

VIDEOCONFERENCE MEETING
STATE OF CALIFORNIA
LANDS COMMISSION

HOLIDAY INN CAPITOL PLAZA
CALIFORNIA ROOM
300 J STREET
SACRAMENTO, CALIFORNIA

ADDITIONAL SITE:
HOTEL MAYA
700 QUEENSWAY DRIVE
LONG BEACH, CALIFORNIA

THURSDAY, JUNE 19, 2014

10:01 A.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. Reid Boggiano, Public Land Management Specialist
(via teleconference)

Ms. Kathryn Colson, Staff Counsel

Ms. Sheri Pemberton, Chief, External Affairs Division

Ms. Sharron Scheiber, Staff Counsel
(via teleconference)

ATTORNEY GENERAL:

Mr. Joe Rusconi, Deputy Attorney General

ALSO PRESENT:

Mr. Tsvi Achler

Mr. Skip Baldwin, Wilmington Citizens Committee

Mr. Rex Beum

Mr. Peter Burmeister, San Pedro Homeowners Association

Mr. Lee Callister, Pier Redwood Creek Association

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

ALSO PRESENT:

Mr. Brian Campbell, City Councilman, Rancho Palos Verdes

Mr. Pete Carmichael, City of Redondo Beach

Ms. Nancy Ceballos, Los Angeles Unified School District

Ms. Orlene Chartain

Ms. Bonnie Christensen, San Pedro Homeowners Association

Mr. Ron Conrow, Rancho LPG Holdings

Ms. Francesca Fambrough

Mr. Kit Fox, City of Rancho Palos Verdes

Ms. Patty Goble

Ms. Cynthia Gonyea

Ms. Marcie Guillermo

Ms. Janet Gunter, San Pedro Peninsula Homeowners United

Mr. Chuck Hart, San Pedro Peninsula Homeowners United

Mr. David Houterman, City of Los Angeles

Mr. James Jonas

Ms. Linda Lovenbury

Ms. Alison Madden

Ms. Toni Martinovich

Mr. David Mathewson, Port of Los Angeles

Mr. Gary Ohst

Mr. Anthony Patchett

Mr. David Rivera, San Pedro Peninsula Homeowners United

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

ALSO PRESENT:

Ms. Connie Rutter

Mr. Alfred Sattler, Sierra Club, Palos Verdes-South Bay
Regional Group

Ms. Tania Solé

Ms. Dorota Starr

Mr. Rudy Svorinich, Consultant, Rancho LPG Services

Mr. John Winkler

Ms. Noel Weiss

Ms. Kathleen Woodfield, San Pedro Peninsula Homeowners
Coalition

Ms. Darlene Zavalney, North West San Pedro Neighborhood
Council

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I 10:00 A.M. - OPEN SESSION	1
II CONFIRMATION OF MINUTES FOR THE SPECIAL TELECONFERENCE MEETING OF JUNE 2, 2014	2
III EXECUTIVE OFFICER'S REPORT There are no Continuation of Rent Actions proposed to be taken.	
IV CONSENT CALENDAR C01-C89 THE FOLLOWING ITEMS ARE CONSIDERED TO BE NON-CONTROVERSIAL AND ARE SUBJECT TO CHANGE AT ANY TIME UP TO THE DATE OF THE MEETING.	5

LAND MANAGEMENT DIVISION
NORTHERN REGION

C01 MICHAEL D. GRIMES, TRUSTEE OF THE 3272 EDGEWATER ROAD QUALIFIED PERSONAL RESIDENCE TRUST DATED AUGUST 9, 2013 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 3272 Edgewater Drive, near Dollar Point, Placer County; for an existing pier, boat lift, and two mooring buoys. CEQA Consideration: categorical exemption. (PRC 7329.1; RA# 23913) (A 1; S 1) (Staff: G. Asimakopoulos)

C02 GLENN COUNTY PLANNING & PUBLIC WORKS AGENCY (APPLICANT): Consider termination of Permit No. PRC 4657.9, a Public Agency Permit, and an application for a General Lease - Public Agency Use, of sovereign land located in the Sacramento River at River Mile 184, adjacent to 8263 Ord Ferry Road, near Ord Bend, Glenn County; for a public park previously authorized