILY TRUST (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8221 Meeks Bay Avenue, near Meeks Bay, El Dorado County; for an existing pier and one mooring buoy. CEQA Consideration: categorical exemption (PRC 8451.1; RA# 25112) (A 5; S 1) (Staff: M. Schroeder)
- C34 PAULA FAVA CORCORAN (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the Petaluma River adjacent to 5 Hillside Terrace, Novato, Marin County; for a boathouse and pier. CEQA Consideration: categorical exemption (PRC 3710.1; RA# 14413) (A 6; S 3) (Staff: D. Simpkin)
- C35 WILLIAM A. HEWLETT, RICHARD JAFFE AND JAMES S. HEWLETT, TRUSTEES OF THE COOPER PROPERTY TRUST OF NOVEMBER 1, 1994 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2170 West Lake Boulevard, Tahoe City, Placer County; for an existing pier previously authorized by the Commission, and one existing mooring buoy and three unattached pilings not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 3867.9; RA# 20698) (A 1; S 1) (Staff: B. Terry)
- C36 ELEANOR HEWLETT GIMON AND SALLY M. HEWLETT, TRUSTEES OF THE HEWLETT FAMILY TRUST OF JANUARY 1, 1992 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2050 West Lake Boulevard, Tahoe City, Placer County; for an existing rock crib pier and breakwater previously authorized by the Commission, and one existing

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mooring buoy not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 4854.1; RA# 31711) (A 1; S 1) (Staff: B. Terry)

- C37 MARY H. JAFFE AND ERIC G. GIMON, TRUSTEES OF THE HALE PROPERTY TRUST OF NOVEMBER 1, 1994 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2150 West Lake Boulevard, Tahoe City, Placer County; for an existing pier previously authorized by the Commission, and an existing marine rail and two existing mooring buoys not previously authorized by the Commission. CEQA Consideration: Lease termination - not a project; lease - categorical exemption (PRC 5268.9; RA# 27998) (A 1; S 1) (Staff: B. Terry)
- C38 DONNER LAKE VILLAGE OWNERS ASSOCIATION (LESSEE): Consider application for an amendment to Lease No. PRC 8719.1, a General Lease - Commercial and Recreational Use, of sovereign land located in Donner Lake, adjacent to 15695 Donner Pass Road, near the town of Truckee, Nevada County; to include the rental operation of one additional pontoon boat, two additional ski boats, and six paddle boards under authorized activities. CEQA Consideration: categorical exemption (PRC 8719.1; RA# 19413) (A 4, 3; S 1) (Staff: B. Terry)
- C39 COMCAST OF CALIFORNIA/MARYLAND/PENNSYLVANIA/VIRGINIA/WEST VIRGINIA, LLC (APPLICANT): Consider application for a General Lease - Right-of-Way Use, of sovereign land located in the Albion River, near Albion; and in the Big River, near Mendocino, Mendocino County; for existing fiber-optic communications cables. CEQA Consideration: categorical exemption (PRC 5592.9; RA# 13110) (A 2; S 2) (Staff: B. Terry)

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- C40 PAUL THOMPSON AND KATHLEEN THOMPSON, AS TRUSTEES OF THE THOMPSON FAMILY LIVING TRUST (1998) DATED APRIL 15, 1998 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 7015 Pine Street, near Tahoma, Placer County; for the construction of a marine rail. CEQA Consideration: categorical exemption (W 26765; RA# 12513) (A 1; S 1) (Staff: B. Terry)
- C41 RC HORIZON, LLC (LESSEE); W. GROUP HOLDING IV, LLC (APPLICANT): Consider acceptance of a quitclaim deed for Lease No. PRC 4182.1, a General Lease - Recreational Use, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, 4260 North Lake Boulevard, adjacent to Assessor's Parcel Number 092-190-010, near Carnelian Bay, Placer County; for an existing pier and boathouse with a boat lift previously authorized by the Commission, removal of an existing catwalk, ladder, and boat hoist; extension of a portion of the pier decking; and installation of a boat lift. CEQA Consideration: Lease - categorical exemption; quitclaim - not a project (PRC 4182.1; RA# 09713) (A 1; S 1) (Staff: B. Terry)
- C42 ROBERT MCNEIL AND CAROLE JOYCE MCNEIL, TRUSTEES OF THE ROBERT AND CAROLE MCNEIL 1993 TRUST DATED FEBRUARY 3, 1993 (LESSEES); ROBERT A. MCNEIL AND CAROLE J. MCNEIL, TRUSTEES OF THE ROBERT AND CAROLE MCNEIL 2000 TRUST DATED NOVEMBER 15, 2000, AND SUCCESSOR TRUSTEES (APPLICANTS): Consider termination of Lease No. PRC 3883.9, a Recreational Pier Lease, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to Assessor's Parcel Numbers 090-320-001 and 090-320-002, near Kings Beach, Placer County; for an existing pier previously authorized by the Commission and three existing mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 3883.1; RA# 28112) (A 1; S 1) (Staff: B. Terry)

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CENTRAL REGION

- C43 VENICE ISLAND, INC., A CALIFORNIA CORPORATION (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the San Joaquin River, adjacent to 17500 West Eight Mile Road, Venice Island, near the city of Stockton, San Joaquin County; for an existing walkway, ramp, and four pilings previously authorized by the Commission, and an existing L-shaped uncovered floating boat dock with nine pilings, and two unattached pilings not previously authorized by the Commission. CEQA Consideration: categorical exemption (PRC 2212.1; RA# 02813) (A 13; S 5) (Staff: G. Asimakopoulos)
- C44 ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT (APPLICANT): Consider application for a General Lease - Public Agency Use, of sovereign land in Alameda Creek, near Union City, Alameda County; for a flood control channel. CEQA Consideration: categorical exemption (PRC 2380.9; RA# 15513) (A 20; S 10) (Staff: R. Collins)
- C45 JUDITH A. FINCH (APPLICANT): Consider application for a General Lease - Commercial Use, of sovereign land located in the San Joaquin River, adjacent to 10705 Lanes Road, city of Fresno, Fresno County; for a recreational vehicle park and unimproved boat launch. CEQA Consideration: categorical exemption (PRC 5492.1; RA# 33912) (A 23; S 14) (Staff: R. Collins)
- C46 U.S. BUREAU OF RECLAMATION (APPLICANT): Consider adoption of an Environmental Assessment/Finding of No Significant Impact in place of a Negative Declaration, State Clearinghouse No. 2014031012, and an application for a General Lease - Public Agency Use, of sovereign land at four locations in the San Joaquin River, Fresno and Madera Counties; for the temporary placement of fish collection structures. (W 26749; RA# 18213) (A 5, 23, 31; S 14) (Staff: R. Collins)

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- C47 HERCULES, LLC (LESSEE): Consider adoption of a Mitigated Negative Declaration, Hercules LLC/Prologis Pipeline Removal Project, State Clearinghouse Number 2014032009, adoption of a Mitigation Monitoring Program, and approval of an amendment to Lease No. PRC 7985.1, a General Lease - Right-of-Way Use, of sovereign land located in San Pablo Bay, City of Hercules, Contra Costa County; to allow for the removal of a wastewater outfall pipeline, three diffusers, and anchor plates; and authorize acceptance of a quitclaim deed for and termination of Lease No. PRC 7985.1 upon satisfactory completion of the pipeline removal project.(PRC 7985.1; RA# 01812) (A 15; S 9) (Staff: K. Foster)
- C48 CARGILL INCORPORATED (LESSEE): Consider application for an amendment to Lease No. PRC 8596.1, a Master Lease - Right-of-Way Use, of sovereign land located in Patterson Creek, San Francisco Bay, Alviso Slough, Coyote Creek, Mud Slough, Alameda Creek, Mallard Slough, Revenwood Slough, Mowry Slough, Newark Slough, and Plummer Creek near the cities of Union City, Milpitas, and East Palo Alto, in Alameda, Santa Clara, and San Mateo Counties; for the removal of six parcels from the lease containing abandoned brine pipelines and dredge locks used for salt production, and for the addition to the Lease of and the acceptance of back rent for three parcels containing associated brine pipelines and other improvements used for salt production, not previously authorized by the Commission; and the execution of an Abandonment Agreement and the acceptance of a quitclaim deed for the abandonment of the improvements located within the six parcels to be removed from Lease No. PRC 8596.1. CEQA Consideration: amendment to add three parcels - categorical exemption; amendment to remove six parcels - not a project (PRC 8596.1; RA# 24712) (A 20, 24, 25; S 10, 13) (Staff: K. Foster)

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- C49 FELCOR/CSS HOLDINGS, L.P. (APPLICANT/SUBLESSOR); DJONT OPERATIONS, LLC (SUBLESSEE): Consider termination of Lease Nos. 4689.1, 4690.1, and 4691.1, a General Lease - Commercial Use; and authorize a new General Lease - Commercial Use, Lease No. PRC 4691.1, including an endorsement of a sublease, of filled and partially filled tidelands in San Francisco Bay, city of Burlingame, San Mateo County for an existing 10-story hotel, restaurant, lounge, hotel concessions, pier, footbridge, lagoon, and public park. CEQA Consideration: Lease - categorical exemption; termination and sublease - not projects(PRC 4689.1, 4690.1, 4691.1; RA# 00811) (A 22; S 8, 13) (Staff: A. Franzoia)
- C50 KENNETH J CARVER, II AND CROCKETT MARINE SERVICE, INC. (APPLICANT): Consider rescission of prior Commission action authorizing lease to Kenneth J Carver, II and application for a new General Lease - Commercial Use to Crockett Marine Service, Inc., of sovereign land located in the Carquinez Strait, Crockett, Contra Costa County; for an existing marina, restaurant, non-operational boat repair facility, and appurtenant facilities. CEQA Consideration: Lease and removal - categorical exemption; rescission - not a project (PRC 2546.1; RA# 26911) (A 14; S 3) (Staff: G. Kato)
- C51 CALIFORNIA STATE LANDS COMMISSION (PARTY): Consider authorizing staff to file a Record of Survey for the Reach 4B1 San Joaquin River Administrative Map. CEQA Consideration: not a project(W 26377) (A 25, 29, 30, 31; S 14, 16) (Staff: S. Lehman)
- C52 CHEVRON PRODUCTS COMPANY, A DIVISION OF CHEVRON U.S.A., INC. (APPLICANT): Consider application for a General Lease - Right-of-Way Use, of sovereign land located in San Pablo Bay, near Point San Pablo and the city of Richmond, Contra Costa County; for a 10-inch diameter concrete deep water outfall. CEQA Consideration: categorical exemption(PRC 7062.1; RA# 21111) (A 6; S 9) (Staff: D. Oetzel)

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- C53 CONEY ISLAND FARMS, INC. (LESSEE): Consider application for an amendment to Lease No. PRC 2222.1, a General Lease - Right-of-Way Use, of sovereign land located in the Old River, adjacent to Contra Costa County APN 001-111-005 and San Joaquin County APN 189-250-07; to include an existing floating boat dock, two pilings, and gangway not previously authorized by the Commission; and revise the lease premises and the annual rent. CEQA Consideration: Lease amendment - categorical exemption; revision of rent - not a project (PRC 2222.1) (A 15; S 5)
(Staff: J. Sampson)
- C54 JACK G. WILKINSON AND SHIRLEY M. WILKINSON AS TRUSTEES OF THE WILKINSON FAMILY 2002 TRUST (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in the Calaveras River, adjacent to 2767 Calariva Drive, city of Stockton, San Joaquin County; for an existing floating boat dock, boathouse, three pilings, and gangway. CEQA Consideration: categorical exemption (PRC 7793.1; RA# 13713) (A 13; S 5)
(Staff: J. Sampson)
- C55 CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER (LESSEE): Consider application for an amendment to Lease No. PRC 8079.9, a General Lease - Public Agency Use on sovereign land located in the dry lake bed, Owens Lake, Inyo County; to amend the lease to include the use of a stockpile area and amend the Land Description to include an access road and water supply pipeline. CEQA Consideration: Environmental Impact Report, State Clearinghouse No. 2011051068, adoption of a Mitigation Monitoring Program and Findings (PRC 8079.9; RA# 20313) (A 34; S 18)
(Staff: D. Simpkin)

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SOUTHERN REGION

- C56 BRETT AND KATHLEEN FOWLER AND TERRY N. AND JEANETTE D. FOWLER (APPLICANTS): Consider application for a General Lease - Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1207 Beach Drive, city of Needles, San Bernardino County; for riprap bankline not previously authorized by the Commission. CEQA Consideration: categorical exemption(W 26757; RA# 18513) (A 33; S 18) (Staff: R. Collins)
- C57 RONALD J. AND MELISSA P. SANDERS (APPLICANTS): Consider application for a General Lease - Protective Structure Use, of sovereign land located in the Pacific Ocean, adjacent to 3398 Pacific Coast Highway, near the city of San Buenaventura, Ventura County; for an existing concrete seawall. CEQA Consideration: categorical exemption (PRC 8126.1; RA# 18613) (A 37; S 19) (Staff: R. Collins)
- C58 JESSE A. BERBER AND ELIZABETH A. BERBER, AS TRUSTEES OR ANY SUCCESSOR TRUSTEE OF THE JESSE A. BERBER AND ELIZABETH A. BERBER FAMILY TRUST DATED JULY 6, 2001 (APPLICANTS): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1138 Beach Drive, city of Needles, San Bernardino County; for two existing planter areas with rock retaining walls, two concrete stairways with rock walls and electrical appurtenances, concrete patio area, and riprap bankline not previously authorized by the Commission. CEQA Consideration: categorical exemption(W 26554; RA# 24511) (A 33; S 18) (Staff: R. Collins)
- C59 COUNTY OF SAN BERNARDINO (LESSEE): Consider application for an interim General Lease - Public Agency Use, of sovereign land located in the Colorado River adjacent to Moabi Regional Park, near the city of Needles, San Bernardino County; for existing park facilities. CEQA Consideration: categorical exemption(PRC 3321.9; RA# 26310) (A 33; S 18) (Staff: K. Foster)

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- C60 CHEVRON U.S.A., INC. (LESSEE): Consider revision of rent to Lease No. PRC 1915.1, a General Lease - Right-of-Way Use, of sovereign land located in Santa Monica Bay, Pacific Ocean, near El Segundo, Los Angeles County; for a 60-inch diameter wastewater outfall pipeline. CEQA Consideration: not a project (PRC 1915.1) (A 53; S 28) (Staff: D. Oetzel)
- C61 ROBERT C. MILLER AND GLENNA S. MILLER (LESSEES): Consider revision of rent to Lease No. PRC 3085.1, a General Lease - Recreational Use, of sovereign lands located in Huntington Harbour, adjacent to 16532 Somerset Lane, city of Huntington Beach, Orange County; for an existing boat dock, access ramp, and cantilevered deck. CEQA Consideration: not a project (PRC 3085.1) (A 72; S 37) (Staff: D. Oetzel)
- C62 CITY OF HUNTINGTON BEACH (LESSEE): Consider amendment of Lease No. PRC 6616.9, a General Lease - Public Agency Use, of sovereign land in the Pacific Ocean, offshore Huntington Beach, Orange County; for a municipal pier with restroom facilities, lifeguard tower, and related concessions; to amend the due date for the annual report and authorize two subleases. CEQA Consideration: Subleases ;V categorical exemption; amendment - not a project (PRC 6616.9) (A 67; S 35) (Staff: D. Oetzel)
- C63 LEONIS C. AND D. LEONIE MALBURG (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Main Channel of Huntington Harbour, adjacent to 16442 Malden Circle, Huntington Beach, Orange County; for a boat dock, access ramp, and cantilevered deck. CEQA Consideration: categorical exemption (PRC 3086.1; RA# 00313) (A 72; S 34) (Staff: D. Simpkin)

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SCHOOL LANDS

C64 SOUTHERN CALIFORNIA EDISON COMPANY (LESSEE):
Consider amendments to Lease Nos. PRC 1936.2, PRC
2167.2, PRC 2378.2, PRC 2507.2, PRC 2679.2, PRC
2701.2, PRC 3193.1, PRC 3392.2, PRC 3463.2, PRC
4024.2, PRC 4025.2, PRC 4026.2, PRC 4027.2, PRC
4055.1, PRC 4465.2, PRC 4511.2, PRC 4629.2, PRC
5970.2, PRC 5981.1, PRC 6346.2, PRC 6704.1, PRC
6785.1, PRC 6908.1, PRC 7528.2, PRC 7529.2, PRC
8097.1, PRC 8330.1, PRC 8880.2, PRC 8970.2, PRC
9093.2, located on sovereign and school land in
various counties, to include a performance
guaranty in lieu of a surety bond or other
security device or to provide a performance
guaranty in those leases or rights-of-way where
none have been previously required. CEQA
Consideration: not projects (PRC 1936.2, PRC
2167.2, PRC 2378.2, PRC 2507.2, PRC 2679.2, PRC
2701.2, PRC 3193.1, PRC 3392.2, PRC 3463.2, PRC
4024.2, PRC 4025.2, PRC 4026.2, PRC 4027.2, PRC
4055.1, PRC 4465.2, PRC 4511.2, PRC 4629.2, PRC
5970.2, PRC 5981.1, PRC 6346.2, PRC 6704.1, PRC
6785.1, PRC 6908.1, PRC 7528.2, PRC 7529.2, PRC
8097.1, PRC 8330.1, PRC 8880.2, PRC 8970.2, PRC
9093.2) (A & S: Statewide) (Staff: C. Hudson)

MINERAL RESOURCES MANAGEMENT

C65 CITY OF LONG BEACH (APPLICANT): Consider prior
approval of subsidence costs for vertical
measurements and studies for the 2014 to 2015
fiscal year, City of Long Beach, Los Angeles
County. CEQA Consideration: categorical exemption
(W 10443) (A 70; S 33, 34)
(Staff: R. B. Greenwood)

C66 UNITED STATES BUREAU OF RECLAMATION (APPLICANT):
Consider approval of a Non-Exclusive Geological
Survey Permit on Sovereign lands under the
jurisdiction of the California State Lands
Commission. CEQA Consideration: categorical
exemption (W 6005.142) (A 33; S 18)
(Staff: R. B. Greenwood)

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- C67 DAVID EVANS AND ASSOCIATES, INC., FUGRO PELAGOS, INC., FUGRO WEST, INC., UNITED STATES GEOLOGICAL SURVEY, ECOSYSTEMS MANAGEMENT ASSOCIATES, INC., UNIVERSITY CORPORATION AT MONTEREY BAY, TERRASOND, LIMITED (PERMITTEES): Consider an addendum to a Mitigated Negative Declaration, Offshore Geophysical Permit Program Update, State Clearinghouse Number 2013072021, adoption of a revised Mitigation Monitoring Program, and approval of amendments to Non-Exclusive Geophysical Survey Permits on tide and submerged lands under the jurisdiction of the California State Lands Commission. (PRC 8345.9, PRC 8391.9, PRC 8392.9, PRC 8394.9, PRC 8536.9, PRC 8859.9, PRC 9007.9) (A & S: Statewide)(Staff: R. B. Greenwood, J. DeLeon)
- C68 ENIGMA RESOURCES, LLC (APPLICANT): Consider application for a Prospecting Permit for minerals other than oil, gas, geothermal resources, and sand and gravel on 480 acres of State School lands, Mono County. CEQA Consideration: statutory exemption(W 40949) (A 5; S 8) (Staff: V. Perez)
- C69 CITY OF LONG BEACH (APPLICANT): Consideration of the Long Beach Unit Annual Plan (July 1, 2014 through June 30, 2015), Long Beach Unit, Wilmington Oil Field, Los Angeles County. CEQA Consideration: not a project(W 17166) (A 70; S 33) (Staff: H. Rassamdana)

MARINE FACILITIES - NO ITEMS

ADMINISTRATION

- C70 CALIFORNIA STATE LANDS COMMISSION: Consider granting authority to the Executive Officer to execute various agreements for Budget Fiscal Year 2014-2015. CEQA Consideration: not a project (Staff: D. Brown, A. Abeleda)

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- C71 CALIFORNIA STATE LANDS COMMISSION: Consider granting authority to the Executive Officer to solicit Statements of Interest for consultant services, negotiate fair and reasonable price, award and execute agreements for preparation of environmental documentation for the El Segundo Generating Station Closure of Units 1 & 2 Ocean Conduits (project) located in Los Angeles County. CEQA Consideration: not a project (PRC 858.1; RA# 14013) (A & S: Statewide) (Staff: A. Abeleda, D. Brown, K. Keen)
- C72 CALIFORNIA STATE LANDS COMMISSION: Consider granting authority to the Executive Officer to enter into an Agreement with the City of Goleta to recover costs associated with emergency beach hazard removal activities immediately adjacent to State tidelands within city limits. CEQA Consideration: not a project (W 25812, W 30140, W 40575.5; RA# 21513) (A 37; S 19: Statewide) (Staff: C. Basavalinganadoddi; D. Brown)
- C73 CALIFORNIA STATE LANDS COMMISSION: Consider granting authority to the Executive Officer to enter into an Interagency Agreement with the California Maritime Academy to evaluate alternative methods of onboard treatment of ballast water in emergency or contingency situations to prevent nonindigenous species release. CEQA Consideration: not a project (W 9777.234, W 9777.243; C2013-052) (A & S: Statewide) (Staff: N. Dobroski, D. Brown)

LEGAL

- C74 CALIFORNIA STATE LANDS COMMISSION (PARTY): Consider action in response to a peremptory writ of mandate order to set aside and vacate the Commission's August 14, 2012 approval of the Exchange Agreement involving certain parcels of land located within Seawall Lot 351 ("SWL 351") and the 8 Washington Street property, City of San Francisco, County of San Francisco. CEQA Consideration: statutory exemption (G 11-01.7; W 503.2050) (A 17; S 11) (Staff: S. Blackmon, S. Scheiber, J. Rader)

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C75 JAMES BRADLEY JONES AS TRUSTEE OF THE J.B. JONES TRUST DATED MAY 20, 2009; CALIFORNIA STATE LANDS COMMISSION (PARTIES): Consider a Land Exchange Agreement, involving approximately .74 acres of land along the southern boundary of the Cosumnes River Preserve, Sacramento County. CEQA Consideration: categorical exemption (AD 346) (A 9; S 5) (Staff: E. Milstein)

KAPILOFF LAND BANK TRUSTEE ACTIONS

C76 CALIFORNIA TAHOE CONSERVANCY AND CALIFORNIA STATE LANDS COMMISSION, AS TRUSTEE OF THE KAPILOFF LAND BANK (PARTIES): Consider approval of the purchase, with Kapiloff Land Bank Funds, of a portion of a parcel of land owned by Alta Mira Ltd, (APN 027-010-16), located at 3339 Lake Tahoe Boulevard, in South Lake Tahoe, El Dorado County, and approval of a General Lease - Public Agency Use, of the acquired property to the California Tahoe Conservancy. CEQA Consideration: Purchase - statutory exemption; lease - Negative Declaration, State Clearinghouse No. 2012022047 (W 26742) (A 5; S 1) (Staff: K. Colson, B. Terry)

EXTERNAL AFFAIRS

GRANTED LANDS

C77 CITY OF LONG BEACH (APPLICANT): Review the proposed expenditure of tideland oil revenues, in an amount not to exceed \$109,780,000, by the City of Long Beach for capital improvement projects located within legislatively-granted sovereign land in the City of Long Beach, Los Angeles County. CEQA consideration: not a project (G 05-03) (A 70; S 28, 33) (Staff: R. Boggiano)

C78 CITY OF NEWPORT BEACH (APPLICANT): Review the proposed expenditure of tidelands funds, in an amount not to exceed \$6,132,900 by the city of Newport Beach for capital improvement projects located within legislatively-granted sovereign land in the City of Newport Beach, Orange County. CEQA consideration: not a project (G 09-02.5) (A 74; S 37) (Staff: R. Boggiano)

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- C79 CITY OF REDONDO BEACH (APPLICANT): Consider authorization of the proposed expenditure of tidelands funds, in an amount not to exceed \$92,000 annually and not to exceed 13 years, by the City of Redondo Beach for a lease acquisition located within legislatively-granted sovereign land in the City of Redondo Beach, Los Angeles County. CEQA Consideration: not a project(G 05-07) (A 66; S 28) (Staff: R. Boggiano) 57
- C80 CITY OF REDONDO BEACH (APPLICANT): Consider authorization of the proposed expenditure of tidelands funds, in an amount not to exceed \$600,000, by the City of Redondo Beach for pre-construction engineering work for a proposed boat ramp facility in King Harbor located within legislatively-granted sovereign land in the City of Redondo Beach, Los Angeles County. CEQA Consideration: not a project(G 05-07) (A 66; S 28) (Staff: R. Boggiano) 84
- C81 CITY OF EUREKA (APPLICANT): Consider approval of a lease agreement between the City of Eureka and Chevron Products Company, a Division of Chevron U.S.A. Inc. for general industrial or commercial uses of a marine oil terminal on legislatively-granted sovereign land pursuant to Chapter 1095, Statutes of 1978. CEQA Consideration: not a project (G 04-02) (A 2; S 2) (Staff: R. Boggiano)

LEGISLATION AND RESOLUTIONS

- C82 CALIFORNIA STATE LANDS COMMISSION: Consider supporting state legislation that would eliminate a payment obligation from the City of Eureka to the State Controller resulting from an agreement for the State's assistance in litigation of tidelands boundary settlements in the 1970s (AB 1943, Chesbro). CEQA Consideration: not a project(A & S: Statewide) (Staff: S. Pemberton)

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- C83 CALIFORNIA STATE LANDS COMMISSION: Consider supporting state legislation that would repeal a legislative trust grant of three parcels to the City of Martinez (City) and enacts a new grant of tide and submerged lands to the City that includes the three previously granted parcels and a fourth are, which is generally known as the Martinez Marina (SB 1424, Wolk). CEQA Consideration: not a project(A & S: Statewide) (Staff: S. Pemberton)
- C84 CALIFORNIA STATE LANDS COMMISSION: Consider supporting state legislation that would prohibit stores that have a specified amount of dollar sales or retail floor space from providing a single-use carryout bag to a customer, with certain exceptions and subject to various conditions (SB 270, Padilla, De Leon, and Lara). CEQA Consideration: not a project (A & S: Statewide) (Staff: S. Pemberton)
- C85 CALIFORNIA STATE LANDS COMMISSION: Consider supporting state legislation that would require the Natural Resources Agency to create and maintain a sea level rise planning database on its website and require various state and local entities, including the State Lands Commission to submit information monthly for inclusion in the database (AB 2516, Gordon). CEQA Consideration: not a project(A & S: Statewide) (Staff: S. Pemberton)
- C86 CALIFORNIA STATE LANDS COMMISSION: Consider sponsoring state legislation that would make technical and clarifying changes to existing statutes involving the due date for granted public trust land financial statements and the definition of marine waters as it relates to the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (AB 2764, Assembly Natural Resources Committee). CEQA Consideration: not a project (A & S: Statewide) (Staff: S. Pemberton)

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- C87 CALIFORNIA STATE LANDS COMMISSION: Consider supporting state legislation that would require the San Francisco Bay Conservation and Development Commission, in collaboration with various other state, regional, and local government agencies, to take action to protect San Francisco Bay area residents from sea level rise by preparing a regional resilience strategy for adapting to rising sea levels in the San Francisco Bay, containing specified components (SB 1184, Hancock). CEQA Consideration: not a project(A & S: Statewide) (Staff: S. Pemberton)
- C88 CALIFORNIA STATE LANDS COMMISSION: Consider opposing federal legislation that would preempt states' authority to address vessel discharges and eliminate the long-standing ability of states to protect unique state waters from invasive species(Senate Bill 2094, Senator Begich). CEQA Consideration: not a project(A & S: Federal) (Staff: S. Pemberton)
- C89 CALIFORNIA STATE LANDS COMMISSION (PARTY): Consider adopting a resolution honoring Professor Joseph Lawrence Sax; a seminal environmental and public trust scholar and author whose work has been foundational in the development of the public trust law. CEQA Consideration: not a project(A & S: Statewide) (Staff: S. Pemberton)

VI INFORMATIONAL

- 90 CALIFORNIA STATE LANDS COMMISSION (APPLICANT): Staff Report on the monitoring of possible subsidence, Long Beach Unit, Wilmington Oil Field, Los Angeles County. CEQA Consideration: not applicable(W 16001, W 10442) (A 70; S 33, 34) (Staff: R. B. Greenwood)

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VII REGULAR CALENDAR

- 91 VENOCO, INC. (APPLICANT): Consider certification of a Final Environmental Impact Report (State Clearinghouse No. 2005061013); adoption of Findings, Statement of Overriding Considerations, and Mitigation Monitoring Program; and the Revised PRC 421 Recommisioning Project on State Oil and Gas Lease No. PRC 421.1, by Venoco, Inc., Santa Barbara County. (PRC 421.1) (A 37; S 19) (Staff: S. Curran , E. Gillies, S. Blackmon, J. Rader) 25
- 92 CALIFORNIA STATE LANDS COMMISSION (INFORMATIONAL): Legislative report providing information about state and federal bills that are relevant to the California State Lands Commission. CEQA Consideration: not applicable(A & S: Statewide) (Staff: S. Pemberton, M. Moser) 126

VIII PUBLIC COMMENT 17,
97,
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IX COMMISSIONERS' COMMENTS 143

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Reporter's Certificates 144

P R O C E E D I N G S

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2 ACTING CHAIRPERSON GORDON: Being 1:00 o'clock, I
3 call this meeting of the State Lands Commission to order.
4 All the representatives of the Commission are present.
5 I'm Alan Gordon representing State Controller John Chiang.
6 To my right, I'm joined by Kevin Schmidt, who I'd like to
7 welcome to the Commission as a new representative for the
8 Lieutenant Governor Gavin Newsom, and Eraina Ortega
9 representing the Department of Finance to my left.

10 For the benefit of those in the audience, the
11 State Lands Commission manages State property interests in
12 over five million acres of land, including mineral
13 interests. Specifically, the Commission has jurisdiction
14 in filled and unfilled tide and submerged lands, navigable
15 waterways and State school lands.

16 The Commission also has responsibility for the
17 prevention of oil spills at marine oil terminals and
18 offshore oil platforms and for prevention of the
19 introduction of marine invasive species into California
20 waters.

21 Today, we will hear requests and presentations
22 concerning the leasing, management, and regulation of
23 these public sovereign and school land property interests,
24 and the activities occurring or proposed thereon.

25 I want to give you folks a little heads up,

1 because we're going to run the Committee a little bit
2 different -- the Commission a little differently today.
3 We are shortly going to adjourn into closed session where
4 we need to discuss legal matters before the Commission.
5 I'm not quite sure how that long -- that long it will
6 take. We will have to clear the room for us to do that --
7 Jennifer.

8 EXECUTIVE OFFICER LUCCHESI: Actually, we don't
9 need to clear the room.

10 ACTING CHAIRPERSON GORDON: We don't need to
11 clear the room

12 EXECUTIVE OFFICER LUCCHESI: We will clear the
13 room to go to a different room.

14 ACTING CHAIRPERSON GORDON: Oh, we will clear the
15 room. I have been instructed that I'm wrong.

16 (Laughter.)

17 ACTING CHAIRPERSON GORDON: So you folks -- off
18 to a good start All of you folks will be able to keep your
19 seats. We will leave the room for closed session, and we
20 are going to do that now.

21 All right. Let's go.

22 (Off record: 1:02 PM)

23 (Thereupon the meeting recessed into
24 closed session.)

25 (Thereupon the meeting reconvened open session.)

1 (On record: 1:36 PM)

2 ACTING CHAIRPERSON GORDON: Find a seat.

3 Ms. Lucchesi, is there anything to report from
4 closed session?

5 EXECUTIVE OFFICER LUCCHESI: Yes. The Commission
6 has authorized the Attorney General's office and
7 Commission staff to appeal the trial court's decision in
8 Defend our Waterfront versus the State Lands Commission.

9 That's it.

10 ACTING CHAIRPERSON GORDON: All right. Next item
11 of business will be the adoption of the minutes from the
12 Commission's meeting of February 21st, 2014. May I have a
13 motion to approve the minutes, please.

14 ACTING COMMISSIONER ORTEGA: So moved.

15 ACTING COMMISSIONER SCHMIDT: Second.

16 ACTING CHAIRPERSON GORDON: We've got a motion
17 and a second.

18 All those in favor?

19 (Ayes.)

20 ACTING CHAIRPERSON GORDON: Okay. Minutes are
21 unanimously adopted.

22 Next order of business the Executive Officer's
23 report.

24 Ms. Lucchesi.

25 EXECUTIVE OFFICER LUCCHESI: Yes. Good afternoon

1 Commissioners. I have a number of items I want to update
2 you on, so in the interests in time -- in time -- with the
3 interest of time, I will jump right into it.

4 First, I wanted to report that the California
5 Nevada Chapter of the American Fisheries Society recently
6 recognized two Commission staff members, former Assistant
7 Executive Officer and current retired annuitant Mr. Jim
8 Trout, and Senior Staff Attorney Pam Griggs for their work
9 and contributions to fisheries conservation through the
10 Bolsa Chica Wetlands and Fisheries Restoration Project.

11 Next I want to update the Commission on our
12 various information services projects. First, under the
13 direction of the Lieutenant Governor, Commission staff has
14 introduced a new budget transparency tool available to the
15 public. The budget information went live on March 27th,
16 and is accessible online via a link posted on the
17 Commission's website. OpenGov is a cloud-based software
18 platform that allows governments to communicate fiscal
19 information in a visual, easy-to-use manner that provides
20 up-to-date and historical perspectives on budgets. All
21 Commission expenditures and revenues for the past five
22 years are displayed allowing the public access -- the
23 public to access the detailed information that's nearly
24 impossible to find in ordinary budget documents currently
25 available. The Commission is the first State level entity

1 to employ this citizen access platform.

2 Second, I wanted to update the Commission on our
3 new lease database. The State lease information database
4 is in production and has gone through three monthly
5 billing cycles. The software provides staff with readily
6 access to information on all surface leases and has
7 improved efficiency and flexibility in the billing
8 process.

9 Staff are currently implementing features to
10 improve workflow and track major events in the lifecycle
11 of leases, such as rent reviews, lease expiration and
12 payment delinquency to ensure timely processing of
13 documents and receipt of revenues.

14 Finally, the Commission staff has also initiated
15 a GIS initiative to facilitate increase accessibility of
16 geographic information via the development of a
17 centralized digital library of information. This
18 centralized library known as an enterprise GIS would serve
19 as a valuable resource to State Lands staff for reference,
20 analysis, and decision-making purposes. Additionally, a
21 subset of that information may be available for public
22 information and outreach.

23 The Enterprise GIS will also have the ability to
24 interface with other enterprise information systems
25 augmenting non-spatial data to help drive decisions and

1 provide more comprehensive reporting.

2 Staff is going to be conducting a comprehensive
3 business analysis on each of the State Lands Divisions to
4 fully understand the business processes that could
5 possibly be affected by this Enterprise GIS system,
6 capturing the potential financial and human resource
7 requirements of multiple implementation scenarios. We
8 will also be building a network of GIS partners outside
9 the Commission to foster relationships and contribute to
10 the statewide GIS initiatives.

11 Next, I want to report on the revenues that the
12 Commission has generated thus far in the fiscal year.
13 Tideland revenue receipts through March 31st are in excess
14 of \$353 million. Revenues to the general fund are in
15 excess of \$343 million with three months to go in the
16 fiscal year. This is attributable to higher than
17 expected oil prices, and a less than anticipated
18 production decline curve. The original estimate in the
19 Governor's January budget was \$324 million for the entire
20 year.

21 Overall, the Commission's revenues from all
22 sources are approaching \$375 million through March 30th.
23 We expect to reach well over the \$450 million mark by
24 fiscal end -- fiscal year end.

25 I would also like to note that the oil trust

1 fund, the set aside basically for the eventual abandonment
2 of the Long Beach Oil Field has reached its cap of \$300
3 million -- it's Legislatively set cap of \$300 million.

4 Based on our February meeting, I had told the
5 Commission that I would report back to the Commission on
6 our efforts to simplify our recreational pier and dock
7 leases, as well as look to streamline and simplify our
8 application process for those leases.

9 The Legal Division has been working to create a
10 shorter, easier-to-understand Section 3 general provision
11 section for our leases, for our private recreational
12 docks, piers, and buoys. This has been a challenge to do
13 without sacrificing any of the safeguards needed to
14 protect the State. However, staff is making progress, and
15 upon proper review by senior management, we will be
16 implementing these changes in the near future. So far
17 what I'm told is we are reducing the length of these
18 leases by anywhere between 30 and 50 percent.

19 Going forward, we are also considering creating a
20 separate, shorter, more simple lease application process
21 for these same kinds of private recreational facilities.
22 That will help facilitate our relationship with the public
23 who used the State's property for these types of purposes.

24 Finally -- and if I could get my PowerPoint on
25 the -- oh, great.

1 (Thereupon an overhead presentation was
2 presented as follows.)

3 EXECUTIVE OFFICER LUCCHESI: I wanted to just
4 update the Commission and the public on the current
5 actions of staff in relation to our Hazard Removal Program
6 within Santa Barbara County.

7 The Commission maintains an ongoing program to
8 remove coastal hazards. The Commission staff coordinates
9 through responsible parties the planning and field
10 activities for the removal of dangerous remnants of
11 corroded coastal structures, piers, wells, and pilings to
12 eliminate, the extent possible, the hazards these remnants
13 located in the surf zone present to the public.

14 An inventory conducted this mid-1980's identified
15 over 400 individual hazards on lands within the
16 Commission's jurisdiction. The hazards that were
17 identified as posing the very highest risk have been
18 removed.

19 --o0o--

20 EXECUTIVE OFFICER LUCCHESI: Also, between August
21 1997 and March of 1998, through a program called the
22 Subsea Well Abandonment and Rig Sharing, the Commission
23 brought together a group of six oil and gas companies to
24 abandon a total of 23 subsea wells and remove the
25 associated well heads and flow lines in California State

1 waters is the Santa Barbara Channel. A follow-up project
2 also paved by the oil companies removed all ocean floor
3 debris identified as a associated with prior oil and gas
4 operations.

5 In 2001, an additional 24 hazard sites in which
6 hazards were previously hidden were identified through
7 site inspection. In 2002, the Commission staff procured
8 all the necessary permits for removal of hazards from
9 these 24 sites. And in 2008, the Commission staff was
10 successful in securing funding of 700,000 under the
11 Coastal Impact Assistance Program established by the
12 federal Energy Policy Act of 2005.

13 Several of the hazards have since been removed
14 including the most recent efforts by Commission staff,
15 spending approximately 680,000 from this grant money.
16 There are still many hazards that have not been removed,
17 and the remaining money of \$20,000 is not enough to remove
18 these hazards. The Commission estimates an additional
19 \$900,000 will be required to remove all the hazards from
20 the currently known locations.

21 The staff is aggressively trying to seek these
22 funds through budget augmentation processes, and/or
23 possible grants through the federal and other State
24 agencies.

25 What I want to focus on today is our partnership

1 and cooperation with the City of Goleta in removing a
2 significant amount of hazards in Santa Barbara Channel
3 within the area of the City of Goleta.

4 Recent storms during the first week of March 2014
5 caused approximately 15 to 20 feet of sand erosion from
6 various sites between Haskell Beach and Devereux Slough
7 along the Santa Barbara coast. The sand erosion exposed
8 several hazards, including steel, link, or tie rods and
9 cables, steel H-piles, railroad irons, wooden pilings,
10 sheet pilings, and metal rebar surrounding old abandoned
11 wells.

12 Also, several hundred feet of existing wooden
13 seawall along the beach above the mean high tide line, but
14 within the City of Goleta's jurisdiction was broken due to
15 storms, and the broken debris was deposited on the beach.

16 Due to the nesting and breeding season of some
17 federally listed species, including the Snowy Plover, the
18 existing permits that the Commission had restricted
19 working in these areas to a period between September 15th
20 and February 15th. So we were out of our general permit
21 time period to do any work out there.

22 However, due to the immediate threat of public
23 safety from the exposed hazards, which needed immediate
24 removal, the Commission staff coordinated with various
25 agencies, and was successful in obtaining emergency

1 permits from the California Coastal Commission, the U.S.
2 Army Corps of Engineers, and State Water Resources. In
3 addition, access permits were obtained from all upland
4 owners.

5 Due to favorable tidal conditions, the beach
6 hazard removal work from various sites started on Monday,
7 March 24th and continued through Friday, April 11th. The
8 beach hazards removal work was stopped due to unfavorable
9 tidal conditions and a depletion of our grant money.
10 During this three-week period, a total of \$180,000 was
11 spend in removing the following hazards listed on this
12 slide without any safety pollution or permit incidences.

13 I just want to take a moment to look at the
14 statistics in the work that the Commission did in
15 cooperation with the City of Goleta to remove a
16 significant amount of hazards from beach area surf zones
17 and beach areas that the public uses daily.

18 In the meanwhile, the City of Goleta requested us
19 to help -- requested our help using our permits and our
20 contractor to clean up the broken seawall debris from the
21 beach sites -- from various beach sites. The city staff
22 obtained the necessary authorization from their city
23 council and the mayor allocating sufficient money for
24 beach clean-up activities.

25 Under the agreement between the city and the

1 State Lands Commission, the Commission staff was able to
2 remove about 100 tons of wooden debris from the beach and
3 portions of the broken seawall at an approximate cost of
4 \$60,000.

5 I can't overstate enough the partnership that was
6 developed between State Lands staff, the City of Goleta,
7 Coastal Commission staff, the Army Corps staff and
8 everybody that really came together over this period of
9 time to clean up these sites from these hazards. And I'll
10 just walk through some of the before and after pictures I
11 think that will speak volumes to the amount of work that
12 was done.

13 --o0o--

14 EXECUTIVE OFFICER LUCCHESI: So we'll just walk
15 through different sites within the City of Goleta and
16 other sites surrounding the city of the structures that
17 were removed, some of the steel H-piles being excavated.

18 --o0o--

19 EXECUTIVE OFFICER LUCCHESI: Some of the remnant
20 pier structures being excavated and the after.

21 --o0o--

22 EXECUTIVE OFFICER LUCCHESI: This is an
23 incredibly important work that the Commission does in
24 partnership with our sister State agencies, as well as the
25 City of Goleta, UC Santa Barbara and others to enhance

1 access, enhance the environment within Public Trust Lands
2 and immediately adjacent to it.

3 --o0o--

4 --o0o--

5 EXECUTIVE OFFICER LUCCHESI: We had our
6 engineering staff Palani and Chandra at the site almost
7 daily overseeing the work. And it lasted for about three
8 weeks. It was incredibly intensive, but obviously well
9 worth it.

10 --o0o--

11 --o0o--

12 EXECUTIVE OFFICER LUCCHESI: Again, I think this
13 is probably really telling the amount of wooden debris
14 that accumulated during the storm and then the removal, so
15 that the public can then use that area of the beach.

16 And that concludes my Executive Officer's report.

17 Thank you.

18 ACTING CHAIRPERSON GORDON: Thank you, Jennifer.

19 Mr. Meier, can you please, for the audience's
20 edification, describe the voting rules of the Commission,
21 so everybody will understand why votes are only two as
22 opposed to three.

23 CHIEF COUNSEL MEIER: Yes. If there are no
24 Constitutional officers present, only one of the
25 alternates representing the two Constitutional officers

1 can vote, so that -- the representative for Finance can
2 always vote. So the decision is made -- one of the two
3 representatives will have to abstain. So there's -- all
4 votes here will have to be limited to two of the
5 representatives here.

6 ACTING CHAIRPERSON GORDON: And the reason for
7 that is I don't want anybody -- if I don't vote or Mr.
8 Schmidt doesn't vote, don't assume we are for or against
9 whatever is going on. We just have -- we've got to
10 abstain.

11 CHIEF COUNSEL MEIER: And this is as per
12 provision of the Government Code.

13 ACTING CHAIRPERSON GORDON: Thank you, sir.

14 Next order of business will be adoption of the
15 consent calendar.

16 Ms. Lucchesi, please.

17 EXECUTIVE OFFICER LUCCHESI: Yes. C-39, C-48,
18 C-50, C-74, C-82 through C-88 are all removed from the
19 agenda, and will be considered at a later time.

20 Items C-70 and C-80 are moved from the consent
21 agenda to the regular agenda because we have received
22 comment slips for people that want to speak on those
23 items. I will just note -- notice that we have two
24 speaker slips for C-67, but they do state that only if
25 there is opposition to this item. I do not -- I have not

1 received additional speaker slips in opposition for that
2 item. So unless we hear differently from the audience,
3 we're going to keep C-67 on the consent calendar.

4 ACTING CHAIRPERSON GORDON: All right. Is there
5 anyone in the audience who wishes to speak on any item
6 that is on the consent calendar?

7 If not, may I have a motion?

8 ACTING COMMISSIONER ORTEGA: I will move the
9 consent calendar.

10 ACTING CHAIRPERSON GORDON: Oh, there is someone.

11 EXECUTIVE OFFICER LUCCHESI: I moved C-79 and
12 C-80 to the regular calendar.

13 ACTING CHAIRPERSON GORDON: Seventy-nine or --
14 Okay. You had said 70.

15 EXECUTIVE OFFICER LUCCHESI: Let me repeat. How
16 about if I repeat for the record?

17 ACTING CHAIRPERSON GORDON: Yeah. Okay.

18 EXECUTIVE OFFICER LUCCHESI: All right. First I
19 will list the items that are moved from the agenda
20 calendar to be heard at a later date. So C-39, C-48,
21 C-50, C-74, C-82 through C-88 are all removed from the
22 consent agenda and the entire agenda to be heard at a
23 later date.

24 C-79 and C-80 are both the two Redondo Beach
25 items. Those are moved from the consent agenda to the

1 regular agenda to be heard because people want to speak on
2 those two items.

3 I had identified C-67, because we did receive two
4 speaker cards, but those are in support of the item. We
5 have not received any opposition to those items, so -- to
6 that item, so that's going to stay on consent.

7 ACTING CHAIRPERSON GORDON: Okay. Then I need --
8 then I'm looking for a motion for the consent calendar
9 minus items 39, 48, 50, 74, 82 to 88, all of which will be
10 put on at a future date, and items 79 and 80, which will
11 be on the regular calendar today.

12 ACTING COMMISSIONER ORTEGA: So moved.

13 ACTING COMMISSIONER SCHMIDT: Second.

14 ACTING CHAIRPERSON GORDON: All those in favor?

15 (Ayes.)

16 ACTING CHAIRPERSON GORDON: That vote is out two
17 to nothing.

18 All right. Procedurally, let me tell people in
19 the audience where we're going to go here okay. I am
20 going to start -- we're going to go a little bit out of
21 order today. We are going to start with the folks from --
22 it sounds like -- looks like Rancho Palos Verdes, which --
23 who want to speak, which would normally be the public
24 comment period. We're then going to go to the regular
25 calendar. And there are a lot of people who want to speak

1 on Redondo Beach. There's a lot of people who want to
2 speak with regard to the lease in Santa Barbara. So as
3 part of the regular calendar, we will then go to Santa
4 Barbara, followed by Redondo Beach, and then we'll go back
5 to public comment at the end of the day.

6 Okay. So I want that to be very clear. So we're
7 going to start with the folks from Rancho Palos Verdes. I
8 don't know why that keeps escaping me, and I would like
9 all of you to -- when you come up to speak, state your
10 name. There is a time limit. It is three minutes.
11 Please, I would like all of you to stick to it. There are
12 a lot of people in the audience today. We'd like you to
13 respect your fellow citizens who wish to speak. And it
14 will be a very, very, very long day if people continue to
15 go -- try to go over.

16 Okay. So why don't we start with public comment
17 for the folks from Rancho Palos Verdes, please. Let's
18 see, on Rancho, we have -- let's see these are -- this is
19 it right here. All, right in no particular order, and you
20 folks can work this out, why don't we start with -- oh,
21 here we go -- Gary Ohst and we'll go from there.

22 EXECUTIVE OFFICER LUCCHESI: I believe Gary Ohst
23 is speaking on Redondo Beach not Rancho Palos Verdes. I'm
24 sorry.

25 ACTING CHAIRPERSON GORDON: Oh, I'm sorry. Okay.

1 I'm sorry. Rancho

2 MR. OHST: That's correct.

3 ACTING CHAIRPERSON GORDON: Okay. Do the Rancho
4 folks have an -- okay. Let's go, sir.

5 MR. OHST: Okay. I can move it to the end if
6 it's the Commission's desire. It doesn't matter to me.

7 ACTING CHAIRPERSON GORDON: Start.

8 MR. OHST: Okay. I'm on non-agenda items,
9 because I had submitted a report to State Lands Commission
10 staff discussing Redondo Beach and fiscal management
11 issues. I'm going to limit my comments today to internal
12 service fund charges.

13 What Redondo is doing is, since 2003, they've
14 ramped up these overhead charges to their own tidelands
15 and the State's upland -- I mean, the State's tidelands'
16 funds and the city's uplands' funds from about two or
17 three hundred thousand dollars a year up to a million
18 eight a year in overhead charges. Okay. No other small
19 boat harbor from Santa Barbara to Oceanside is anywhere
20 near charging that much. They're still in the two, three,
21 four hundred thousand dollar range.

22 And I did a report on this, tried to get
23 somewhere with the city when I was on the Budget and
24 Finance Commission and got nowhere. The net effect of
25 this is they're really bleeding the State's tidelands

1 funds dry to the tune of a million eight a year, which is
2 not really supportable in any kind of financial
3 stewardship measure.

4 And the argument that I've heard from city staff
5 is well the State took our money. Well, a lot of those
6 funds is in their own uplands fund, okay? And so they're
7 really damaging their own harbor enterprise and its
8 long-term sustainability. Again, I don't want to bore the
9 Commission with the details, but this has really ramped up
10 from a couple hundred thousand a year to a million eight.

11 The justification for this is OMB 87, which is a
12 federal guideline designed to manage overhead allocations
13 to grant monies. Well, the grant -- managing a grant fund
14 is totally different from a harbor enterprise, because
15 there's no other monies to pay for those charges. In a
16 harbor enterprise, you're collecting possessory interest
17 property taxes, you're collecting hotel transient and
18 occupancy taxes. There's tax revenues being paid out of
19 the harbor enterprise that should go to pay for all this
20 city overhead. And yet, they come right around under this
21 OMB 87 and misapply it and trump up all these other
22 overhead charges.

23 This is unique to Redondo. I looked at Santa
24 Barbara, I looked at Channel Islands, I looked at Ventura
25 Harbor, I looked at Dana Point and Oceanside, and nobody

1 is doing this. So there's in your agenda packet my report
2 on this. There's a lot of back-up material in there. The
3 numbers don't lie. They are what they are.

4 So I would hope that staff takes a serious look
5 at this, and the Commission pays attention to this,
6 because there's a fundamental conflict of interest when
7 you have a city council, okay, that's making financial
8 decisions and it's supposed to be under the Tidelands
9 Trust Agreement managing those tidelands funds for the
10 benefit of all of California. And based on their actions,
11 what they've been doing is managing the tidelands for the
12 benefit of the City's own general fund, which I think is a
13 fundamental conflict of interest. And I see the yellow
14 light is on, so I'll wrap it up.

15 My recommendation of where I would like to see
16 this go is the State Lands Commission strongly recommended
17 the City of Redondo Beach adopt the Port District, where
18 the people that come to work and sit in the management
19 chairs are responsible for the port, not some project in
20 North Redondo Beach, which is where some of these funds
21 have gone. So thank you for listening.

22 ACTING CHAIRPERSON GORDON: Can you repeat your
23 name again, sir? I'm sorry.

24 MR. OHST: Gary Ohst, for the record. Yes, I
25 missed that. Thank you.

1 ACTING CHAIRPERSON GORDON: Let's see. Yes

2 ACTING COMMISSIONER SCHMIDT: It's my
3 understanding that somebody from the City is here?

4 EXECUTIVE OFFICER LUCCHESI: That's correct.

5 ACTING COMMISSIONER SCHMIDT: Would they like to
6 speak with regard to this issue?

7 EXECUTIVE OFFICER LUCCHESI: That is up to
8 Commission. If you wanted to have the city respond to
9 those comments or wait until the Commission considers the
10 two Redondo Beach items that were pulled from the agenda
11 to -- or pulled from consent agenda to be discussed during
12 the regular session. It's up to the Commission.

13 ACTING CHAIRPERSON GORDON: Let's do this right
14 now. Let's bring up the city right now.

15 EXECUTIVE OFFICER LUCCHESI: I believe that Pete
16 Carmichael from the City of Redondo Beach is here.

17 MR. CARMICHAEL: Good afternoon, Commissioners.
18 Pete Carmichael Waterfront and Economic Development
19 Director for the City of Redondo Beach.

20 As it relates to internal service funds, Mr. Ohst
21 is correct, I think we are looking at OMB 187. Our
22 Treasurer, Steve Diels, is here and he can confirm that.
23 I know that the State Lands Commission did an audit on
24 site in Redondo beach for I believe 90 days in 2004, made
25 several recommendations which have been followed and

1 implemented since that time.

2 Certainly if that's warranted again, we're
3 definitely open to that. We do an audit on an annual
4 basis by a third-party accounting firm that looks at the
5 fairness and equitability with which we apply our internal
6 service funds to all the enterprise funds, whether that's
7 tidelands State money or transit money that's local return
8 or the various sewer funds, et cetera. Those have come
9 back with satisfactory reviews. They are being provided
10 equitably, but -- and we can provide that. We brought a
11 copy of that with us today. But certainly, if there's
12 additional scope to the audit that needs to be done, we're
13 open to doing that, much as it was done on site at our
14 city hall in 2004.

15 ACTING CHAIRPERSON GORDON: All right. Let's
16 see. Eric Lopez. City of Long Beach, Tidelands Officer,
17 City of Long Beach. These are all of order. Okay.

18 EXECUTIVE OFFICER LUCCHESI: I believe Eric Lopez
19 wanted to speak on one of the consent items, only if it
20 was taken off of consent.

21 ACTING CHAIRPERSON GORDON: All right. Mr.
22 Brand, W. Brand Council Member, District 2, Redondo Beach.

23 REDONDO BEACH CITY COUNCIL MEMBER BRAND: Good
24 afternoon, Commissioners. I was here to speak primarily
25 on Item C-79. However, I'm very familiar with Mr. Ohst's

1 audit of the various tidelands and the various areas along
2 the coast of California and benchmarking it and comparing
3 it to how we handle our internal service funds with the
4 tidelands, and he's done great work.

5 I mostly find that the outlier that Redondo Beach
6 is is concerning, that much more money is diverted from
7 our tidelands to our general fund than in other
8 communities. And I met with State Controller John Chiang
9 and expressed my concerns about that several years ago.
10 There were some -- there was an audit done. We've had our
11 own internal audit of internal service funds, in fact. So
12 much of it's been vetted. I still have concerns. Mr.
13 Ohst still has concerns. I think it warrants, you know, a
14 look.

15 And as far as a harbor port authority in Redondo
16 Beach, I don't necessarily have a big opinion about that
17 right now. I think for the most part we manage our
18 waterfront fairly well. It needs revitalizing. I'll
19 speak about that on the next item. I'm all for that, but
20 there's ways to go about it.

21 And certainly how the internal service funds are
22 handled from the tidelands going either into a project or
23 going into the general fund or going to fund, you know,
24 services and amenities for the waterfront for activities
25 for the residents of California, not just Redondo Beach,

1 is extremely important. And so I'm sure you're all well
2 aware of that.

3 But I certainly think a long at how our internal
4 service funds are related to our tideland charges is very
5 much warranted.

6 ACTING CHAIRPERSON GORDON: Thank you.

7 Maria(sic) Guillermo.

8 No?

9 EXECUTIVE OFFICER LUCCHESI: If I may, Chair?

10 ACTING CHAIRPERSON GORDON: Yes.

11 EXECUTIVE OFFICER LUCCHESI: I believe that you
12 might be pulling from a list of speakers that want to
13 speak specifically on two of the staff reports C-79 and
14 C-80. So I think that, unless you wanted to move to
15 that -- to those particularly items -- if you wanted to
16 talk just general public comment, I think we might need to
17 pull from a different pile in there.

18 ACTING CHAIRPERSON GORDON: Okay. I'm -- yeah,
19 these are not in order right now.

20 I'll tell you what, why don't we -- let's go to
21 Item 91, which is the leases for Long Beach.

22 EXECUTIVE OFFICER LUCCHESI: No, for Venoco.

23 ACTING CHAIRPERSON GORDON: For Venoco, I'm
24 sorry.

25 EXECUTIVE OFFICER LUCCHESI: It's okay.

1 ACTING CHAIRPERSON GORDON: Let's go to item 91
2 right now and give us some time to get all this stuffy in
3 order.

4 EXECUTIVE OFFICER LUCCHESI: Okay. Of course.
5 Seth Blackmon from our Legal Division will be giving
6 staff's presentation on this item

7 (Thereupon an overhead presentation was
8 Presented as follows.)

9 STAFF COUNSEL BLACKMON: Good afternoon,
10 Commissioners. My name is Seth Blackmon. I'm a staff
11 attorney with the State Lands Commission. We have a
12 presentation that will be coming up shortly.

13 STAFF COUNSEL BLACKMON: The other Item 91.
14 That's the supplemental. Thank you.

15 So we'll be talking a little bit about Item 91
16 and the consideration of certification of a Final
17 Environmental Impact Report, the adoption of findings,
18 Statement of Overriding Consideration and mitigation
19 monitoring program for the revised PRC recommissioning
20 project on State oil and gas lease PRC 421-1. And, as you
21 mentioned already, this is happening in Santa Barbara
22 County, and the City of Goleta.

23 Do you have the clicker?

24 --o0o--

25 STAFF COUNSEL BLACKMON: As a little background.

1 This is a visual view of the two piers that are meshed up
2 under the Ellwood mesa just south of Haskell Beach. As
3 you can see, on the left of either screen is pier 421-1.
4 On the right-hand side of either screen is appear 421-2.
5 These are the two remaining onshore piers on the coast of
6 California for oil and gas production. And this is what's
7 basically being considered this infrastructure.

8 --o0o--

9 STAFF COUNSEL BLACKMON: A little historical
10 overview of this location is important. PRC 421 started
11 out as an early State lease from the Surveyor General in
12 1929. Once the State Lands Commission was incorporated in
13 1938, we subsequently renewed and extended the lease in
14 1949. And the lease has been in effect since that time.

15 It has been actively produced until 1994, when
16 the 421-2 was shut in because of a temporary spill under
17 12th tee of the golf course. We'll have another visual
18 here in a second, and at which point, the temporary shut
19 in remained, because there was subsequent repairs that
20 happened as well.

21 --o0o--

22 STAFF COUNSEL BLACKMON: As you can see on the
23 aerial view, again, you can see from the top the two piers
24 that are highlighted on the bottom of the screen. The
25 circle on the left of the screen over the yellow is

1 actually where the spill occurred under the 12th tee of
2 the Sandpiper Golf Course. You can also see in proximity
3 from the aerial view where the Sandpiper Golf Course
4 exists and where the EOF, or the Ellwood Onshore Facility,
5 in the City of Goleta exists.

6 Additional importance in terms of the historical
7 overview of this particular site. Again, after 1994,
8 Mobil did the repair of the subsequent spill from the flow
9 line, the six-inch flow line that flowed from 421-2 up to
10 a transition box or a valve box near the Ellwood Onshore
11 Facility.

12 After that time in 1997, Venoco, the current
13 lessee, was assigned the lease from ARCO Mobil. And as
14 the lessee, Venoco has undertaken a number of repairs
15 directed by this Commission, the first of which really
16 started in 19 -- or in 2000 when a methane leak was
17 detected by the air pollution control district in Santa
18 Barbara at well 421 -- 421-1 and 421-2, at which point a
19 routine inspection identified also additional corrosion to
20 the wellheads, which led to additional questions.

21 The Commission directed Venoco in 2000 to go
22 ahead and initiate a number of repairs, including wellhead
23 repairs, repairs to the physical infrastructure on the
24 piers, the seawalls, the roadway and the access itself to
25 the piers.

1 What was determined during these initial
2 inspections was the entry into well 421 -- 421-1 and 421-2
3 was impractical and unsafe, because there was actually a
4 significant amount of pressure that was pushing oil up to
5 the surface. This pressure actually resulted in an
6 emergency permit that Venoco secured, whereby they were
7 able to flow oil for ten months. They flowed
8 approximately 17,000 barrels naturally, meaning there was
9 no artificial lift included. This was just under the
10 natural pressure of the reservoir.

11 Once that flow was over, after a ten-month
12 period, they were able to go back in and secure the wells
13 and cap them properly in a way that they would no longer
14 leak in the way that they had previously, as I said,
15 because those were temporary shut-ins.

16 In 2004, the seawall on 421-1, the slightly
17 northern pier, failed and repairs included a significant
18 increase in strengthening the caissons by adding metal
19 support beams and concrete -- new concrete sections across
20 the 68-foot seawall, including six inches -- or six inches
21 -- six feet of additional caisson support on either side
22 of the seawall. In 2010, Commission staff directed Venoco
23 to repair the 421-2 caisson as well, and the piles
24 supporting the pier.

25 In 2011, the Commission staff determined that

1 approximately 72 redundant pilings located on both piers
2 421-1 and 421-2 had become a threat to public safety, and
3 directed Venoco to remove them.

4 All told, the Commission has never found the
5 lessee or the lease to be in default. During this entire
6 time, these repairs were part of the maintenance program
7 for PRC 421. Consequently, PRC 421 is in full force and
8 effect. And Venoco has contractual and vested rights to
9 produce the lease, and we, as the lessor, have obligations
10 as well.

11 --o0o--

12 STAFF COUNSEL BLACKMON: Really quickly for a
13 project overview. There's a lot of discussion about
14 drilling and other things associated with this lease,
15 which I think need some clarification. The project, as
16 proposed, does not provide for any new drilling. It is
17 only the resumption of production from the one well,
18 421-2. And if we go back again --

19 --o0o--

20
21 STAFF COUNSEL BLACKMON: -- that's going to be
22 the pier on the farthest right-hand side of this
23 particular picture on the screen.

24 --o0o--

25 STAFF COUNSEL BLACKMON: There is also, pursuant

1 that the way the EIR was structured, an agreement that
2 Venoco -- and a statement that Venoco submitted that it
3 will not use hydraulic fracturing, matrix acidization, or
4 acid fracture stimulation treatments at PRC 421.

5 I think that's critical to kind of acknowledge
6 that there are certain limitations that the EIR did not
7 look into on purpose. And if Venoco decided that they
8 wanted to subsequently look at simulation treatments, it
9 would trigger additional environmental review.

10 --o0o--

11 STAFF COUNSEL BLACKMON: This is an aerial view
12 of the project, which I'll try and keep somewhat clean.
13 But again on the bottom right-hand side of the picture you
14 can see the pier 421-2's oil production. It's the light
15 blue color. Next to that is pier 421-1 in green. It says
16 to be removed under the current project. Pier 421-1,
17 which is currently a water injection well, although it's
18 off line. The pier on the wellhead would be removed. The
19 entire thing would be decommissioned and returned to its
20 pristine state under the project.

21 Pier 421-2, however, would be resumed.
22 Production would be resumed. There would be a work-over
23 of that well, and they -- the other changes would include,
24 as you can see sort of the dotted line, power line cables
25 and pipelines down the access road, snaking up under that

1 12th tee back to this transition -- where this valve box
2 is at the EOF and then subsequently to the EOF, the
3 Ellwood Onshore Facility.

4 --o0o--

5 STAFF COUNSEL BLACKMON: This is a side cut of
6 the roadway, so this is a picture of what it would look
7 like down the access road. You'll notice that the
8 existing six-inch pipeline would be extended to the
9 Ellwood Onshore Facility and used as a protective sleeve
10 for the new three-inch flow line. This is sort of an
11 interesting concept. What Venoco proposes in this project
12 is to not only continue to use the six-inch flow line but
13 to then sleeve that line with additional protection, and
14 then run a three-inch flow line inside of that to take oil
15 from 421-2 to the Ellwood Onshore Facility. This was
16 largely to mitigate any potential threat of a spill.

17 Also, you'll note that the cable is -- the power
18 cable is changing mildly, but again this gives you a
19 cut -- a sense of what this looks like.

20 --o0o--

21 STAFF COUNSEL BLACKMON: For our purposes, the
22 EIR overview -- obviously, this has been ongoing. The
23 chronology that we have in the current instance is that
24 Venoco in 2004 sent us an application for an EIR to resume
25 421 -- or resume production on 421. And after a lot of

1 work over a number of years, we got to the point where the
2 State Lands Commission had a Draft EIR, as you'll notice,
3 in October 16th, 2007, at which point Venoco pulled their
4 application, due to a variety of issues, and this sat from
5 2008 to 2013.

6 In 2013, Venoco updated and amended their project
7 to the project that's before you, which is the removal of
8 Pier 421-1 and the resumption of production from 421-2
9 with oil going -- with oil being processed at the Ellwood
10 Onshore Facility.

11 From that time, we've reached the current phase,
12 where we're in the Final Environmental Impact Report,
13 and -- for your consideration.

14 --o0o--

15 STAFF COUNSEL BLACKMON: There are a number of
16 impacts identified in EIR with this project. I think the
17 most important to sort of talk about are the significant
18 and unavoidable impacts. As you'll notice on the slide,
19 there are 13 that are related to potential for oil spills,
20 and this is a simple reality. Anything where oil
21 production is going on over a marine environment means
22 you're going to have significant unavoidable risks. And
23 we have looked at those significantly in this document.

24 Additionally, there are three related to
25 increased processing at the Ellwood Onshore Facility, and

1 safety response. And a lot of this has to do with the
2 Ellwood Onshore Facility as a non-conforming legal use.

3 Additionally, the alternatives that were
4 evaluated in the EIR, we highlight the feasible
5 alternatives that we have here, which was actually under
6 the vested rights theory, the oil processing on Pier
7 421-2, so it wouldn't have to go to the Ellwood Onshore
8 Facility. But, of course, this would be less
9 environmentally beneficial than the project is proposed.

10 The reinjection at Platform Holly, again the same
11 sort of basic determination, and the no-project
12 alternative were the feasible alternatives.

13 Those that were screened out can be seen also on
14 the infeasible alternatives, the no-project alternative,
15 pressure testing -- and if there are questions on that, I
16 can elaborate -- processing PRC 421 oil at the Las Flores
17 Canyon, drilling from the EOF, drilling from Platform
18 Holly. And these were all screened out because they
19 basically -- the determination in the EIR was that these
20 infeasible projects didn't significantly lessen one or
21 more of the impacts that the project proposed.

22 As a result, the State Lands Commission staff and
23 other parties who were working on this with the joint
24 project identified the current project as the
25 environmentally superior alternative, and identified that

1 the no-project alternative was problematic because of the
2 risk of repressurization. Not only was it infeasible
3 because of the vested rights, but also the threat of
4 potential repressurization of the Vaqueros formation.

5 We don't exactly know what's going on there. We
6 know from empirical evidence that there has been
7 repressurization. This is what caused the wellhead leak
8 in 2000 and the subsequent flow, but basically additional
9 information is needed in order to address the long-term
10 impacts of the repressurization and how that's happening.
11 And our engineers have looked at this quite extensively
12 and made the determination that the only real way to get
13 to that end is through flowing this -- these particular --
14 or producing this particular well.

15 This is the only valve we have into this
16 formation. This is the only place where we can kind of
17 control and test. And as a result, there is, you know,
18 some level of production would be necessary to get
19 effective and accurate data regarding the pressurization
20 of the formation.

21 --o0o--

22 STAFF COUNSEL BLACKMON: The larger issues that
23 have been raised repeatedly relative to the EIR were the
24 vested rights issue, which has been, I think, very well
25 looked at and determined, the project duration, the

1 reservoir repressurization, the processing at the PRC 421
2 oil at the Las Flores Canyon alternative, and as you can
3 see, the rest of these.

4 And in all of these, the master responses to the
5 EIR answer these, I believe, adequately, and we've moved
6 forward for this final certification, which leads us to
7 staff's recommendation for the Commission actions. These
8 parallel exactly the requested actions in the staff report
9 in Item 91. And I'm not going to go through all of them
10 particularly, but basically looking for the certification
11 and adoption -- certification of the Final EIR, adoption
12 of the findings and the mitigation monitoring program, and
13 then the subsequent finding, that adequate corrective
14 measures have been taken with result -- or with respect to
15 421, such that resumption can begin, and the project, as
16 it stands, move forward.

17 Thank you.

18 ACTING CHAIRPERSON GORDON: Any questions from
19 members of the Commission?

20 Then let's go on with witnesses. I think I'm
21 going to start with Steve Greig from Venoco. If Linda
22 Krop could be ready after that. And then we will go to
23 Jenna Driscoll, John Jay and Elisabeth Crawford in that
24 order. Okay.

25 Mr. Greig.

1 MR. GREIG: Good afternoon, Commissioners. I'm
2 Steve Greig with Venoco. I'm their government relations
3 manager. I'm here to state that we support the staff's
4 recommendation for approval of the proposed project.
5 Since we purchased the assets from Mobil in 1997, we've
6 been attempting to turn these -- return this well to
7 production. And now that we're at this position, we've
8 been trying to do that in the way that we believe is the
9 most environmentally protective, and as the EIR
10 demonstrates, and as the staff has recommended, that's the
11 proposed project.

12 We've always held ourselves to a high standard in
13 how we operate our facilities. And I want to assure the
14 Commissioners that that's how we would continue to operate
15 this facility should we be approved today.

16 I also want to express our appreciation for
17 our -- the working with your staff through this process.
18 It's been a long process and it's been our pleasure to
19 kind of work this through with them. And more than that,
20 I'm here to answer questions. So if you have any
21 questions of us as the applicant or specifics on the
22 project, I'd be happy to answer them.

23 ACTING CHAIRPERSON GORDON: Thank you, Mr. Greig.
24 Why don't you stay close by while, Ms. Krop, why don't you
25 come forward. And while you're up there, excuse my

1 ignorance, but what is GOO?

2 MS. KROP: Thank you. Excellent question. My
3 name is Linda Krop, chief counsel with the Environmental
4 Defense Center, appearing today on behalf of four groups,
5 Get Oil Out, or GOO, Sierra Club Los Padres Chapter,
6 Citizens Planning Association, and Citizens for Goleta
7 Valley.

8 The EDC and our clients have been monitoring
9 lease 421 issues since 1994, since the oil spill. And
10 we've been working since the 1980s to phase out the
11 Ellwood Onshore Facility. We worked to convince the
12 county to adopt a consolidation policy for processing
13 facilities in the 1980s and then to rezone the Ellwood
14 Onshore Facility in 1991 to recreation.

15 We then worked with the county to develop an
16 amortization, or phase-out analysis, which was completed
17 in 2001. We supported the City of Goleta during its
18 incorporation process, and adoption of its first general
19 plan, which promotes termination of the EOF, and that was
20 adopted in 2006.

21 So that's by way of background. We have a long
22 history with this entire project.

23 Our request today is that you send back the
24 Environmental Impact Report for further analysis and I'll
25 explain the reasons for that. First and most important,

1 we need more information regarding processing options, and
2 regarding the issue of repressurization. And we go into
3 detail in our letter dated April 18th on both of those.

4 With respect to processing, the EIR finds that
5 processing at the EOF is the environmentally superior
6 alternative, but only by comparing that to processing at
7 the pier. Processing at the pier results in incredible
8 safety and environmental concerns. Everybody agrees with
9 that.

10 But processing at the EOF results in very
11 significant concerns as well. First of all, as the EIR
12 admits, we don't even know if that's legally feasible,
13 given the non-conforming status and given the city's
14 general plan. So you may not want to process at the pier,
15 you may not be able to process at the EOF.

16 Processing at the EOF also results in significant
17 environmental and safety concerns. You heard about the
18 three Class 1 impacts. The EOF is surrounded by
19 significant public recreational and residential uses, and
20 very important environmentally sensitive resources. And
21 perhaps most importantly, the City of Goleta, which has to
22 make the determination as to whether or not the EOF can be
23 used for processing and should be used for processing, has
24 specifically asked you to analyze the alternative of
25 processing at Las Flores Canyon.

1 The city has to use your EIR. They are a
2 responsible agency. They cannot conduct their own extra
3 or supplemental environmental analysis. They're asking
4 you to give them the information, so that they can make a
5 decision on processing. We support them in that request.

6 Finally, with respect to repressurization just
7 two quick points. I know I'm almost out of time. One
8 there's no evidence that repressurization has been
9 occurring since 2001. And, in fact, there's no evidence
10 that production reduces pressurization, as noted in Figure
11 2-2 in the EIR when the pier was under production,
12 repressurization was occurring. So there's no evidence of
13 that link.

14 Thank you for your consideration, and I'm
15 available to answer any questions.

16 ACTING CHAIRPERSON GORDON: Thank you, Ms. Krop.
17 Jenna Driscoll.

18 MS. DRISCOLL: Hello. My name is Jenna Driscoll.
19 And I'm a watershed and marine program association with
20 Santa Barbara Channelkeeper. We're a local nonprofit that
21 works to protect the Santa Barbara Channel and its
22 watersheds. And we're really appreciative that several of
23 our comments and recommendations were incorporated into
24 this Final EIR.

25 However, we ultimately feel that this project has

1 very significant adverse impacts that are just not worth
2 the risk. But your first decision today is to decide
3 whether to certify the EIR. And we want to support the
4 previous comments that we hope that you will include an
5 analysis of processing of at Las Flores.

6 Throughout this project's history, there have
7 been several groups that have requested that this
8 project -- or this alternative be analyzed, and it's still
9 lacking in the Final EIR. This is a critical alternative
10 that will be important information, particularly for the
11 City of Goleta, that has requested that this be analyzed.

12 Certifying the EIR without including this
13 analysis would undermine the intent of CEQA, which is to
14 give the complete information regarding the environmental
15 impacts of a project.

16 And whether or not this critical analysis is
17 incorporated into the EIR today, whether you decide to do
18 that analysis or not, we would like you to consider
19 denying the project, just because of its particularly
20 significant impacts in the intertidal zone. There are
21 many multiple examples of important species, critical
22 endangered habitat species, marine protected areas. And
23 it's just a significant area for recreation as well.

24 And we just feel that this intertidal zone with
25 all of its impacts -- you saw that there's a history of

1 infrastructure requiring several updates and continuous
2 fixes, and that is because of its age, but also because
3 it's in the intertidal zone. So it's just not an ideal
4 location for this project.

5 So again, we strongly urge you to consider the --
6 including the Las Flores Canyon in the EIR today.

7 Thank you.

8 ACTING CHAIRPERSON GORDON: Thank you, Miss.

9 Mr. Jay, John Jay.

10 MR. JAY: Good Afternoon. I'm John Jay, the
11 director of public affairs at the Central Coast Energy
12 Alliance. Our organization is a network of energy
13 industry stakeholders with well over 150 members that seek
14 to educate people on energy issues.

15 Venoco is a safe and prudent operator and has
16 represented the industry well for decades. The company
17 sets the standards internationally for the safe and
18 efficient extraction of oil. They have received numerous
19 awards and recognition from all levels of government. The
20 company holds onto the cherished notion that compliance
21 with the numerous safety regulations and environmental
22 regulations benefits everyone.

23 So I'm here to advocate that your board and your
24 Commission supports the SLC staff recommendation to
25 approve the Venoco project as proposed, because Venoco has

1 a vested right to produce the lease, and the project is
2 environmentally superior to the alternatives on the table.

3 Thank you.

4 ACTING CHAIRPERSON GORDON: Thank you, sir.

5 Elisabeth Crawford, please.

6 MS. CRAWFORD: Thank you. I have some additional
7 documentation that I'll hand into the record when I'm
8 finished. Thank you.

9 ACTING CHAIRPERSON GORDON: Thank you.

10 MS. CRAWFORD: Elisabeth Crawford representing
11 myself and lots of neighbors that wished they could be
12 here. I'll read the comments that I'm going to produce
13 here.

14 To the State Lands Commission, I strongly oppose
15 the certification of the Venoco Pier 421 recommissioning
16 plan due to its inadequacies in consideration of
17 alternatives, proper and responsible hazardous materials
18 testing, impact on surrounding sensitive wildlife and
19 habitats, history of bad faith on the part of Venoco in
20 fulfilling its stated and implied contractual obligations,
21 lack of supporting data for this repressurization basis of
22 this whole project. There is existing evidence showing no
23 pressurization since thence. There is zero documentation
24 showing that there is pressurization.

25 But especially on the basis of lack of proper

1 inclusive and responsible public notification and
2 opportunity for participation. We live in those homes
3 that were just off the Sandpiper Golf Course. State Lands
4 Commission required only a 300-foot notification radius,
5 which means that it got two of the golf course holes and
6 none of the thousands of residents who live right around
7 it just a few thousand feet further.

8 This, unfortunately, all due respect, is
9 emblematic of the lack of requirements placed on Venoco by
10 the State. And as the documentation that I will supply
11 shows, the vehement struggle that Venoco puts up in order
12 to buck the few restrictions that are placed on them.

13 Critical analysis and documentation has been
14 supplied to the State from private and public sources,
15 information that fills out the full picture of this
16 locale, this project, and its real impacts. Despite this
17 restriction of notice and public engagement, a petition
18 with 350 and more signatures were submitted opposing this
19 project. Above and beyond the structural inadequacies of
20 the FEIR, however, is the importance of the context
21 surrounding Venoco and the developer itself.

22 As my attached materials show, Venoco has a long
23 history a aggressive attempts to develop its oil holdings
24 in this region, always against the will of the
25 municipality and its residents. Goleta is merely the

1 latest city to be beset with this approach.

2 Despite the city's ruling that this project would
3 violate its planning and zoning statutes, and opposes the
4 project entirely, Venoco has issued its carrot and stick
5 approach by offering this Commission \$250,000 in beach
6 clean-up costs and threatening to process their toxic oil
7 sludge on our beach or on Platform Holly.

8 Meanwhile, their CEO declares himself "Czar of
9 the World" on LinkedIn in. I have copies of his resume
10 here. Venoco and his actions are in keeping with this
11 self-evaluation. Venoco has demonstrated an extremely
12 high legal cost to the State, they will violate royalty
13 contracts for over a decade and nearly \$10 million, then
14 litigate it for several years until the State Lands
15 Commission gives up. These costs are passed on to the
16 tiny cities who are showing up here to beg you not to
17 approve another one of these.

18 Please make the only protective responsible
19 decision possible in this consideration, deny Venoco's
20 plan to reopen this derelict oil.

21 And a statement to not frack is quite different
22 from a legal, contractual obligation. They have the
23 right, and they remind the mayor on a regular basis that
24 they've got the right and nobody can tell them not to. I
25 beg you. Thank you.

1 ACTING CHAIRPERSON GORDON: Thank you. Mr.
2 Greig, I would note your resemblance to Rasputin, to
3 goatee.

4 (Laughter.)

5 ACTING CHAIRPERSON GORDON: All right. What is
6 before us today is certification of the EIR. With the
7 city's opposition and request for an analysis of the Las
8 Flores option, in addition to EDC and the Channelkeeper,
9 the Controller's office is not ready to certify the EIR
10 today. What we would prefer is that Las Flores be
11 analyzed in addition to the nonconforming status issue
12 having to do with EOF, which hopefully, if this were
13 recirculated, could be done before the end of 2014, a
14 legitimate time frame we hope. That would be our
15 recommendation.

16 I need to hear from my two colleagues on the
17 Commission.

18 ACTING COMMISSIONER ORTEGA: I think based on the
19 testimony today, Department of Finance would be fine with
20 that as well.

21 ACTING COMMISSIONER SCHMIDT: I would just add
22 that maybe we address pressurization, because that's come
23 up a few times. And maybe staff wants to talk about that
24 now, just so we can clarify.

25 EXECUTIVE OFFICER LUCCHESI: If it's the

1 Commission's will, I would appreciate the chance to be
2 able to talk about pressurization before the direction is
3 actually given. If I could call upon Seth to come up here
4 again to talk about the pressurization issue in more
5 detail. And if needed, we can call upon our engineers to
6 go into greater detail about that.

7 He couldn't have sat farther from the microphone.

8 (Laughter.)

9 STAFF COUNSEL BLACKMON: That wasn't the initial
10 plan, but so be it.

11 All right. Let's just start with questions. I
12 think that's probably the easiest place to start. So what
13 is your concern exactly with repressurization?

14 ACTING COMMISSIONER SCHMIDT: I think just
15 address the general concern with the public comment you
16 heard.

17 STAFF COUNSEL BLACKMON: Sure. Okay. And I
18 think this is where, as I was making note in my earlier
19 presentation, there's some concern that since 2000 when
20 the well was flowed, that there hasn't been any additional
21 data gathered regarding the pressurization of the well.
22 And I think what Linda Krop referred to in the -- or the
23 Figure 2-2 of the EIR shows an inclining curve of
24 pressurization starting in 1987 up through the 1994
25 shut-in.

1 What we do know is that, as I've already
2 mentioned, this particular reservoir field has been
3 produced since the 1920's. In particular, like I said,
4 this lease actually started in 1929. At peak production,
5 the Ellwood Field and the Vaqueros reservoir was producing
6 approximately 49,000 barrels a day. I mean, it was a very
7 big going concern.

8 That production left a void in the remaining
9 infrastructure, the remaining formation, meaning that as
10 the years went by, you had a gradual decline in the number
11 of producing wells. At the same time, of course,
12 production -- as production was decreasing, there's an
13 increase in the natural aquifer influx based on the
14 research that our engineers have looked at, which is
15 causing increasing pressures within the formation or
16 within the reservoir.

17 There are a number of issues I think that are
18 important here, but that's sort of a big background
19 picture. So think of an open formation that has been
20 heavily, heavily produced and it's slowly refilling.
21 There's also source rock that's producing oil in very
22 small amounts that's below the existing formation -- or
23 within the existing formation as well. What we're looking
24 at here is that we know empirically -- and this is empiric
25 evidence. We know in 2000 that when the well was being

1 inspected and well work was being directed, they
2 could -- they being the Venoco and also their operators,
3 who were doing the repair work -- could not safely work on
4 the well without first flowing the oil off of it. That's
5 a function of the repressurization.

6 From that point in time, we were not able to
7 accurately gauge the amount of repressurization going on.
8 And what I can tell you and I think that we can have one
9 of our engineers speak more fully to this, if you'd like,
10 is that there is not a way to gauge accurately the amount
11 of repressurization occurring without actively flowing the
12 well, meaning actively producing it, which is functionally
13 the project.

14 You have to produce it. Then you shut it down
15 in. Then you do a period of analysis on how the
16 pressurization builds, and then you produce it again and
17 you do it again. And this gets you repeat data. This is
18 not something where we can just sort of stick a sample
19 stick in and determine what the ongoing pressure is.

20 What we know, and I think Ms. Krop mentioned
21 this, is that there was repressurization occurring even
22 during the -- even during production. That's true.
23 That's absolutely true. That's not something that we're
24 hiding behind. And again, this is something that's
25 important to understand. At a point the repressurization

1 will reach a stasis of -- reach equilibrium with the
2 osmotic pressure and the aquifer influx that's happening
3 now.

4 The problem with that is, is we don't know what
5 elevation that will occur at, meaning that there's water
6 columns inside of a variety of wells that are within the
7 Vaqueros formation. Approximately, 74 legacy wells exist
8 out there that were abandoned in a variety of different
9 fashions that are not -- that are not necessarily at
10 modern day standards.

11 The concern is that as this particular formation
12 repressurizes, if the repressurization, when it becomes --
13 when it reaches equilibrium, if the water column elevation
14 is greater than the point at which these wellheads were
15 cutoff, and they improper abandoned, it would allow for
16 seepage around the well and release oil into a marine
17 environment.

18 What this project, and the reason why
19 repressurization is important, gives us is the only
20 remaining active well in the entire formation, that's
21 421-2. This give us the ability to continue to test the
22 formation, to continue to test the repressurization, and
23 to kind of try and determine what elevation is going to
24 be.

25 It also gives a secondary element, which is by

1 flowing off the existing oil that's there now, you reduce
2 the amount of oil available for seepage out of wells that
3 we don't have any control over, that we don't even know
4 where they are at present. These have been long since
5 abandoned, and we don't have explicit GIS locations.

6 So that's the real risk that we're looking at.
7 And like I said, this is our one opportunity, this is our
8 one valve into that formation through that well to do this
9 kind of research. But again, it's predicated upon a
10 production level, and not simply sort of just, like I
11 said, a magic stick that we're going to kind of try and
12 determine the pressure for.

13 There's a lot more to it, but I think that in the
14 big picture that's what's going on. And as I said, we
15 also address this in our master responses to the EIR. And
16 I feel like, you know, for transparency purposes it's
17 important to note that the Commission staff has never made
18 the determination that this project will absolutely
19 alleviate repressurization. We don't know that it will.
20 There is a possibility that pressurization will continue
21 to occur.

22 What this project does give us is the opportunity
23 to test that and to try and evaluate where, when this
24 reaches equilibrium, the different water column elevations
25 will be, and how we want to kind of think about dealing

1 with that in the fewer.

2 Additionally, you know, this may be a well that
3 we would need for that purpose, because again we're not
4 going to drill new wells and we're not going to go and try
5 to find these other legacy wells that have been abandoned
6 improperly that are out elsewhere in the surf.

7 So those are very dangerous issues. And again,
8 if we're not able to evaluate this more fully, we can't
9 really make a plan for the future.

10 ACTING CHAIRPERSON GORDON: Are there any other
11 methods of analyzing repressurization other than the one
12 proposed in this project?

13 STAFF COUNSEL BLACKMON: We can talk a little bit
14 more with our engineers if you'd like, but in discussing
15 this exact issue with them, not really, not getting an
16 accurate read. And that's part of the problem I think is
17 that you're talking about, you know, a formation that's
18 thousands and thousands of feet below ground, and it's
19 not -- it's not simple.

20 For example, if this were a water table, you can
21 go a little bit more easily because you're not talking
22 about the same kinds of pressures and issues, and you
23 could test, you know, that differently, but you're going
24 down through a lot of source rock, and you're going down
25 into a very different geologic formation. So, you know,

1 there's not really a lot of alternatives. That may change
2 in the future with technological changes, but at the
3 present that's not necessarily the case. But if you'd
4 like to talk to an engineer, we can bring them up.

5 ACTING CHAIRPERSON GORDON: If this field
6 repressurizes and we do not have the ability to release
7 that pressure, what -- other than -- I understand there
8 could be seepage, which would have negative consequences
9 for the marine environment for the beach, et cetera, what
10 other things could happen if this field repressurizes and
11 it's not relieved?

12 STAFF COUNSEL BLACKMON: I think that's honestly
13 probably the largest threat is the release of oil into
14 the --

15 ACTING CHAIRPERSON GORDON: Seepage?

16 STAFF COUNSEL BLACKMON: Yeah -- into the marine
17 environment, which is the primary -- and that's also the
18 primary significant and unavoidable impacts identified in
19 the EIR, anyway, is the production of oil over water.

20 And so, you know, in the absence of understanding
21 what this future pressurization looks like and how it's
22 going to affect the field and having more data on that,
23 you know, that risk exists. And that's I think how we've
24 tried to explain this all along is that the risk is real,
25 the risk exists, and that this is the only real way for us

1 to test this and make future determinations about how to,
2 you know, deal with that repressurization and whether or
3 not it's going to end up being a long-term risk that the
4 State has to look into.

5 ACTING CHAIRPERSON GORDON: Thank you, sir.

6 Any questions?

7 Ms. Lucchesi.

8 EXECUTIVE OFFICER LUCCHESI: If I may just add to
9 sum it up. Seth, described the issues very succinctly.
10 It was obviously very technical. If the Commission wants
11 to get even more technical than that, we have our
12 engineers.

13 But I think in sum, setting aside the issue of
14 Venoco's vested rights, contractual rights to produce,
15 whether or not there's pressurization or not, setting that
16 aside, the bottom line is it's very difficult, if not
17 impossible, to measure pressurization without actually
18 producing the field, so -- and I do want to also address
19 non-conforming use issue.

20 That was addressed in the EIR under the land use
21 section in great detail. Depending on the Commission's
22 direction, in terms of including the Las Flores Canyon
23 alternative, we can also take a second look at that
24 analysis or that discussion in the EIR to ensure that it's
25 full and comprehensive. But I just want to assure the

1 Commission that that issue was addressed specifically in
2 the EIR.

3 ACTING CHAIRPERSON GORDON: Okay. Ms. Krop,
4 could you come back, please?

5 Are there any issues -- as you've understand the
6 discussion here, is this adequate to address the concerns
7 that you have as -- in reanalysis in the EIR?

8 MS. KROP: No.

9 ACTING CHAIRPERSON GORDON: Okay. What issues
10 haven't we addressed?

11 MS. KROP: Going back to the processing and
12 repressurization or additional to that?

13 ACTING CHAIRPERSON GORDON: Let's go in addition,
14 because we've -- I think we've addressed the processing
15 issue, and we will look at it.

16 MS. KROP: Okay. Great. Thank you.

17 The other issues that we referenced in our
18 comment letter deal with impacts to the coastal biological
19 resources. And our specific concerns were that with
20 respect to greenhouse gases emissions, we appreciated the
21 EIR's analysis of the impacts and the threshold. It
22 seemed pretty clear from the EIR that it was feasible to
23 mitigate those emissions, but the mitigation measures were
24 vague and thus unenforceable. So we'd like to see a
25 little bit more teeth put into that which I think would be

1 very easy to do.

2 And then with respect to the biological -- other
3 biological resources, we were concerned about the
4 potential use dispersants in oil spill response and
5 impacts to wetlands. I think those were our only other
6 remaining issues, and I think that they could be addressed
7 fairly comprehensively and easily.

8 ACTING CHAIRPERSON GORDON: Okay. Mr. Greig, do
9 you have any response to that? I'm just trying to be sure
10 that staff has their arms around the issues that we are
11 dealing with right here.

12 MR. GREIG: Thank you, Mr. Commissioner. No, not
13 really other than to say that if it's the Commissioner's
14 desire -- Commission's desire to send the EIR back for
15 additional review that Venoco would support that. We
16 understand it's in our best interests to have a document
17 that's -- that is adequate and addresses the issues.

18 ACTING CHAIRPERSON GORDON: Thank you, sir.

19 All right. Ms. Lucchesi, then let me sum up. So
20 we're going not going to certify the today. We've all
21 agreed on that. We are going to go back and look at the
22 Las Flores Canyon processing issue. We are going to look
23 at the pressurization issue. I think you guys have
24 covered it fairly comprehensively, but take a second look
25 at it and make sure you've covered the issues that were

1 raised today.

2 The same thing with the preexisting use
3 conditions with regard to EOF, and the GH -- the
4 greenhouse gas mitigation issues.

5 If we can do that, and hopefully bring it back
6 before the -- the EIR before the Commission after being
7 recirculated, before the end of -- before the end of 2014,
8 that would be wonderful, fully understanding that
9 sometimes these things are not doable, that there are
10 additional variables that will come up that will postpone
11 it. But that is, I believe, the wish of the Commission
12 today.

13 Other of my colleagues have any comments?

14 With that, I would like to thank everybody who
15 came here with regard to Item 99, the PRC lease. Thank
16 you it's been very informative.

17 ACTING COMMISSIONER ORTEGA: Item 91.

18 ACTING CHAIRPERSON GORDON: What?

19 ACTING COMMISSIONER ORTEGA: Ninety-one.

20 ACTING CHAIRPERSON GORDON: Oh, 91. I'm sorry.

21 That's it. Item 91. I'm having problems with numbers
22 today for some reason. Thank you, everybody. We are now
23 going to move on to Items 79 and 80 having to do with
24 Redondo Beach.

25 Staff presentation, please.

1 EXECUTIVE OFFICER LUCCHESI: Reid Boggiano from
2 our Granted Lands Division will be giving staff's
3 presentation on Item C-79

4 PUBLIC LAND MANAGEMENT SPECIALIST BOGGIANO: Good
5 afternoon, Commissioners. The City of Redondo beach is
6 trustee of sovereign tide and submerged lands granted by
7 the legislature pursuant to Chapter 57 statutes of 1915
8 and as amended by Chapter 1555 Statutes of 1971.

9 The city's granting statute requires the
10 Commission to approve expenditures of \$250,000 or more.
11 The city is asking the Commission to consider approving a
12 tidelands expenditure of approximately \$92,000 annually
13 for a period not to exceed 13 years.

14 The following is a brief background on the
15 proposed expenditure. The Redondo Beach City Council
16 approved an asset management plan for the waterfront in
17 2007. This document serves as a blueprint for the City's
18 waterfront revitalization efforts. One of the central
19 strategies in the plan is the acquisition of
20 underperforming leasehold properties in the pier and
21 harbor area to facilitate the highest and best use of the
22 city's waterfront.

23 This includes upgraded public infrastructure as
24 well as enhancements to connectivity and improved access
25 to coastal resources. In 2011, the city identified three

1 leaseholds as targets for acquisition and upgrade, the
2 pier plaza, international boardwalk, and Redondo Beach
3 marina. In 2012, the city purchased the international
4 boardwalk and pier plaza leaseholds, which are both
5 entirely located on city-owned upland property. Also, in
6 2012, the city negotiated an option agreement providing
7 for the future purchase of the marina leasehold from
8 leaseholder Decron Properties. The city is now proposing
9 to exercise their option and purchase the leasehold
10 interested before the May 15th, 2014 deadline.

11 Similar to the other two leaseholds, the marina
12 property has not had significant meaningfully reinvestment
13 in a generation. The site holds significant potential for
14 revitalization and reconnection to the waterfront.

15 The Redondo Beach marina leasehold is located in
16 a pivotal geographic location as it connects the pier and
17 harbor areas. The 13-acre site is primarily situated on
18 city upland's property, but encompasses approximately two
19 acres with the tidelands grant to the city. And we
20 actually had a slide here that shows the boundary.

21 (Thereupon an overhead presentation was
22 presented as follows.)

23 ACTING CHAIRPERSON GORDON: That's a good slide.

24 (Laughter.)

25 PUBLIC LAND MANAGEMENT SPECIALIST BOGGIANO:

1 There we go. D is the marina. A is a leasehold
2 that was acquired in the 1980's. B is the pier plaza
3 leasehold, and C is international boardwalk leasehold.
4 Those were both acquired in 2012.

5 The property has had many opportunities for
6 public enjoyment of the waterfront, including the 58 slip
7 marina, long stretches of shoreline, a sportfishing pier,
8 and access to the main waterfront arteriole Harbor Drive.
9 In its current configuration, the leasehold does not make
10 highest and best use of these resources. Several
11 waterfront walkways and coastal access paths are blocked
12 by storage. The pathways from the south and north provide
13 poor access to the pier. And the property does not
14 currently offer convenient reception to regional boaters.

15 The ground rent payment to the tidelands trust
16 has averaged \$92,000 over the past five years. Following
17 the acquisition of the leasehold, the ground lease would
18 terminate but the subleases would remain in effect. Based
19 on a pro forma cash flow using the last five years of
20 operating history, the net operating income from the
21 leaseholds covers the debt service required for the
22 transaction. After the proposed financing, \$92,000 is the
23 annual tidelands investment being proposed by the city for
24 a maximum of 13 years.

25 Through ownership of the leasehold, the city will

1 be able to facilitate investment, promote the long term
2 highest and best use of the property, and make
3 improvements that will enhance access and enjoyment of the
4 waterfront.

5 Pete Carmichael from the city of Redondo Beach
6 and I are available to answer any questions.

7 Thank you.

8 ACTING CHAIRPERSON GORDON: Mr. Ohst. A return
9 engagement, sir.

10 MR. OHST: Yes, indeed. Gary Ohst, stakeholder
11 in Redondo Beach, and former budget and finance
12 commissioner.

13 This is premature to approve this today. You
14 heard the quick story, but the devil is in the details.
15 The city has had split votes on proceeding with this large
16 development. And there's a feasibility study under
17 contract for the whole thing, and this is just one piece
18 of it. That feasibility study isn't going to be completed
19 until July at the soonest.

20 Now, they've had a quoted unquote appraisal done
21 for this parcel, but no one has seen it. Staff is
22 proclaiming in words that this transaction will break-even
23 based on net operating income.

24 Well, anybody who manages commercial real estate
25 knows that net operating income is not cash flow. There's

1 a lot of costs that come in after NOI that staff hasn't
2 even -- leasing commissions, tenant improvements, capital
3 maintenance items. This is a waterfront property by salt
4 water. It's very expensive to maintain. Staff has not
5 put any numbers on the table. We don't know how far in
6 the hole this thing really goes. All they have is a
7 verbal statement NOI. Well, where is it?

8 A deal this big, a \$20 million transaction needs
9 to have details, and we just don't have them today. It's
10 putting the cart before the horse to purchase this
11 leasehold before they've even had the feasibility study on
12 the whole project done.

13 Staff has mentioned highest and best use. Yes,
14 there's zoning. Yes, there's density. But having zone
15 and density is completely different from having an
16 occupied building. And there's lots of density all over
17 town that's not occupied and never built because there's
18 no demand for it. So having a feasibility study is a
19 critical component before we go off and spend \$12 million
20 on a leasehold, which interestingly enough, last
21 transacted about six years ago at the peak of the real
22 estate market for nine million.

23 So how did it all of a sudden jump so much in a
24 soft market? There's no answers to that question. So
25 again, no one has seen this appraiser's report of the

1 assumptions behind it.

2 So I would caution the Lands Commission once
3 again on what the City of Redondo Beach does here. I
4 think this is premature to approve this today until we
5 have all the details, not the least of which as part of
6 this 100 percent financing has a balloon payment in it,
7 okay?

8 So if you approve this transaction with these
9 payments going, you know, from the tideland's funds,
10 you're also indirectly signing up for your share of a
11 balloon payment at the end of the 13 years. That's not
12 even discussed in the staff report. So there are some big
13 unanswered questions here. My recommendation would be to
14 delay this until we have more details from staff on
15 exactly what they mean by NOI, and really how far negative
16 does this really go beyond the 92,000.

17 And that concludes my comments.

18 Thank you.

19 ACTING CHAIRPERSON GORDON: Mr. Brand.

20 REDONDO BEACH CITY COUNCIL MEMBER BRAND: Good
21 evening again, Commissioners. I was for this in the
22 beginning. In fact, as Council Member in this district in
23 Redondo Beach, I supported the purchase of the two
24 previous leaseholds. They're a repurchase. We're buying
25 them back in an effort to revitalize our waterfront and

1 have better control.

2 And so when this particular lease was brought to
3 me, I thought it was a great idea. And I looked to staff
4 to explain to us how financially we could work this out.
5 And frankly, I was led to believe that it was going to be
6 cash neutral, as you heard from your presenter and your
7 staff. And I came to find out it was nothing of the sort.
8 That, in fact, we're going to lose over \$300,000 in ground
9 rent when we buy it back from the leaseholder -- the
10 \$300,000 a year.

11 There is a big balloon payment, so that if you
12 look at the monthly payment, yearly payment, sure it may
13 come close to being cash neutral, not taking into account,
14 of course, what Mr. Ohst just mentioned, capital
15 improvements that we would have to maintain, but with the
16 balloon payment, if you factored that in, again, it would
17 not even be close.

18 So as a result, I ended up opposing this. There
19 was an appraisal done. I've seen it. It's probably
20 subject to a public records request. I think you guys
21 should look at it before you approve this. You are
22 partners in this deal. I feel like it's -- you know, it's
23 going down the road of a rubber stamp, and I think you
24 need to take a closer look at this. After seeing the
25 appraiser -- appraisal myself -- and I must tell you, I am

1 the one vote who opposed this, but I am the councilman in
2 this district and I've been there for five years, and I
3 did support the others. So in doing your due diligence, I
4 really, really encourage you to look closely at the
5 details of it. And I do also recommend that you give this
6 some time.

7 I think that would be the prudent thing to do.
8 As for -- I mean, I really -- as for this to increase
9 coastal access, and, you know, that there's blockage
10 somehow of the waterfront, I mean, I would tell you that
11 this is a very active waterfront. We've got five
12 restaurants already on this lease. Five restaurants. We
13 have a boat hoist on this lease. A lot of opportunity --
14 we have a new hand launch on this lease. We have guest
15 moorings coming in.

16 So there's a lot of, lot of access already there.
17 Yes, absolutely, it needs revitalizing, and I'm all for
18 that, but you're signing up for the project and the
19 financing. And while I agree that we need to repurchase
20 this, there's a price to it. There's absolutely a price
21 to this. And, you know, your staff doesn't mention the
22 balloon payment in their report, right? And they are
23 thinking what I was thinking not long ago that this was
24 cash flow neutral, and it's just not.

25 So I'm recommending that you take a look at the

1 appraisal at a minimum before you approve this.

2 ACTING CHAIRPERSON GORDON: Mr. Brand, it was
3 indicated that there was no feasibility study done on this
4 project. Did you request one on the -- as a member of the
5 council?

6 REDONDO BEACH CITY COUNCIL MEMBER BRAND: Yeah,
7 there were a couple of inaccuracies that have been
8 mentioned. Yes, I did. And there was a feasibility study
9 done, as the developer said. They're results driven, and
10 there were a lot of flaws in it. And it was completed
11 last November, and he concluded that this was -- 487,000
12 square foot development was going to be a huge success on
13 the waterfront of Redondo Beach.

14 ACTING CHAIRPERSON GORDON: The developer himself
15 did the feasibility study?

16 REDONDO BEACH CITY COUNCIL MEMBER BRAND: Yeah,
17 he paid for it, and the guy had done work for them before.
18 So as the -- Fred Bruning, the president of CenterCal
19 himself said these are results driven and often, you know,
20 cooked, so to speak --

21 ACTING CHAIRPERSON GORDON: Okay.

22 REDONDO BEACH CITY COUNCIL MEMBER BRAND: -- for
23 lack of a better word. But we are considering our own
24 feasibility study, our own independent feasibility study.
25 And we have a Request for Proposals out right now. And

1 when those come back to us, we will be considering whether
2 to fund that or not. And that was a split vote even to go
3 that far, because me personally I agree with Fred Bruning
4 they're just results driven anyway.

5 ACTING CHAIRPERSON GORDON: Thank you, sir.

6 REDONDO BEACH CITY COUNCIL MEMBER BRAND: I hope
7 you'll take some time on this one.

8 ACTING CHAIRPERSON GORDON: Thank you.

9 Mr. Money. Jess Money, followed by Steven Diels,
10 and Marcie Williams -- Marcie Guillermo, I'm sorry. Pete
11 Carmichael and Melanie Cohen in that order

12 Mr. Diels. I'm sorry. Mr. Money. I'm sorry.

13 MR. MONEY: Yes. For the record, Jess Money.
14 Afternoon, Commissioners.

15 The proposal before you today is the latest
16 episode in Redondo Beach's long-sorted history of
17 deceiving the State Lands Commission and misusing
18 tidelands funds. They are here with a looming deadline of
19 May 15th to exercise the option, because simply they want
20 to get you pregnant.

21 (Laughter.)

22 MR. MONEY: They want to get you in with some
23 skin in the game, so they can come back to you later with
24 more.

25 First, the city proposes to buyout and

1 underperforming leasehold, but they're going to replace it
2 with an even bigger massive underperforming leasehold.
3 How do I know it's going to underperform? One of the --
4 one element of the proposed agreement allows the new
5 developer to use the property for 30 years rent free if
6 the property does not hit certain net income and return on
7 investment targets.

8 Now, we all know that companies can go to Wall
9 Street and show billions in profits and turn around to
10 taxing authorities and show losses. This is what
11 accountants are hired to do.

12 Second, just days ago, the city became aware that
13 in addition to the \$1,196,000 involved in the 13 years of
14 \$92,000 payments here, there's the little matter of a \$4.5
15 million balloon payment due at the end of this lease
16 buyout.

17 Now, here's a little background on Redondo and
18 the tidelands. In the sixties, they built an illegal
19 condo development in the harbor that the State legislature
20 had to retroactively legalize. In 2005, they claimed
21 almost 12 million in tidelands funds, but couldn't afford
22 a working boat for the harbor patrol. So a group of
23 citizens asked the Lands Commission to do an audit.

24 What did they discover?

25 That in 1988, the city had requested use of \$3.5

1 million of tidelands funds to buy an upland property for a
2 parking structure. The top level of that parking
3 structure was going to be a public picnic area, grass,
4 umbrellas, picnic benches. Instead of 3.5 million, the
5 city took five million without notifying the Lands
6 Commission. Then they enclosed the top level of the
7 parking structure and entered in a long-term lease with
8 Gold's Gym for a 55,000 square foot facility with 2,200
9 members, which up until recently, those members took up
10 most of those parking spots in the parking structure
11 before Gold's went belly-up, okay?

12 The city also entered into an agreement with
13 Standard Parking to run the parking structure for \$1,000 a
14 month for 50 years with no escalators at all, okay?
15 That's only part of it.

16 If you'll indulge me a little longer, I can give
17 you a couple more pieces.

18 ACTING CHAIRPERSON GORDON: Take another minute.

19 MR. MONEY: Okay. Thank you. The city only made
20 payments on the money from the tidelands funds for 13
21 months back in the eighties before they stopped doing it.
22 By the time this audit was conducted, that five million
23 was now almost six million in accrued interest. In a
24 negotiated settlement with the city, they made good by
25 giving two city properties to the uplands to be developed

1 for the benefit of the tidelands. Those properties
2 nothing has happened on.

3 Redondo's interaction with the State Lands
4 Commission, the discharge of its city obligations, and its
5 efforts to develop the tidelands area can be summed up
6 thusly, deceit and deception, sweetheart development
7 deals, and manifest incompetence on a biblical scale.

8 ACTING CHAIRPERSON GORDON: Thank you, sir.
9 We've got a czar and biblical actions here.

10 (Laughter.)

11 ACTING CHAIRPERSON GORDON: I wasn't expecting
12 quite a historical day.

13 Mr. Diels.

14 MR. DIELS: Thank you very much. My name is
15 Steven Diels. I am a resident of Redondo Beach. I also
16 am the elected City Treasurer. And I could speak on two
17 items tonight, if you would allow me to do that right now.
18 Otherwise, I'll come back for the other opportunity to
19 speak.

20 We're confusing a couple of things here. There's
21 the CenterCal project, which is part of our overall
22 waterfront development, and there's also the strategic
23 plan by which the city is executing the plan to acquire
24 these leaseholds.

25 I would like to point out that a feasibility

1 study was done regarding the CenterCal project. I think
2 this is the one that Mr. Brand was referring to. And it
3 was paid for by the developer at the request of the city
4 council. And it did, by the way, come up with very
5 positive results for the overall project.

6 As a resident and a voter in Redondo Beach, I
7 would like to just simply ask the question, when does a
8 vote of the people count? Redondo Beach has adopted
9 ballot box zoning. And as a result, we voted on Measure G
10 to revitalize Redondo Beach waterfront consistent with the
11 Coastal Commission in November 2010 with Measure G, as I
12 said.

13 The city is simply executing its strategic plan
14 to meet the voter approved guidelines in that measure.
15 Acquiring this lease is prudent, it has value, and will
16 ultimately lead to a more public access and cleaner
17 coastal environments.

18 And I would -- I support this, and I would let
19 you know that many of the people speaking here tonight
20 were opponents of Measure G at that time. And I would
21 request that the State Lands Commission not be part of and
22 end-around of our voter approved process and the City of
23 Redondo Beach that has been approved by the Coastal
24 Commission as well.

25 I can speak on the other item, which has to do

1 with the audits.

2 ACTING CHAIRPERSON GORDON: Why don't you speak
3 to that also.

4 MR. DIELS: Okay. So while I'm here, I did bring
5 along copies of our City of Redondo Beach internal service
6 funds audit for the year ended June 30th, 2013, and also
7 an audit on our city enterprise funds, both of which have
8 been questioned today. I came here originally simply to
9 make these part of your packet, and then to try to open a
10 dialogue with you on the issue of what is fiscally
11 responsible, financially prudent, and transparent
12 government.

13 We have been auditing the enterprise funds and
14 the internal service funds separately from -- or in
15 addition to our regular city audits. And, you know, if
16 there's something more you want, we'd like to engage in
17 that dialogue, but we have nothing to hide. And we did an
18 earlier audit for which I do not have a copy of that
19 was -- that tested our policies and our methodology. And
20 these audits that I have for you here today simply
21 demonstrate that the methodology has been equally
22 distributed across all funds.

23 Okay.

24 ACTING CHAIRPERSON GORDON: Thank you, sir.

25 MR. DIELS: Thank you.

1 ACTING COMMISSIONER SCHMIDT: Can I ask a
2 question?

3 ACTING CHAIRPERSON GORDON: Yes. Hold on.

4 ACTING COMMISSIONER SCHMIDT: With regard to the
5 feasibility study, was the contractor or consultant that
6 did that chosen by the city or by the developer?

7 MR. DIELS: You know, I was city council member
8 for eight years, and I was off the council during the
9 period of time of that selection. I don't know the
10 details. I am now the elected City Treasurer, but maybe
11 Pete Carmichael could give you the specific details.

12 ACTING CHAIRPERSON GORDON: Marcie Guillermo.

13 MS. GUILLERMO: Good afternoon, Commissioners.
14 My name is Marcie Guillermo. I'm a resident of Redondo
15 Beach. I've been a resident of Redondo Beach for the past
16 15 years. I have also been attending every single meeting
17 of the city council and the harbor commission budget and
18 finance commission on a regular basis. And I have -- and
19 I'm learning and I have learned a lot.

20 In regards to this project, I'm opposed for you
21 to approve it the way it is until further information is
22 provided to you and really be well analyzed. It was to my
23 surprise that the appraisal was not made available to the
24 public, not even to the city council as the appraisal was
25 available one day prior to the meeting.

1 And in regards to how well they manage the
2 assets, I have a lot to -- I have a lot that I would like
3 to improve, and I would like your participation on that as
4 well.

5 The fact that we're going to pay 12 and a half
6 million for that leasehold, it's way too much based on
7 what the previous master holdlease(sic) has paid for it,
8 and without seeing the appraisal. Furthermore, I disagree
9 with the statements by Mister -- the current city
10 treasurer, because that is an active front -- waterfront
11 from the harbor.

12 I also -- I do agree, and I echo the concerns of
13 Mr. Gary Ohst, Mr. Bill Brand, and Jess Money. I am not
14 familiar with Measure A, not back then, but I'm familiar
15 now, because I'm doing a lot of reading. And I believe
16 that the voters were deceptive(sic) when they were being
17 informed about that measure. The city uses all these
18 approved laws to just build and overbuild and overbuild,
19 and we don't see the consequences coming down the line.

20 For that reason, I would really appreciate you
21 oppose until further information is made available to the
22 public and to you as well.

23 And that's all I have for Item 79.

24 Thank you.

25 ACTING CHAIRPERSON GORDON: Thank you, Ms.

1 Guillermo. Did you wish to speak on Item 80 as well?

2 MS. GUILLERMO: Yes.

3 ACTING CHAIRPERSON GORDON: Why don't you
4 continue.

5 EXECUTIVE OFFICER LUCCHESI: Well, actually if I
6 may just make a suggestion?

7 ACTING CHAIRPERSON GORDON: Yes.

8 EXECUTIVE OFFICER LUCCHESI: Because both items
9 need to have a separate vote by the Commission on, it's
10 better to take each item up separately, have public
11 comment on those items separately.

12 MS. GUILLERMO: I do have some comments for
13 public -- you know, during the non-agenda item.

14 ACTING CHAIRPERSON GORDON: On the non-agenda
15 piece, why don't -- we'll come back to that later. We're
16 going do finish Item 79 right now, and then we'll come
17 back to Item 80 and later go to public comment.

18 Next witness would be Pete Carmichael, Waterfront
19 and Economic Development Director, City of Redondo Beach.

20 MR. CARMICHAEL: Good afternoon again,
21 Commissioners. Pete Carmichael with the City of Redondo
22 Beach. First, let me just distinguish a couple things.
23 On the agenda tonight is the acquisition of the Redondo
24 Beach marina leasehold. Separate and apart from that
25 acquisition is a plan that is just starting the CEQA

1 process, which is a redevelopment of the waterfront with a
2 developer by the name of CenterCal Properties.

3 As you know with, CEQA we're at the front end of
4 that. It's likely and 18-month EIR. That may or may not
5 happen. It depends on what we learn through the EIR
6 assess. Additionally, we don't have a lease written up
7 either. The Commission is a consulting agency on the EIR,
8 and certainly the lease will come back to the Commission
9 for approval, if and when that project does, in fact, move
10 forward.

11 The acquisition that we're talking about here is
12 really part of a revitalization and part of a strategy to
13 incentivize private investment, whether that's CenterCal
14 or anybody else. The feasibility study that was mentioned
15 earlier did come back last fall. It was paid for by the
16 developer through a reimbursement agreement with the city.
17 The EIR will be through a reimbursement agreement as well.
18 The City selected the consultant. We're in the process of
19 engaging another feasibility study to double that, just
20 the assurance that we got from the first one.

21 I will say that the results were positive for the
22 proposed CenterCal project with rents well in excess of
23 the rents we're receiving down there today.

24 And that gets back to the acquisition. Really,
25 this is a site that's got a very defendant landlord that

1 we've been doing business with since 2008. They bought
2 the property for 10.7 million in 2008. I think indirectly
3 it was quoted as nine million earlier. It was 10.7
4 million in 2008. They've been very difficult to deal
5 with. They have not effectuated any of the revitalization
6 that was promised at their purchase. The site is marked
7 by low rents. Retail getting in the neighborhood of \$1.25
8 a square foot. High turnover. If you look at the
9 PowerPoint map again, it's about a 13-acre site, and about
10 nine or ten of those acres an asphalt parking lot right on
11 the ocean's edge.

12 Since the point when it was purchased in 2008, as
13 Mr. Diels mentioned earlier, the city has passed a new
14 zoning ordinance for the waterfront. That provides some
15 certainty and some additional density to when it was
16 purchased six years ago.

17 The city is in significant heed of infrastructure
18 improvement, as we've talked at length with with your
19 staff. This site is an opportunity for not only
20 facilitating highest and best use, rebuilding, staging,
21 and contingency areas for that infrastructure rebuild, as
22 well as environmental remediation.

23 We've identified this site as a significant point
24 source for dirty water given the sheet runoff from that
25 large expansive asphalt parking lot.

1 If I can speak just a minute to the financing,
2 and then I'll wrap up. I know I'm running out of time
3 here. The city purchased two of the other leaseholds, B
4 and C, as labeled there in 2012. Since purchasing those,
5 we've doubled the occupancy and significantly improved the
6 properties.

7 At that time, there was also the negotiation for
8 an option to purchase this leasehold. The \$12 million
9 purchase price was agreed upon. The financing was
10 arranged with a balloon payment very deliberately.
11 That's a common transaction structure for commercial real
12 estate. It keeps our holding costs low, because we payoff
13 less principal during the ownership period. And the
14 intention is always to bring in private sector investment
15 and it gives us the opportunity to either, A, refinance
16 or, B, bring in the private sector to pay that balloon
17 payment between now and likely the next three to five
18 years when we move through an EIR process, but as long as
19 13 if we need that much time to make the transaction
20 happen.

21 With that, I'm in a bit of an awkward spot here
22 speaking on half of the majority of the council, but happy
23 to answer any questions you have. And I think really the
24 bottom line here is it's a transaction that allows us to
25 revitalize the waterfront at a purchase price that was

1 negotiated, a financing structure that makes sense, and
2 really a purchase that's separate and apart from any
3 additional development plan that may come and would be
4 subject to your approval at a later date.

5 ACTING CHAIRPERSON GORDON: Thank you, sir.
6 Melanie Cohen, please.

7 MS. COHEN: Good afternoon. My name is Melanie
8 Cohen. I'm a resident of Redondo Beach, also president of
9 the South Bay Parkland Conservancy. I'm not as well
10 versed in the history of the property and the financing of
11 the property, but I found out about this by an email, and
12 I called and spoke to Mr. Boggiano and he explained to me,
13 "Oh, we are just okaying authorizing expenditures, not
14 okaying what's being built there".

15 I get that. However, it seems to me, based upon
16 what I've heard here today, that the CenterCal project is
17 not being mentioned like it should be, as the -- as --
18 after eight public meetings, it has turned out to be
19 487,000 feet of retail and development. The city is not
20 being truthful to you when they're saying, oh, we need
21 more access, there's this, there's that. Sure that can
22 always be approved, and yes, I want the pier area to be
23 developed. I really do. I want it to be a beautiful
24 showcase, so we can have tourism and we can have people
25 come to use the harbor more and to enjoy everything.

1 But I think this is premature. To allow the city
2 to have this money right now is not prudent. There isn't
3 enough information out there. And I absolutely welcome
4 Mr. Carmichael's second EIR that is not attached to the
5 developer to see what the feasibility of this development
6 is.

7 So please, please do not allow this today. I
8 know I speak for myself and hundreds of people who have
9 paid attention to many other issues in the city. And
10 sometimes the city, although they really want to do what's
11 right for them, and they feel -- well, we feel it's right,
12 so it should be right for most of my constituents, they
13 don't ask all the constituents or include all of the
14 constituents. So that's why I'm standing here today.

15 I'm a little nervous, because it's pretty intense
16 for me, but I appreciate your time. Thank you very much.
17 Please don't allow this at this time.

18 ACTING CHAIRPERSON GORDON: Thank you, Ms. Cohen.
19 Any comments by other members?

20 ACTING COMMISSIONER ORTEGA: If I could just ask
21 staff whether Ms. Lucchesi, or Reid too -- there are two
22 questions I have. One is to really focus this back on
23 what the issue is before the State Lands Commission. I
24 feel like we've heard a lot issues about the type of
25 development and local issues in Redondo Beach, and I'm not

1 sure that's really what is before us or within our
2 purview, so that's the first question.

3 And then the second question is just specifically
4 on the reference to this balloon payment, which maybe
5 perhaps is something that we should hear more about. Just
6 because the staff didn't mention it, it doesn't mean it
7 wasn't considered, so I'd like to make that clarification
8 as well.

9 EXECUTIVE OFFICER LUCCHESI: All right. I can
10 start and then Reid you can fill-in as necessary. I think
11 it would be helpful if we could pull that slide up again,
12 please.

13 The City of Redondo Beach holds and manages State
14 sovereign tidelands pursuant to a grant by the
15 legislature. What this means is the City holds fee title
16 and has a responsibility to manage these lands on behalf
17 of the State. The State Lands Commission does not have
18 any leases in this area. It does not own any property in
19 this area. The City of Redondo Beach owns the property
20 subject to a legislative grant.

21 So those -- the terms of those grants, those
22 statute really dictate what the Commission's oversight
23 authority is, and also what its specific approval
24 authority is with regards to expenditures. The City of
25 Redondo Beach is one of a handful of grants that requires

1 the Commission to review certain expenditures over a
2 certain amount. That -- and the City of Redondo Beach
3 it's \$250,000.

4 But that comes with constraints. We have -- the
5 Commission has 90 days to review -- from the submittal of
6 that proposed expenditure 90 days to review and determine
7 whether that expenditure is consistent with the grant.
8 That is what is before the Commission in its very limited
9 form.

10 And I just want to point back to the slide real
11 quick. That yellow dotted line is actually the upland
12 property boundary of the grant. So everything waterward
13 or to the lower half of the screen is within the grant.
14 Everything above or landward of that yellow dotted line is
15 city owned uplands, not within the grant, not under the
16 Commission's oversight jurisdiction.

17 So when we're talking about area D and the marina
18 leasehold and how much the city is expending to buyout
19 that leasehold, it's important to recognize that the
20 tidelands funds that are being pledged to buy that out is
21 only \$92,000 a year, and it only can -- pertains to that
22 area waterward of the yellow dotted line portion of the
23 leasehold.

24 Two acres. Thank you, Mark.

25 So with that said, the staff works closely with

1 the city to review all the documentation that backs up
2 their request to expend this money. We reviewed with the
3 city, the methodology, and assumptions for the appraisal
4 to come up with the value of the leasehold. It's
5 important to note that the city is purchasing this
6 leasehold, but that it will still make money, \$92,000 a
7 year, from the sublet leases that will be used to pay that
8 debt service.

9 What else do I want to say about that?

10 In terms of the balloon payment, I will hand that
11 over to Reid, but I appreciate the question, Commissioner
12 Ortega, because it's our -- the Commission's discretion
13 and oversight over this particular item is limited,
14 pursuant to the granting statutes, as well as to the
15 entire project.

16 PUBLIC LAND MANAGEMENT SPECIALIST BOGGIANO: And
17 regarding the balloon payment, the Commission's only -- or
18 staff is only requesting approval for the \$92,000 annually
19 for 13 years. So any monies that would go from the
20 tidelands trust to the balloon payment would have to be a
21 separate expenditure. That would have to be approved by
22 the Commission.

23 EXECUTIVE OFFICER LUCCHESI: Meaning that will
24 come back to the Commission for your consideration.

25 ACTING COMMISSIONER ORTEGA: Okay. Thank you.

1 And just a comment. I think with that
2 explanation of the Commission's limited role here, much of
3 the comment that we heard is directed at the wrong venue.
4 It's -- you know, if there are concerns about the kind of
5 development going on, they're both local issues to
6 resolve, and potentially, you know, legislative issues
7 about what the grant itself says. It's not within the
8 Commission's purview to weigh-in on some of the issues
9 that were raised today.

10 ACTING CHAIRPERSON GORDON: Okay. To that end,
11 the Controller has issues regarding the use of the
12 tidelands funds for what appear to be ongoing city
13 budgetary expenses not related to the grant. For that
14 reason, we are not ready today to vote for the expenditure
15 of the \$92,000, so we will not be voting for it on Item
16 79. I don't know how my colleagues are going to vote, but
17 we will abstain from that vote.

18 ACTING COMMISSIONER ORTEGA: I would move
19 approval of Item 79.

20 ACTING COMMISSIONER SCHMIDT: I'll second that.

21 ACTING CHAIRPERSON GORDON: Okay. We've got a
22 motion and a second.

23 All those in favor?

24 (Ayes.)

25 ACTING CHAIRPERSON GORDON: All right. I'd like

1 to move on to Item 80 also having to do with the City of
2 Redondo Beach.

3 And this particular issue --

4 EXECUTIVE OFFICER LUCCHESI: Staff Member Reid
5 Boggiano will give the staff's presentation for this item
6 as well. And according to my speaker slips, I have three
7 public comments on this.

8 ACTING CHAIRPERSON GORDON: And who are they?
9 I've got them kind of all -- 79 and 80.

10 EXECUTIVE OFFICER LUCCHESI: Of course, I know.
11 Pete Carmichael with the city, Marcie Guillermo, and
12 Melanie Cohen.

13 PUBLIC LAND MANAGEMENT SPECIALIST BOGGIANO: As
14 has been previously discussed, the city of Redondo Beach
15 has been engaged in a comprehensive revitalization of its
16 waterfront. This city's local coastal plan, certified by
17 California Coastal Commission in 2009, requires the
18 construction of a public boat launch facility as a
19 prerequisite for the proposed redevelopment project.

20 A city-owned site located within the granted
21 lands boundary at 230 Portofino Way in King Harbor has
22 been identified as a potential location for the facility.
23 The building on site is currently leased to Joe's Crab
24 Shack restaurant with 16 years remaining on the lease.

25 The city and the developer are in negotiations

1 with the Restaurant for relocation to another site in the
2 waterfront area. The proposed expenditure of
3 approximately \$600,000 of tidelands revenue will be used
4 to fund the pre-construction engineering work for the
5 pre -- for the proposed boat ramp facility.

6 Pursuant to the city's granting statute, the
7 Commission has 90 days to notify the city that the capital
8 improvement project is not authorized. Based on the
9 information provided by the city, staff does not find the
10 proposed expenditure to be inconsistent with the city's
11 granting statutes.

12 The public boat ramp facility would greatly
13 improve low cost coastal access to boaters and stimulate
14 economic activity at the nearby marinas, hotels,
15 restaurants, and retail establishments located within the
16 granted lands -- granted and submerged lands -- granted
17 tide and submerged lands.

18 ACTING CHAIRPERSON GORDON: Okay.

19 Ms. Cohen.

20 MS. COHEN: Hi. While I greatly agree again that
21 we do need a boat ramp. It's sorely needed in a harbor
22 area, and one where you can drive in and drive out. I am
23 a little nervous about where they want to put it. It's
24 right next to our seaside lagoon. And the amount of
25 traffic going to that area, let alone the amount of people

1 going in and out with these boats would damage the air,
2 water, everything around where people would be walking and
3 biking and hiking and all of that. So I don't think this
4 is the exact best spot for it.

5 The other issue is the way that C-80 is written,
6 it's like a blanket explanation of yes, you can go ahead
7 and do this and we'll give you the money. Well, I looked
8 at some of the other issues that were on the agenda as
9 well. And if you look at C-77 for the City of Long Beach,
10 they list the expenditures exactly, telling you they're
11 going to use this for this much. For instance, on page
12 five it says that you can spend the particular amount of
13 money for each project.

14 Well, I don't see that here. And as the State
15 tidelands Commission, you're very, very good about taking
16 care of the money. So I would suggest that you do not
17 pass this as well, until it is absolutely shown to you
18 exactly how it's going to be spent, where it's going to be
19 spent.

20 Thank you so much.

21 ACTING CHAIRPERSON GORDON: Thank you.

22 Mr. Carmichael.

23 MR. CARMICHAEL: Good afternoon again,
24 Commissioners. This item, as has been mentioned, is a
25 boat ramp. A little bit of background. We have an

1 approved local coastal program with the California Coastal
2 Commission. It was certified in 2009, I believe. And one
3 of the pre-conditions for any landside development in that
4 LCP is the construction of a public access boat ramp.

5 With that in mind, we've worked to find a
6 location. We've identified several potential options.
7 This one being the most feasible. We just concluded a
8 study that I think is in your packet that Moffatt & Nichol
9 did, a coastal engineering firm that we've used for
10 several projects in the waterfront. And they did sort of
11 a very quick feasibility on this location, is it possible,
12 and what would it cost?

13 It came back that it is a feasible location.
14 They identified the full costs, and they identified
15 \$600,000 as the cost to do the additional engineering
16 required to have it shovel ready, so to speak.

17 That feasibility study was a prerequisite for a
18 grant application that we submitted about two weeks ago to
19 the State Department of Boating and Waterways. We've
20 walked the site with representatives from State DBW. They
21 feel very strongly about the site as a candidate for grant
22 funding. There's no guarantees. We'll know probably this
23 summer whether or not we're awarded the funds. If we are,
24 then we would be able to reimburse the tidelands the
25 \$600,000 that we're asking for today.

1 Subject to both their approval and our ability to
2 move Joe's Crab Shack, we would then refund the tidelands
3 expenditure. There's no guarantees, but early feedback
4 from the Department of Boating and Waterways has been
5 positive.

6 So what we're asking for is \$600,000 as laid out
7 in the feasibility study is the line item cost for the
8 full engineering to get to construction drawings. We have
9 a good shot at being able to reverse -- to reimburse the
10 tidelands through a grant application. But nonetheless,
11 we think it's a very important project as does the Coastal
12 Commission. And we think through the work of Moffatt &
13 Nichol, they've identified a spot for it that's feasible.

14 ACTING CHAIRPERSON GORDON: Thank you.

15 Ms. Guillermo.

16 MS. GUILLERMO: Good afternoon. Marcie
17 Guillermo, resident of Redondo Beach. I'm here before you
18 to oppose the approval of lending the money to the city in
19 the amount of 600,000. And the reason is this, the city
20 is asking the California State Lands Commission to borrow
21 600,000 from the tidelands trust for pre-work for the boat
22 ramp. I'm not opposed to the boat ramp.

23 My question is, why doesn't the city borrow the
24 money from the city general fund? After all, the city has
25 already benefited from tidelands funds. Remember the 3.5

1 million that they initially got from the tidelands, plus
2 the interest. So that's the main reason I'm opposing.

3 And the second reason I'm opposing, at this time,
4 is because this is like Mister -- the director of
5 development said, it's a good shot that we're going to get
6 the grant. If we don't, then the tidelands will not see
7 the money. And that's what I'm opposing to this item.

8 Now, can I go on the record for the public
9 comments section, because that will tie it up why I don't
10 feel comfortable at this time to have the city to have
11 that kind of money?

12 EXECUTIVE OFFICER LUCCHESI: That would be fine.

13 ACTING CHAIRPERSON GORDON: That would be fine.
14 Yeah, why don't you finish that.

15 MS. GUILLERMO: Okay. This is in regards to the
16 Redondo Beach King Harbor tidelands fund loan. It started
17 in 2 -- February 28, 1993, when the California State Lands
18 Commission approved 3.5 million loan for the deposition of
19 the land for additional parking and landscape area for the
20 King Harbor. That was Item number 17.

21 This parking structure is primarily used by the
22 hotel guests. And on top of the parking structure a
23 Gold's Gym was built. I have been a regular of that gym
24 for over 13 years, until all of a sudden they filed for
25 Chapter 7 bankruptcy. Yes, Chapter 7, not Chapter 11.

1 That was my time to think about that.

2 Many of the members were sad for a couple of
3 reasons. A lot of them lost money. And right now they
4 are trying to get it back. The operator was signing new
5 members even the night before that gym closed.

6 And the second reason is the area where the Jim
7 gym is located is surrounded by a lot of condominiums and
8 other residential and business structures, so it has -- it
9 serves a purpose for the community.

10 In doing my research, I learned a lot. The gym
11 pays the rent to the hotel. The hotel pays the city a
12 flat \$12,000 a year -- yes, a year -- for over 29,000
13 square footage. The city is -- the site is available for
14 lease right now, and the agent is asking \$2 per square
15 footage. That is \$58,000 a month, yes, \$58,000 a month,
16 which translates to almost \$700,000 a year.

17 For that same reason, I'm opposed to, at this
18 time, grant that \$600,000 loan to the city to go ahead
19 with the pre-work for the boat ramp.

20 What really concerns me the most is the fact that
21 the city council did not listen to the residents when
22 asked to assume responsibility for its actions, as it
23 pertains to the loan repayment, nor listened to the harbor
24 commission's recommendation to deal with this problem.
25 The harbor commission's recommendation just wanted to have

1 a joint meeting between the budget and finance commission
2 and the harbor commission to deal with this problem and
3 explore alternatives.

4 But what did they do -- what did the city do?
5 They rush to approve the ordinance and eliminating the
6 loan. The city attorneys said it was a time sensitive
7 matter, which I disagree. Furthermore, the agenda -- the
8 item on the agenda was not properly agendized, which I
9 believe it is a violation of the Brown Act under the
10 rules.

11 I would like -- I would still like to have a
12 joint meeting between the two commissions regarding this
13 loan and would request the California State Lands
14 Commission request the city to do so and certify this with
15 the community and with your Board.

16 I believe the harbor commission, the voters, and
17 the residents deserve a little respect and consideration.
18 What do you think or how do you feel about that after all?
19 The California State Lands Commission forgave the loan.
20 Thank you very much.

21 ACTING CHAIRPERSON GORDON: Comments by either
22 one of my colleagues.

23 ACTING COMMISSIONER SCHMIDT: Yeah. Why are we
24 taking this up before they secure the space? Could we not
25 wait on this until they get the tenant moved from Joe's

1 Crab Shack? We're authorizing \$600,000 for
2 pre-construction and engineering on a site that hasn't
3 been secured yet.

4 EXECUTIVE OFFICER LUCCHESI: We had -- pursuant
5 the granting, this Commission has 90 days from the time
6 the city, the grantee, submits the proposed expenditure.
7 They submitted this on their proposed expenditure on March
8 31st. So we can -- the Commission cannot delay
9 indefinitely consideration of this. It has 90 days to
10 make that determination on whether the proposed
11 expenditure is consistent with the grant or not.

12 So that's one of the -- that is the reason why we
13 bring it to the Commission so quickly is because we're
14 under a time consideration for that.

15 I will note that just to kind of back up and take
16 a bigger picture look at this, is the city is required
17 to -- the revenue that it generates on Public Trust Lands
18 are required to be spent on Public Trust Lands.

19 There have been various references to the
20 tidelands loaning the city money or somehow the State
21 Lands Commission giving the city this money. This is not
22 State Lands Commission money. It's not general fund
23 money. This is tidelands revenues that were generated
24 from the grant to be spent back on the grant, which is
25 exactly what this proposal is doing. It's spending money

1 on pre-construction work for a boat ramp to be located on
2 granted lands within the City of Redondo Beach.

3 In terms of the feasibility or the exact
4 location, the legislature has granted these lands, along
5 with 79 other grantees in the State, the management
6 responsibility to make those decisions. That's why they
7 own this property in fee subject to the trust. The
8 Commission doesn't necessarily get into the day-to-day
9 management of these lands, and, in fact, doesn't really
10 have the ability to do that.

11 So the question before the Commission is does
12 this -- does this expenditure, is it consistent with the
13 terms of the granting statute? The expenditure of
14 pre- -- for pre-construction engineering work for a boat
15 ramp is consistent with the Public Trust and the City of
16 Redondo Beach's granting statutes.

17 ACTING CHAIRPERSON GORDON: Ms. Lucchesi, what
18 was the last -- there have been numerous issues raised
19 here with regard to how the City of Redondo Beach has
20 utilized the trust funds.

21 EXECUTIVE OFFICER LUCCHESI: Yes.

22 ACTING CHAIRPERSON GORDON: When was the last
23 time that the Commission did an audit of those
24 expenditures?

25 EXECUTIVE OFFICER LUCCHESI: The last time the

1 Commission reviewed the city's financial records of its
2 grant was between the years 2004 and 2006. I believe it
3 was mentioned previously by a member of the public. That
4 was at the direction of the Controller.

5 The staff presented its findings over two
6 meetings to the Commission. And the end result was that
7 the Commission and the City of Redondo Beach entered into
8 an MOU to address those handful of issues that weren't
9 necessarily in violation of the grant, except for maybe
10 one issue, which was the Gold's Gym and the use of
11 State -- of State granted lands by a gym.

12 But we -- the Commission authorized an MOU with
13 the city to set out the framework by which to address all
14 of those issues. We are still in the process of
15 addressing some of the outstanding issues, including the
16 resolution of the Gold's Gym issue as a land use, not
17 necessarily the bankruptcy. That's out of the
18 Commission's jurisdiction.

19 ACTING CHAIRPERSON GORDON: So that's eight years
20 ago, 2006. Do we have a standard time frame during which
21 we go back and reaudit these grants?

22 EXECUTIVE OFFICER LUCCHESI: No.

23 ACTING CHAIRPERSON GORDON: We don't.

24 EXECUTIVE OFFICER LUCCHESI: No, we don't have --
25 we do not have any set schedule for auditing our grants.

1 It is within the jurisdiction of the Commission to conduct
2 an audit or a financial review of our grantees. There are
3 approximately 80 grantees in the state, ranging not only
4 from the City of Redondo Beach, but the Port of Los
5 Angeles, Oakland, San Diego, all the way to larger city --
6 coastal cities like Newport, that sort of thing.

7 Frankly, the Commission does not have the staff
8 to conduct regular audits of our grantees. We do have an
9 audit team located in our Long Beach office. They are
10 focused on auditing those leases the Commission issues
11 directly, those revenue generating leases, primarily
12 focused on oil and gas leasing.

13 ACTING CHAIRPERSON GORDON: Okay. Here is what I
14 would propose. I'm going to abstain again on this one.
15 Enough issues have been raised by the public to me as to
16 how the city is expending the tide revenues that I'm not
17 comfortable voting for them. What I would like to do,
18 based on the last caveat you gave me, I would frankly like
19 to see an audit and financial review of the city's use of
20 tide revenues.

21 However, recognizing the limitations we have in
22 our auditing staff, rather than asking my colleagues to go
23 on that direction, what I would recommend instead would be
24 that you review the feasibility of audit staff conducting
25 that review, whether we have the resources to do it. If

1 we don't, we do have Department of Finance here, and maybe
2 at some point in time in the future, we would ask for more
3 audit resources to get there.

4 (Laughter.)

5 ACTING CHAIRPERSON GORDON: Not to put my
6 colleague on the spot.

7 ACTING COMMISSIONER ORTEGA: Well, I might ask
8 what resources the Controller has with all the
9 Controller's audit authority that exists.

10 (Laughter.)

11 ACTING CHAIRPERSON GORDON: They are out all over
12 the State as we speak, but, yeah, I think enough issues
13 have been raised for my concerns.

14 ACTING COMMISSIONER ORTEGA: I'll move approval
15 of item C-80.

16 ACTING CHAIRPERSON GORDON: Okay. We have a
17 motion to approve the expenditure of 600,000 -- of up to
18 \$600,000 for pre-construction and engineering work for the
19 proposed boat ramp in Redondo Beach.

20 ACTING COMMISSIONER SCHMIDT: I'll second that
21 with the understand that you're going to come back to us
22 regarding a feasibility of auditing the tideland funds for
23 Redondo Beach.

24 ACTING CHAIRPERSON GORDON: Okay. We have a
25 motion and a second.

1 All those in favor?

2 (Ayes.)

3 ACTING CHAIRPERSON GORDON: The Controller
4 abstains.

5 Okay. That is -- those are Items 79 and 80.
6 What I propose at this point is we have a fairly large
7 number of people here under public comment to speak with
8 regard to Rancho Palos Verses. I would like to move to
9 that -- to public comment at this point and deal with that
10 issue, as we have about 12 or 13 people I think in the
11 audience. So let us go there.

12 So, Ms. Lucchesi.

13 EXECUTIVE OFFICER LUCCHESI: Yes, I don't have
14 any objections to that. I just want to identify that we
15 still have one more regular item, which is an
16 informational report, no action, just information.

17 ACTING CHAIRPERSON GORDON: I'm aware of that.
18 As much as the public wants to hear our informational
19 report on legislation, staff is stuck here anyway.

20 (Laughter.)

21 ACTING CHAIRPERSON GORDON: So we're going to let
22 staff wait awhile to do that, and we are going to
23 accommodate the public right now.

24 That would be the Rancho Palos Verdes folks. Why
25 don't all of you who want the sneak on this come to the

1 front row right now, so -- and then we can kind of sort
2 out a direction, because I really can't get a sense of who
3 needs to speak first or last on this one.

4 So why don't you all come up right up here, all
5 of you who wish to speak on this issue, and we will go
6 there. So let's see --

7 EXECUTIVE OFFICER LUCCHESI: And if I may, Chair,
8 just before we start public comment on this, I want to
9 apologize for the confusion earlier. We have a much
10 large -- a much greater number of public commenters this
11 time than we're used to dealing with on a number of
12 different subjects and I just want to let you know that we
13 will improve that for the next time, but I think it's also
14 a testament to the fact that the statewide public likes
15 the State Lands Commission to travel and to be in
16 different areas of the state, so that the members of the
17 public can address the Commission directly.

18 ACTING CHAIRPERSON GORDON: And I'd just like
19 to -- your staff didn't screw up. The papers came up. I
20 got them out of order. It was completely my fault still I
21 guess jet lagged from England last week. So it's really
22 not -- it's not the State Lands Commission staff's fault
23 at all.

24 EXECUTIVE OFFICER LUCCHESI: We will be better
25 organized though next time.

1 ACTING CHAIRPERSON GORDON: And so will I. So
2 why don't we move -- why don't we start with Mr. Weiss for
3 no other reason than he's been sending me lots of emails
4 and I recognize his name. So let's go with Mr. Weiss on
5 Rancho Palos Verdes.

6 MR. WEISS: Thank you. And now you recognize my
7 face and I yours. I appreciate your consideration, Mr.
8 Gordon and other members of the Commission.

9 My name is Noel Weiss, and I'm basically here to
10 advocate for the Commission setting, as an agenda item,
11 the review -- and it's kind of interesting, I guess -- I'm
12 glad we're not talking about Redondo Beach here. But
13 nevertheless, there is a -- there's a tidelands trust
14 asset, an after-acquired tidelands trust asset, consisting
15 of railroad frontage off of -- on Gaffey Street. It was
16 acquired from the Alameda Corridor Transportation
17 Authority between '94 and '97.

18 It facilitates the transport of butane from this
19 Rancho facility that holds 25 million gallons of butane in
20 two 12.5 million gallon tanks. The potential for harm and
21 danger is obvious, but there are issues relating to
22 compensation. There are issues related to whether there's
23 been fair consideration. There are issues relating to
24 whether or not it's even an appropriate use in light of
25 the fact that the particular facility and the butane lost

1 its nexus to the port by virtue of the fact that the
2 pipeline, which originally connected the port to Berth
3 120, which did export, got cutoff in the mid-2000s
4 basically.

5 So for all intents and purposes, there's no
6 connection that is perceived, and yet the butane travels
7 through the port as if the port is just a land bridge
8 basically for its purpose. Meanwhile the Rancho facility
9 itself as we've learned from FERC documents, Federal
10 Energy Regulatory documents -- Commission documents is as
11 a going concern -- as an independent going concern
12 financially insolvent. It's had to basically borrow \$49
13 million, or take \$49 million, to be subsidized to the tune
14 of \$49 million from other Plains All American entities.

15 The rent on this facility, of \$1,200 a month for
16 an adjacent rail spur is basically not even paid by
17 Rancho. It's paid by another Plains entity, Plains LP
18 Marketing out of some bank account in Ohio, Van Vert,
19 Ohio.

20 The bottom line is that there is significant
21 concern, which will be expressed by the community here,
22 relative to the possible misuse of this asset, the lack of
23 financial fair consideration coming to the Commission for
24 the use of it, an evaluation particularly of this PHL
25 agreement, the agreement between the Port and the

1 shortline railroad that services of the facility.

2 All of these issues need to be evaluated, because
3 if, in fact, it's an unneeded tidelands trust asset, then
4 at that point, it really puts the State on the line,
5 because God forbid there should be a problem or an
6 accident or some difficulty, then the State, at that
7 point, is looking at a serious liability. And obviously
8 we have other known tidelands trust assets that need to be
9 protected here, the assets of the port, and whether the
10 port is properly weighing the cost benefits here needs to
11 be evaluated.

12 And honestly, the use of this forum as a public
13 forum to have openness and transparency and a discussion
14 about this and to draw the principals out, including
15 Rancho, is most appropriate. And it's precisely what the
16 tidelands -- I mean, what the State Lands Commission is
17 supposed to do. And we appreciate your consideration of
18 our request.

19 Thank you very much.

20 ACTING CHAIRPERSON GORDON: Thank you, Mr. Weiss.
21 Bonnie Christensen, please.

22 MS. CHRISTENSEN: Thank you, and good afternoon,
23 Commissioners.

24 ACTING CHAIRPERSON GORDON: Mona Sutton will be
25 next.

1 MS. CHRISTENSEN: The tidelands trust, as I
2 understand it, is to benefit all of the people not a
3 commercial entity as it is doing now, and as Noel has
4 said, I won't go over that.

5 Tabor Avenue School lives -- is within 1,200 feet
6 of this facility. When we asked for the risk management
7 plan, they said, oh, only 500 people -- if a tank should
8 explode, which is a flash, only 500 people would be
9 harmed/killed.

10 So we asked about Tabor Avenue School. And
11 within this perimeter of 1,200 feet is Mary Star High
12 School, is the William J. Johnston High School, is the
13 Christensen Science Center, and my home. Well, my home is
14 a half mile from it. We built that in 1962. And none of
15 we would be harmed.

16 And then they said that you can't count the
17 schools, because they're not really residents. We can
18 only count residents of those that would be harmed, I say
19 killed. We -- also, there's a domino effect. Sharing a
20 fence is Phillips 66. If one flash goes, so does Phillips
21 66, so goes Kaiser Hospital. And with the first flash
22 LAPD Harbor Division is gone, as well as our new fire
23 station just a half mile from there. That is accurate.

24 And so we implore you to please investigate
25 whether the port has misused the tidelands trust for the

1 benefit of a commercial entity. And gee, this is -- I've
2 really got more time here. I usually go a lot longer,
3 right?

4 But I think it is important. The pupils are
5 important of these schools. There's over 1,500 houses.
6 It goes through a residential district just across the
7 street from them. And I think it was either three or four
8 years ago on Memorial Day weekend when there was a
9 derailment just a mile down the road and we were lucky.
10 We were very lucky, because you have heard of the
11 derailments of this type of thing exploding and people
12 have to be evacuated.

13 Thank you.

14 ACTING CHAIRPERSON GORDON: Thank you.

15 Ms. Sutton followed by Janet Gunter.

16 MS. SUTTON: Good afternoon. And I'm Mona
17 Sutton. I am a stakeholder, property holder, as well as a
18 business owner. I own a restaurant in San Pedro on Gaffey
19 Street that is under question in regard to the misused
20 tidelands trust assets. And we -- I represent many, many
21 stakeholders as I stand here today in front of you that
22 are very, very concerned about the issue of these tanks
23 and the movement of the propane.

24 So I will implore you to please look into this
25 and investigate. There are really, really a lot of us

1 that are very scared of this being there as well as for
2 you to take up the misuse.

3 So thank you very much for your time.

4 ACTING CHAIRPERSON GORDON: Thank you, Ms.
5 Sutton.

6 Ms. Gunter followed by Connie Rutter.

7 MS. GUNTER: Good afternoon. First, I just
8 wanted to say that there were a lot of people here that
9 actually had to leave. We had over 25 people here from
10 San Pedro and Rancho Palos Verdes. This issue -- as you
11 know, we've raised this issue for a lot of years based on
12 the safety of the facility itself. It was brought in
13 under the Nixon administration. It was given exemptions.
14 It was put in an earthquake rupture zone. The rupture
15 zone has a 7.2, 7.3 magnitude potential, the tanks are
16 built without permits for L.A. city to a seismic
17 substandard of 5.5 to 6.0.

18 When you compare this facility with other like
19 facilities in energy comes to mind in Northern California
20 or Central California, they have a blast radius of 3.6
21 miles from a single ten million gallon tank, while this
22 facility is using a lesser formula that's offered by the
23 EPA that they have been able to say it's got a 0.5, one
24 half mile, radius of impact.

25 Well, we know that's not true. If you look at

1 these photos you're going to see that there was a rail car
2 accident that we have photos of in March of 2012. This
3 was just as the grade school was letting out their
4 students. There was no warning system. They have been
5 cited by EPA. They are still out of compliance. It's
6 a -- there was an article today about West Texas, and
7 they're talking about the tar sands fuel that's moving
8 across our country that's exploding everywhere.

9 The reason why crude oil has become explosive is
10 because there's a modicum of butane or propane infused
11 into it, so that it dilutes that thick tar sands. This
12 stuff is pure butane propane running through the ports
13 daily -- running through the ports daily, 200 billion
14 annual industry from the ports of L.A. and Long Beach.

15 And their insurance, the question is what is the
16 insurance? The other question is where is the
17 comprehensive risk analysis?

18 We want you to agendize this. We want State
19 Lands to investigate it. We think that there should be
20 some type of audit that shows you gives you the
21 responsibility of protecting the public, and really
22 protecting the ports. That's your duty.

23 Thank you. We would appreciate it.

24 ACTING CHAIRPERSON GORDON: Thank you, ma'am.

25 Ms. Rutter followed by Neil Saaty.

1 MS. RUTTER: I'm Connie Rutter. And I have had
2 close to 30 years experience working in the oil industry,
3 but the last 20 years of it was as a computer -- or
4 computer -- environmental consultant. And so I'm familiar
5 with the oil industry and with this particular substance,
6 which is called liquefied petroleum gas, which is propane
7 and butane.

8 At the Rancho facility, what they have stored
9 mostly is butane. And both LP -- both propane and butane
10 exist as gases and are made liquid for ease of handling.
11 They're made liquid either by cooling them down
12 refrigerating them or pressurizing them.

13 But the point is, their natural state is to be a
14 gas. And when they go from being -- so if any gets out,
15 it will either almost instantly become a gas or become a
16 gas quickly. The propane will become a gas instantly.
17 Butane will take a little bit longer. And the act of
18 becoming a gas from the liquid state, it increases more
19 than 200 times in volume, which creates a type of vapor
20 explosion. If you can picture what would happen with this
21 room all of a sudden needed 200 times as much space, it
22 would blowout the walls blowout and blow us out.

23 So just knowing that it's there, so you have to
24 think how can it be handled safely? And so the safety
25 things that you might think of are water. Water doesn't

1 work. As you know, oil floats on water. If you tried to
2 use water -- they do use water in case some gets out to
3 cool the other tanks hoping that they won't explode.

4 But the biggest thing is the impound basin, which
5 if you remember what you saw in a picture, they have to
6 have an impound basin, which is like a diked area, which
7 is supposed to be sized to hold one of those butane tanks,
8 12 and a half million gallons as a liquid. Just picture,
9 if the butane gets out of those tanks, because it's going
10 to increase as it vaporizes, it will increase more than
11 200 times. The impound basin will hold the butane less
12 than one percent of the butane as it vaporizes.

13 Another property of butane and propane are that
14 they are heavier than air. Therefore, if they get out,
15 they will not dissipate. They'll vaporize, but they will
16 follow -- they're heavier than air, so they'll follow the
17 gravity of the land and move down Gaffey Street, move
18 down -- there's a storm drain that goes right to the port,
19 so move down into the port. It will find a source of
20 ignition in all probability. There are five sources of
21 ignition on site, and any passing car can serve as a
22 source of ignition. And so you first would have the vapor
23 explosion, and then you would have the fire explosion.

24 The point about it is, you can feel safe with
25 things that are dangerous because you know there are

1 safeguards. But what we relied on for the safeguard
2 doesn't work. So if there is a release, you've got a
3 problem. There's nowhere to go. There's no fallback.
4 That's that.

5 ACTING CHAIRPERSON GORDON: Thank you, ma'am.

6 Mr. Neil Saaty followed by John Goya.

7 MR. SAATY: Hi. My name is Neil Saaty. I'm a
8 resident of San Pedro -- sorry. My name is Neil Saaty.
9 I'm a resident of San Pedro of California.

10 Rancho LPG pays as I understand \$1,200 or \$1,500
11 a month to the Port of Los Angeles for use of its property
12 to transfer liquid propane and liquid butane from their
13 storage tanks to rail cars and to transport those fuels
14 through port property.

15 The Los Angeles Fire Department since the 1990s
16 was given the responsibility to investigate possible
17 hazards, and to identify possible mitigation measures for
18 the Rancho LPG's operations and transport of these fuels
19 through the port property and through the rest of Los
20 Angeles.

21 Unfortunately, no funding accompanied this
22 responsibility, so none of this has been done. And were
23 it to be done, just specific to the activities -- their
24 activities on port property, which would be the transfer
25 of the fuels to the rail cars and the transport fuel port

1 property, clearly \$1,200 to \$1,500 month is woefully
2 inadequate.

3 Thank you.

4 ACTING CHAIRPERSON GORDON: Thank you, sir.

5 Mr. Goya.

6 Oops.

7 MS. GUNTER: Mr. Goya had to leave. He is
8 actually the candidate for the Assembly District in the
9 port area. He said -- and he was -- professionally he's a
10 chemical engineer. He's extremely concerned about this.
11 He said he'll put a formal letter in the mail to you.

12 Thank you.

13 ACTING CHAIRPERSON GORDON: Thank you very much.

14 Let's see, it looks like Sofia Quinones followed
15 by Nadine Diaz.

16 MS. QUINONES: Good afternoon, commissioners. I
17 want to thank Janet and the other residents of San Pedro,
18 who invited me into their community a few years ago. And
19 I couldn't believe this facility was built so close to so
20 many homes. And when I started looking into what was
21 going on, everyone now has to inherit this. You know, I
22 saw the city council meetings, I saw how the elected
23 official who represents the area was not even involved in
24 the decision, so -- and you look at institutional memory,
25 because of, you know, term limits, you can look at it now

1 with a new pair of eyes.

2 And so that's what we ask of you, to be stewards
3 of the land. This is a very dangerous facility. Although
4 the City of Los Angeles, you know, has oversight. You
5 know, when women talk, we look at things differently.
6 Right now in the City of Los Angeles there are 18 seats
7 available for office and there's only one woman elected.
8 That says a lot.

9 You know, the stewardship of our city is in
10 trouble. And I think as a country we're in trouble when
11 you have parties -- politicians paying more attention to
12 special interests, big money than the residents.

13 And so I think you have the responsibility. I
14 ask that you uphold our constitutional rights, our civil
15 rights, our lives and do your job. That's simply what
16 we're asking that you do, that you do your job, that you
17 look at this location, and you say, you know, is there a
18 danger?

19 And then is an environmental activist, you know,
20 as a Sierra Club Angeles Chapter, we always look at, well,
21 who's the lead agency to oversee this? And recently, we
22 had a hearing where we're looking at environmental
23 justice, and even people within the agency, and you could
24 look at here in the federal government, when people within
25 agencies try to help you, and they are retaliated against,

1 when they are harassed, when they are discriminated
2 against, because of pushback, because of special interest,
3 and they can't even -- I mean, they're being threatened.
4 They don't -- you know, they can't get promoted, because
5 they want to speak on behalf of the people because of
6 political backlash and retaliation. We can't even hold,
7 you know, our agencies in high regard, because they're in
8 fear of retaliation, and these are environmental agencies.

9 So there's a lot of problems in our State, but I
10 hope that one of your goals is to be stewards of the land,
11 to also look at our economic interests. The port is very
12 big. I think you should audit the port.

13 Thank you.

14 ACTING CHAIRPERSON GORDON: Thank you, Ms.
15 Quinones. Ms. Diaz, followed by Kathleen Woodfield.

16 MS. DIAZ: Good afternoon, Commissioners. My
17 name is Nadine Diaz. I have a lengthy submission so I'm
18 only going to read excerpts from it.

19 Again, my name is Nadine Diaz, and a I'm fourth
20 generation Angeleno, who is running for LA City Council
21 District 14. I am a health and community advocate and
22 have been involved in land-use issues throughout the city
23 and the county for the past 26 years. I have two degrees
24 from the University of Southern California, and have been
25 employed at USC for the past 23 years.

1 Since '94, I have been a researcher and part of a
2 medical team involved in epidemiological and urological
3 research investigating cancer, asthma, diabetes, and
4 currently Alzheimer's disease.

5 My other professional responsibilities include
6 representing the Southern California region of the
7 international --

8 ACTING CHAIRPERSON GORDON: Ms. Diaz, I'm going
9 to interrupt you for a second. Please talk to the issue.
10 We really can't do campaign speeches here, okay?

11 MS. DIAZ: Great. I will get to the issue.
12 Okay. Thank you.

13 You might ask why does the siting of Rancho LPG
14 in San Pedro affect me? Because, one, we have all seen
15 the increase of explosions involving liquid gas products
16 and other chemical products around the United States.

17 Second, the Port of L.A. is an economic engine
18 for the city and the county of L.A. The City of L.A. has
19 a conflict of interest regarding Rancho LPG facilities in
20 San Pedro. The city granted CEQA emergency exemption
21 permit for this facility, at that time, was known as
22 Petrolane. There was no emergency. There was just
23 back-room business deals as usual regarding the port.

24 There are appears to be a long history of
25 submission by the City of L.A. in fear that a condemnation

1 proceeding would cost the city too much money. This was
2 the wrong approach. There also appears to be a long
3 history of minimizing the potential danger of an
4 explosion. Fifty-one million pounds of butane are stored.
5 The company risk management plan foresees in radius of 0.5
6 miles, with an estimated residential population of 772.

7 For propane, a potential vapor cloud fire with a
8 release of 3,200 pounds with an endpoint of 0.10 with no
9 residential population affected. The maximum amount of
10 butane can be stored on site is 120 million pounds. For
11 propane, the maximum amount that can be stored is 640,000
12 pounds.

13 I implore you as an environmentalist, as a
14 stakeholder of the City of L.A. -- I live in the City of
15 L.A., but this is going to affect the entire city, San
16 Pedro, Long Beach, Los Angeles, et cetera.

17 So where is the value to the community?

18 The essential question is whether the risk
19 created is so unusual, either because of its magnitude or
20 because of the circumstances surrounding it as to justify
21 the imposition of strict liability from the harm that
22 results even though it is carried out on with all the
23 reasonable care.

24 The magnitude of storage at the Petrolane storage
25 facility over 23 million gallons is like no other.

1 Previous LPG explosions at other facilities should be a
2 wake-up call to all of you in regards to the disaster that
3 looms before the community. An earthquake and subsequent
4 explosion would leave nothing left for the harbor.

5 ACTING CHAIRPERSON GORDON: Thank you, Ms. Diaz.

6 MS. DIAZ: Thank you. And I implore you to do
7 your due diligence and support the people of the City of
8 Los Angeles and San Pedro, Long Beach, and throughout the
9 County of L.A.

10 Thank you.

11 ACTING CHAIRPERSON GORDON: Thank you.

12 Ms. Woodfield followed by Anthony Patchett.

13 And then a quick question before you start, I
14 have two folks here, June Burlingame Smith -- I actually
15 have three, John Winkler -- it is two -- who indicate that
16 they wish to speak public comment on the Port of L.A. Is
17 this on this issue?

18 MS. BURLINGAME-SMITH: Yes.

19 MR. WINKLER: Yes.

20 ACTING CHAIRPERSON GORDON: Okay. All right.
21 I'm going to put you in this pile also.

22 All right. Thank you.

23 MS. WOODFIELD: Good afternoon. I want to thank
24 you for being here. I know that Jennifer Lucchesi brought
25 up the issue that we really do need you here in the port

1 area. We have a lot of issues obviously that are
2 overwhelming sometimes, and it's nice to have the
3 opportunity to bring our issues forward to you. So thank
4 you for being. I'm the Vice President of the San Pedro
5 and Peninsula Homeowners Coalition.

6 And so therefore, I represent homeowners and
7 residents who live in the San Pedro area, where this
8 Rancho facility is located. And so I'm pleased that
9 somebody brought -- one of the speakers brought up the
10 issue of environmental justice, because as a resident
11 of -- I'm sorry, do I need to wait for --

12 ACTING CHAIRPERSON GORDON: No, no. I'm sorry.
13 Can you see if the building managers can turn down the
14 air. It is literally a meat locker up here. It's
15 freezing. See if there's somebody who can do something
16 about this. I'm sorry. We'll give you a little more
17 time.

18 MS. WOODFIELD: Okay. Thank you. As a resident
19 of this harbor area, and knowing that our issues are so
20 overwhelming and monumental, I can't help but notice your
21 agenda, which has recreational project after recreational
22 project after -- I have to tell you it's heart breaking,
23 because we have a beautiful area too, but what we're
24 seeing instead is that our recreational access is being
25 taken from us, and instead we're getting industrial uses

1 that put us at risk. And I don't think there's any one
2 that is as large as this one, as far as potential. Of
3 course, we have air quality risks and all of that, but
4 this one has the potential to wipe us out.

5 So we really would like the same considerations
6 and protections that the rest of the State, the rest of
7 the individuals of this State get from you. So we are
8 asking for that.

9 And the other thing is that, you know, through
10 our activism over the years with the Port of Los Angeles,
11 we've won some lawsuits and some settlements. And we have
12 found that there's a great deal of scrutiny from State
13 Lands when we go to spend that community as a mitigation
14 for the public for the community. We are asking that the
15 same scrutiny be given to this facility. This facility --

16 ACTING CHAIRPERSON GORDON: Ms. Woodfield, I have
17 a request for you, which has somewhat puzzled me since
18 this issue was brought to me. This is primarily -- I
19 mean, we may have some issues -- the State Lands has some
20 jurisdiction, and we'll talk about that in a bit. But
21 it's primarily a City of Los Angeles issue. The State has
22 delegated to the city whatever permits may be necessary.
23 CalEPA has -- I have looked. There are no permits
24 required for this facility from anybody at CalEPA.

25 Are there no bonding requirements or financial

1 assurance requirements that the City of Los Angeles has
2 imposed as part of their CUPA process on this facility?

3 MR. WEISS: Correct.

4 ACTING CHAIRPERSON GORDON: Nothing?

5 MR. WEISS: Nothing.

6 ACTING CHAIRPERSON GORDON: All right. Thank
7 you.

8 MR. WEISS: And that's -- the financial
9 insolvency aspect is why that's so critical.

10 ACTING CHAIRPERSON GORDON: Yeah. Okay. Go
11 forward. I'm sorry.

12 MS. WOODFIELD: I just want to clarify when I say
13 this facility, it's sort of a broad statement. That the
14 nexus or the opportunity for you to take action is through
15 the rail relationship that the port has pretty much given
16 to this private facility, which has, at this point, no
17 operational relationship to the port other than that rail
18 and moving its product through the port through port lands
19 in order to get it to the end destination, which is
20 another private industry that has also no relationship to
21 the port.

22 So when I say we would like your scrutiny on this
23 industrial facility to be equal to the -- or better than
24 the scrutiny we were given as a community for our
25 mitigation requests, that is what I'm referring to.

1 And with that, I'll end it. Thank you very much.

2 ACTING CHAIRPERSON GORDON: Thank you, Ms.

3 Woodfield.

4 Mr. Patchett.

5 MR. PATCHETT: Good afternoon. My name is
6 Anthony Patchett. I'm a retired assistant head deputy
7 district attorney of the environmental crimes division and
8 a former special assistant. I've served under 11 district
9 attorneys in four counties. I've been involved with this
10 case since Janet Gunter asked me a few years ago.

11 When I was the assistant head deputy of the
12 D.A.'s office, if I would have known about this case, I
13 would have found an injunction to shut it down as ultra
14 hazardous activity. The issue before you is whether or
15 not there is an improper use of State tidelands property?
16 And if you go on the website for the Port of Los Angeles
17 and it talks about the uses, one of the uses they say
18 that's impermissible is for a commercial activity. That
19 the commercial activity should be put on another location.

20 And what I'm really saying is that this location
21 should be closed down, and it should be moved. The
22 problem being is that when this location came in and you
23 talk about the City of Los Angeles problem, there's a real
24 conflict with the City of L.A., because they're the fools
25 and they're the blunders that made all of this happen,

1 because when you talk about CEQA, there was no CEQA
2 involved in this issue. There was nothing. It came in as
3 a CEQA exception as an emergency. There was no emergency
4 here. All it was, it was the typical San Pedro back door.

5 And that's what's happened here is that you've
6 had an issue that's gone on, and everybody says well, my
7 goodness, they're there. Well, the thing is to me fraud
8 vitiates consent. And the thing is when -- there was no
9 public hearings for this when it started in the seventies.
10 It came in under a guise and moved in and nobody knew
11 about it, and nobody knew the real dangers.

12 Now, that we've seen the explosions that have
13 happened throughout our country and throughout this world,
14 it's time too wake up, it's time to have common sense, and
15 it's time to say we shouldn't do this. The city of L.A.,
16 under the rail permit, underwrites Rancho LPG, so that if
17 there is a problem, the city of L.A. says, "Oh, well,
18 we're going to insure you".

19 The big thing is insurance. They've been playing
20 hide the ball all this time. Rancho will not tell us what
21 insurance they have. If you look at most policies, maybe
22 it's \$300,000. Is that enough to compensate somebody? If
23 you look at the potential explosion here, it's a radius of
24 over eight miles.

25 Why am I concerned? Because I live in Glendale

1 and this is in San Pedro. It's going to affect everybody.
2 It is the economic engine, and it's something where people
3 should wake up and take notice.

4 Thank you very much.

5 ACTING CHAIRPERSON GORDON: Thank you, sir.

6 June Burlingame Smith, please followed by John
7 Winkler.

8 MS. BURLINGAME-SMITH: Thank you. Thank you for
9 listening to our concerns. I am a resident of San Pedro.
10 I live at the south end of town, so I'm about four miles
11 away from this facility. And I've also been active with
12 the Port of Los Angeles as its chair of its
13 Community Advisory Committee, so I have some familiarity
14 with the State Lands Commission and its role and its
15 oversight of our lands, and I appreciate what you do.

16 I think the central issue here, of course, it's
17 been mentioned several times, but I just want to
18 reemphasize it, is the word "nexus". The port loves to
19 use the word "nexus" against the community. They use it
20 in all kinds of opportunities to say why they cannot do
21 this, and why they can't mitigate that, and why they
22 can't.

23 And yet, here we have a nexus that they declare
24 for a commercial property. They shut down the pipeline
25 where they had the LNG ships come in and they had to close

1 down the harbor. They had to close down the whole channel
2 whenever those boats would come in, and -- because it was
3 not economically feasible to continue to run this kind of
4 operation and because they said it was too dangerous.

5 All right. So you have the facility. It's not
6 on their property. Yes, it's city property, and yes, the
7 city has done what it's done and you know what that is,
8 but the port -- I think we're going to you, because we're
9 saying we are desperate. We are absolutely desperate.
10 We've gone to the EPA. We've had hearings. We've gone to
11 the councilman. We've gone to the congresswoman. The
12 councilman has put three proposals into the city council
13 which have gone nowhere.

14 I wonder why?

15 And the Congress comes in and says, well, the EPA
16 says this and that, and nobody is responsible. It's like
17 this.

18 I think that you are one of our last best hopes,
19 really. And I would plead to you to concentrate on that
20 word nexus, because the port is lying again to you. And
21 as I say, as a former chair of the Community Advisory
22 Committee, I know of which I speak.

23 ACTING CHAIRPERSON GORDON: Thank you, ma'am.

24 Mr. Winkler.

25 MR. WINKLER: Yeah. Good afternoon. John

1 Winkler, and I'm a resident of San Pedro.

2 As a homeowner and a concerned citizen, my
3 request is that the State Lands Commission investigate
4 whether the Port of Los Angeles has misused tidelands
5 trust assets by allowing rail tracks fronting Gaffey
6 Street in San Pedro owned by the port to be used to
7 transport millions of gallons of butane and propane over
8 the -- and through the port property.

9 There is the question of legality of the port
10 allowing the use of the port rail facilities, which are
11 tidelands trust assets for the Rancho's private commercial
12 gain. There's also concerns about propane and butane,
13 which are very flammable and highly explosive, which can
14 have serious consequences if there is an accident, natural
15 disaster, or a foreign or domestic terrorist attack.

16 As guardians of our Public Trust and our safety,
17 we appreciate your oversight on this issue.

18 Thank you.

19 ACTING CHAIRPERSON GORDON: Thank you, sir.

20 Comments by other of my colleagues?

21 This is public comments. Obviously there is no
22 legal action we can take today, other than to agendize
23 this for the future. Let me see if I can summarize this
24 for my colleagues. We have a very dangerous preexisting
25 facility located among a residential area with a huge

1 potential blast area.

2 As far as we know, they don't have proper
3 financial assurance or liability for anything to go wrong,
4 which would frankly be of little calming influence for the
5 folks who would be near it, if something went. We've
6 already seen a gas pipe blowup in Burlingame and what the
7 damage that did in a district that a senator I worked for
8 used to represent.

9 What I think I would like to do, with my
10 colleagues' consent, would be agendize this for our next
11 hearing with the staff to identify what actions are
12 possible for the State Lands Commission to take with
13 regard to this, specifically to look at the issue of the
14 improper use of State tidelands for a railroad link for a
15 commercial purpose, whether that is legal, what the
16 potential State liability might be. I regret this is an
17 after-granted trust asset. There is, as I understand,
18 limited case law in this area, though there is a
19 non-Supreme Court case that may shed some light on where
20 the courts might go, but clearly not dispositive.

21 And then finally, with a look at what -- well, I
22 guess I will say this, what can we do? If the Commission
23 were to act, what legal actions could we take if we were
24 to step into this issue, which unfortunately should be
25 taken care of at the City of Los Angeles, should be taken

1 care of at the port. But apparently, from what I can see
2 from the folks who are before us, they have pretty much
3 pursued those remedies as far as they can, both at the
4 community level, the political level, and the legal level.

5 So let's look at this for next time and see what
6 issues we might be able to address at the State Lands
7 Commission.

8 (Applause.)

9 ACTING CHAIRPERSON GORDON: Ms. Lucchesi.

10 EXECUTIVE OFFICER LUCCHESI: We would be happy to
11 agendize this for our next meeting, provide information
12 and a report to the Commission on this. Just for the
13 audience sake and the public watching, our next Commission
14 meeting is scheduled for sometime in June. We have not
15 set a date yet, but that meeting will also be in
16 Sacramento. So just to let the public know.

17 ACTING CHAIRPERSON GORDON: This is -- just so
18 you guys will understand, if you look around the room,
19 other than those of you sitting over here, everybody else
20 in this room is State Lands staff, with a possible -- with
21 a few minor exceptions, most of these folks have had to
22 travel down here from Sacramento. Your tax dollars pay
23 for their airfare and all of the other things that are
24 entailed. This is the first out-of-Sacramento meeting we
25 have had in two years, three years.

1 EXECUTIVE OFFICER LUCCHESI: Three years.

2 ACTING CHAIRPERSON GORDON: It's been awhile We
3 had one in San Francisco, which we could obviously all
4 drive to from Sacramento, but Southern California it's
5 very expensive for us to come down here. We have been --
6 the Governor -- both Governors, both of -- the current
7 Governor and the last one have had restrictions on travel
8 for State employees. Watching the budget, unfortunately
9 this is what happens. We are limited to our home base.
10 And I do apologize, seeing -- as you saw the confusion
11 today, we have not been used to this many folks from the
12 public showing up, and it's unfortunate that we don't have
13 the opportunity to hear from the public more often.

14 With that -- so we will agendize this next time.
15 Do these -- these hearings are available online. You can
16 watch them if you can't afford to get to Sacramento or
17 don't have the time to get to Sacramento, but you can --
18 in fact, we have in the past set up remote locations for
19 people who wish to testify. And I think if this issue --
20 Mr. Weiss, I am going to task you with the responsibility
21 of finding out how many folks would wish to testify on
22 this issue at the next hearing.

23 If we have a critical mass, we may need to set up
24 a remote location here in Los Angeles so folks can provide
25 testimony. We have done that before, and I think that is

1 probably the fiscally feasible and responsible way for us
2 to deal with future hearings.

3 Ms. Lucchesi, anything else on this issue?

4 EXECUTIVE OFFICER LUCCHESI: Of course, we'd be
5 happy to set up a remote location, but I would also
6 encourage those members of the public who wish to provide
7 testimony to also provide it -- there -- they are also
8 able to provide it in written form via email or letters.
9 And I would encourage that as well.

10 ACTING CHAIRPERSON GORDON: Very good. All
11 right. We are now going to return to agenda items.
12 Our next order of business would be Item number 92, which
13 is an informational legislative report about State and
14 federal bills that are relevant to the State Lands
15 Commission.

16 I can't believe all you folks in the public are
17 going to leave. This is a really exciting topic. The
18 staff is going to be horribly depressed if you guys don't
19 stay and listen to this.

20 But anyway, thank you very much for taking time
21 out from your day and we appreciate it.

22 Thank you very much.

23 Sheri, all yours.

24 EXECUTIVE OFFICER LUCCHESI: I will just add that
25 we still have public comment after this.

1 ACTING CHAIRPERSON GORDON: Yes, I'm aware. We
2 will go back to public comment after this.

3 EXECUTIVE OFFICER LUCCHESI: Just for those in
4 the audience so that they're aware.

5 ACTING CHAIRPERSON GORDON: Is everybody -- how
6 many of our people of the public do we have here?

7 One, two. Okay. We've got two people left from
8 the public, and everybody else here is staff.

9 All right. You're up.

10 EXTERNAL AFFAIRS DIVISION CHIEF PEMBERTON: Thank
11 you. Sheri Pemberton.

12 This is just an informational update about State
13 and federal legislation that's relevant to the Commission.
14 And staff is currently monitoring about 22 bills that
15 impact the Commission, seven of which are recommended for
16 a position by the Commission, and those are discussed in
17 separate calendar items.

18 So the bills in the legislative update are just
19 organized by category based on the Divisions of the
20 Commission. And I'll just kind of quickly walk you
21 through those areas in the bills.

22 In Granted Public Trust Lands, there's two bills
23 that are sponsored by grantees, the City of Eureka and the
24 City of Martinez. The Eureka legislation would eliminate
25 a payment obligation from the City of Eureka tidelands

1 trust to the State for a long-ago loan that's been fully
2 repaid. And the Martinez legislation would streamline
3 several existing grants and include the city's marina into
4 the new grant.

5 The marina is in disrepair and has been
6 struggling for decades, so the legislation is intended to
7 help revitalize the marina and may get successful. And
8 Commission staff is working with both of those authors and
9 committee staff on those bills.

10 And then also under Granted Public Trust Lands is
11 AB 2764, which is an omnibus committee bill authored by
12 the Assembly Natural Resources Committee. And that
13 contains several non-controversial changes to Government
14 and Public Resources Code to help the Commission in its
15 management of public lands.

16 And then also under sovereign and school lands,
17 there are several bills that indirectly impact the
18 Commission, because they involve access to public lands
19 and the health and safety of marine waters, such as AB
20 2392 by Assembly Member Gatto and SB 27 on Senator Padilla
21 to help reduce plastic waste in the ocean and State
22 waterways. And then also SB 968 by Senator Hill that's
23 intended to restore public access to Martin's Beach in San
24 Mateo County.

25 There's also of note is SB 1289 by Senator

1 Fuller. That's proposed to be amended to require the
2 Commission to make available to the Department of Parks
3 and Recreation seven parcels of State-owned land for
4 off-highway vehicle recreation.

5 In Marine Facilities, the two bills that are in
6 the report are intended to address projected increases in
7 movement of oil into California by rail rather than by
8 ship or barge, which is just an emerging issue that the
9 Commission staff has been following.

10 And then under Mineral Resources Management, the
11 legislation in that category involves fracking and well
12 stimulation techniques. AB 2420 and SB 1132. SB 1132 by
13 Senator Mitchell, would just ban fracking until its proven
14 safe.

15 And then the last category in the update involves
16 sea level rise and climate change. And in that regard,
17 Commission staff has been working with legislative offices
18 and other agencies on efforts -- statewide efforts to plan
19 for sea level rise and facilitate climate change. So just
20 the two noteworthy bills there are legislation by Assembly
21 Member Gordon and by Senator Hancock to help the State
22 prepare for sea level rise.

23 One bill just seeks to create a centralized
24 database of information on sea level rise to help
25 facilitate efficiency and reduce redundancy. And the

1 second bill by Senator Hancock requires a the San
2 Francisco Bay Conservation and Development Commission to
3 create a sea level rise resilient strategy for the bay.

4 Other bills in this category previously sought to
5 use tideland oil revenue to fund climate change, but that
6 language was amended out, and those bills now do something
7 else. That's AB 2035 by Assembly Member Gordon and SB
8 1217 by Senator Leno.

9 The last bill to highlight is federal legislation
10 by Senator Begich that would preempt the State's ability
11 to protect their waters from invasive species
12 introductions by establishing one nationwide standard for
13 regulating incidental vessel discharges, which would undue
14 the Commission's Marine Invasive Species Program.

15 So staff will continue to monitor these bills and
16 work with legislative offices on the language and any
17 amendments, and then continue to provide updates
18 throughout the year.

19 Thank you.

20 ACTING CHAIRPERSON GORDON: Thank you, Ms.
21 Pemberton.

22 I believe that closed -- that is the last of the
23 issues we have on our agenda. We now move to public
24 comment.

25 Again, Ms. Tania Solé from Redwood City. You

1 came all the way down here. There isn't a Southern
2 California Redwood City, is there? This is Bay Area
3 Redwood City, I assuming?

4 MS. SOLÉ: It is.

5 ACTING CHAIRPERSON GORDON: Okay.

6 MS. SOLÉ: Hello, Commissioners. I'm Tania Solé
7 a floating homeowner. My floating home is located on
8 Redwood Creek on California State Lands granted to the
9 City of Redwood City. There have been floating homes and
10 house boats on Redwood Creek for about 50 years.

11 It appears that back in 2005, the City of Redwood
12 City approached State Lands about formally legalizing the
13 community's existence, but nothing came of it.

14 This time around, the City of Redwood City has
15 created a task force to envision the future of an area
16 that includes the granted lands on Redwood Creek. This
17 inner harbor task force includes representatives of the
18 various stakeholder groups, including a State Lands
19 representative.

20 The State Lands representative is Sheri
21 Pemberton. And as such, she was asked by the city to give
22 them a letter regarding any jurisdictional issues that
23 might arise. On February 25th, Ms. Pemberton emailed what
24 has been explained to me was an informational letter
25 advising the city that Public Trust land doctrine does not

1 allow for liveboards, and that therefore the city should
2 look at correcting this violation by moving the homes off
3 of granted lands.

4 The city is now using this letter to threaten the
5 residents. We were pleased to hear Ms. Pemberton's
6 alternate, Ms. Shelli Haaf, at the last inner harbor
7 meeting allow that a transition period is something she
8 could support.

9 I am here today for a couple of reasons. First,
10 I wanted to make sure that the Commissioners are aware of
11 what is going on. Secondly, given that the State Lands
12 seems to have been aware of the existence of the community
13 at least since 2005, it would be reasonable to request
14 that the Commissioners work with the city and the
15 residents to find a long-term solution that would allow
16 the community to stay where it is, comparable to what has
17 been done in Sandy Beach in Viejo(sic) and other floating
18 communities in the Bay Area.

19 The reality is that the San Francisco BCDC has
20 had a policy of essentially grandfathering communities
21 such as ours. In addition, things are changing, not only
22 locally, but also globally. Sea level rise in particular
23 comes to mind. I realize that your support for SB 1184
24 has been taken off of the consent calendar. Nonetheless,
25 the reality is that our current land-use laws need to be

1 changed.

2 An adaptation plan to sea level rise that
3 consists of either bulldozing existing structures,
4 building up all the land, or erecting barriers through
5 levees is not a plan, certainly not a sustainable
6 long-term plan.

7 In addition, we have existing codes that among
8 other outdated practices are using ambulatory boundaries
9 as jurisdictional boundaries. While originally
10 implemented as a way of dealing with moving riparian
11 borders in a timed sea level rise, they are resulting in
12 effect of takings of private property. Floating homes
13 could be -- are and could be a part of the solution.

14 To conclude, we at Docktown would really
15 appreciate the Commission's help in working with the City
16 of Redwood City -- and, yes, if this were in the north,
17 there would be other people here with me -- to formalize
18 the permanent nature of our community in such a way that
19 residents can also enjoy the benefits of long-term
20 multi-decade leases, such as other floating communities on
21 the bay currently enjoy.

22 If the first step is for us to agendize Docktown,
23 then please do so.

24 Thank you.

25 ACTING CHAIRPERSON GORDON: Thank you, ma'am.

1 Ms. Lucchesi, do you have any comment with regard
2 to this issue?

3 EXECUTIVE OFFICER LUCCHESI: Only that we have
4 been involved in the task force at the request of the
5 city. The area that she is talking about, Docktown, is on
6 lands -- on State Public Trust Lands that were
7 legislatively granted to the City of Redwood City.

8 The Commission with -- based on the advice and
9 support of the Attorney General's office have taken a
10 long-standing position that residential use of Public
11 Trust Lands is not an appropriate use. It's not
12 consistent with the Public Trust Doctrine or with the
13 various granting statutes that dictate the uses of these
14 types of lands.

15 Primarily, the reasoning behind that is that
16 these are public -- this is public property set aside for
17 the statewide public. And in terms of types of uses,
18 residential use of public property is the most exclusive
19 type of use of public property, basically eliminating the
20 public's use of this property.

21 We have -- like I was saying, have a long history
22 of trying to preserve these lands for the statewide
23 public. We also understand that with grants, we don't
24 have any direct leasing authority over these types of
25 lands. Our role, as an oversight agency over these

1 grants, is to provide advice and to work with our grantees
2 in complying with the terms of their granting statutes and
3 the law, and the Public Trust Doctrine. And that's what
4 we are endeavoring to do through this task force.

5 ACTING CHAIRPERSON GORDON: Didn't we make an
6 exception for this use in the long running, which was the
7 something Harbor -- Ed's Harbor --

8 EXECUTIVE OFFICER LUCCHESI: Pete's Harbor.

9 ACTING CHAIRPERSON GORDON: Pete's Harbor. There
10 we go.

11 EXECUTIVE OFFICER LUCCHESI: Pete's Harbor is its
12 own unique animal. That is separate from this Docketown
13 area, both in terms of who actually owns the land and the
14 legislature's direction.

15 Pete's Harbor was land --

16 ACTING CHAIRPERSON GORDON: That's right.
17 They're a separate statute.

18 EXECUTIVE OFFICER LUCCHESI: There was a specific
19 statute directing the Commission on the terms it could
20 issue leases for.

21 ACTING CHAIRPERSON GORDON: So while recognizing
22 the Attorney General's opinion that residential use is not
23 a desired use of trust lands, do we -- as I understood
24 your comment, we don't necessarily get it -- we don't
25 weigh in if specific granting authorities decide to

1 utilize that or do we?

2 EXECUTIVE OFFICER LUCCHESI: No, so we do,
3 because we have a job as the State Lands Commission to
4 ensure that our grantees are complying with the terms of
5 their grants and with the Public Trust Doctrine and with
6 the State Constitution.

7 So the State Lands Commission does have a duty to
8 provide oversight over these grantees. What we don't do
9 is we don't issue leases. We don't typically issue
10 approvals for specific projects. As we notice with the
11 City of Redondo Beach, there are certain terms in the
12 granting statute that does require the Commission's
13 involvement, but generally speaking the Commission is not
14 in the middle of the day-to-day management of these lands.

15 I think it's important to note -- and this will
16 actually come out in kind of report that we provide to the
17 Commission on the Port of Los Angeles, but in terms of the
18 enforcement authority of the Commission over these grants,
19 that is fairly limited. Unless the granting statute
20 provides otherwise, the Commission has generally three --
21 my mouth is getting tired -- three options when it comes
22 to grantees.

23 One is to work with the grantees to find a
24 solution, so that they are in compliance with their grant
25 and the Public Trust.

1 ACTING CHAIRPERSON GORDON: And that is what
2 we're doing with the City of Redwood City right now.

3 EXECUTIVE OFFICER LUCCHESI: That is what we're
4 doing right now.

5 The other two options are we can file a report
6 with the legislature, because as we've mentioned, these
7 are grants by the legislature. The legislature always has
8 the ability to revoke that grant, and basically take back
9 these lands from the local government, which would then
10 bring it into our jurisdiction for direct leasing.

11 The third option is the -- with the support and
12 the representation of the Attorney General's office is
13 file litigation against our grantee for violation of the
14 granting statute and/or the Public Trust Doctrine.

15 ACTING CHAIRPERSON GORDON: Let me take this to a
16 slightly different level. I sit on several boards that
17 deal with below market rate housing in California. We
18 have a great housing crisis going on in this State,
19 particularly for affordable housing.

20 As I understand a lot of these floating
21 communities are fairly reasonably priced, where people who
22 might not be able to afford to live in the different
23 communities that these things are located in have places
24 to live. But if the cities, et cetera, or if this were to
25 be in response somewhat to climate change and rising tides

1 and other issues to be a policy of the State to allow
2 these communities or frankly support them in the future,
3 we're going to need changes in statutes to do that,
4 because right now this use is essentially prohibited under
5 State law.

6 EXECUTIVE OFFICER LUCCHESI: Yes, that's correct.
7 And the legislature can always weigh in on this, but
8 that -- it doesn't just end there. The Public Trust
9 Doctrine is a common law doctrine that evolves as the
10 public's need changes. The courts can always come in and
11 say, sorry legislature, you are acting outside of your
12 scope, that these are public lands, and they cannot be put
13 to that use. So it's always subject to judicial review,
14 and primarily that's how this doctrine has evolved over
15 the decades, over the century --

16 ACTING CHAIRPERSON GORDON: Millennium actually.

17 EXECUTIVE OFFICER LUCCHESI: Yes, millennium.
18 Yes. So, you know, I would just cautions that
19 this -- that these lands are not just governed by statute,
20 but they are governed by the common law public trust.

21 ACTING CHAIRPERSON GORDON: At this point, is
22 there anything that we need to do? Is there anything to
23 be agendized? I gather there is an ongoing process with
24 the City of Redwood City that we are involved in. Is
25 there anything that needs to be done in the short term

1 with regard to this?

2 EXECUTIVE OFFICER LUCCHESI: From staff's
3 perspective, no, we think we're working very well and we
4 have an open dialogue with the city as well as the
5 constituents, and we're attending task force meetings.
6 However, you know, if it's the will of the Commission, we
7 can always agendize this topic for any meeting in the
8 future, if additional issues come up.

9 ACTING CHAIRPERSON GORDON: I'm not seeing any
10 issues that I need addressed at this point.

11 My colleagues?

12 No. All right. Thank you for traveling.

13 Next, Mr. Clark. You've been waiting patiently
14 all day.

15 MR. CLARK: Good afternoon. Thank you. My name
16 is Ed Clark for the record. I live in Huntington Beach,
17 the Huntington Harbor area. I have brought with me
18 packages, one for the record and one for each of you. My
19 goal here today is to ask you to just revisit this
20 particular issue.

21 The State Lands Commission has filed a lawsuit
22 against me for trespassing to remove my docks out of
23 Huntington Harbor, based on a dispute because I won't
24 remove a tiki bar that's made out of a surf board, a
25 portable hot tub, and a gazebo.

1 This Commission --

2 ACTING COMMISSIONER SCHMIDT: Sorry to interrupt,
3 can we start the clock. Can we have it on?

4 MR. CLARK: This Commissioners approved
5 litigation against me for the dispute referencing the
6 unauthorized facilities. The Attorney General's office
7 took that to another level and sued me for trespassing and
8 is threatening me to remove all my docks.

9 So what I've done with you is I've brought you
10 some stuff to take back with you. And I'm asking you to
11 revisit it. I've taken -- I've attached as Exhibit A a
12 letter from Jennifer Rosenfeld from the State Attorney
13 General's office identifying the issue is -- revolves
14 strictly as a result of the California Code of
15 Regulations.

16 I've given you another Exhibit B that identifies
17 16 other facilities in the State of California in direct
18 contradiction to the California Code of Regulations, so
19 it's not really a law if it's meant to be a law.

20 The State Attorney's -- as Exhibit D, there's an
21 internal document to the State -- California State Lands
22 Commission that identifies that this lease actually
23 commenced prior to the hearing in June of 2011. It
24 identifies the start date, who the leasee was, so that the
25 complaint for trespass is strictly over the issue of

1 whether the lease exists or not and how can you not have a
2 lease when it's in place, checks have been cashed for over
3 a three-year period.

4 So I'm optimistic that reasonable minds will take
5 a look at this and review it, revisit it, and possibly ask
6 your attorneys the question really what is the gain from
7 this litigation, in the event there's no money that's
8 going to -- there's no economic advantage. The State
9 Attorney General's office has documented there are no
10 safety issues, there are no environmental issues, so I
11 just can't -- for the life of me can't figure out what
12 this complaint is over and what there is to gain from it.

13 And I think if the role was reversed, and if you
14 folks were standing in my shoes, and you spent \$2.3
15 million on a home that has exclusive rights to a wharfage
16 area over, under, and below the water to have somebody
17 sitting in a cubicle say you can't have something just
18 don't make sense to me, if there's not a law that governs
19 it, if there's not anything that specifically states you
20 can't have that there. There's nothing. And nobody will
21 answer the question. We've not gotten it through
22 discovery.

23 And so I'm here today to ask you to ask that of
24 your people. And I will share with you the State Lands
25 Commission, all the employees that I worked with

1 throughout this process were amazing until I got to Curtis
2 Fossum and all of a sudden he put the brakes on and this
3 thing unraveled.

4 So I'm just about done. So I just want to ask
5 again for reasonable minds to take a look at this, put
6 yourself in my shoes, and ask yourself if you paid this
7 kind of money for this property with exclusive rights to a
8 wharfage area, and you went to the City of Huntington
9 Beach and paid -- and got permits, and paid 30 grand in
10 improvement and it got signed off, why 10 years later,
11 this is a problem for somebody, especially when you take a
12 look -- in one of the exhibits, you'll see pictures of all
13 the other facilities that I identified, you'll see
14 pictures of my house, and you can see it surely isn't a
15 hazard to anybody.

16 And again, I appreciate your time, appreciate you
17 guys coming all the way down here. And please take a look
18 at this and see if there's anything you can do with it for
19 me.

20 ACTING CHAIRPERSON GORDON: Thank you, sir.

21 Ms. Lucchesi, what is the next order of business.

22 EXECUTIVE OFFICER LUCCHESI: I believe that ends
23 public comment.

24 ACTING CHAIRPERSON GORDON: Anybody else in the
25 audience that wishes to testify?

1 Any of the Commissioners have any questions?

2 With that, I believe we are in adjournment.

3 (Thereupon the California State Lands

4 Commission meeting adjourned at 4:40 PM)

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1 C E R T I F I C A T E O F R E P O R T E R

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing California State Lands Commission meeting was
7 reported in shorthand by me, James F. Peters, a Certified
8 Shorthand Reporter of the State of California;

9 That the said proceedings was taken before me, in
10 shorthand writing, and was thereafter transcribed, under
11 my direction, by computer-assisted transcription.

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

15 IN WITNESS WHEREOF, I have hereunto set my hand
16 this 1st day of May, 2014.

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23 JAMES F. PETERS, CSR, RPR
24 Certified Shorthand Reporter
25 License No. 10063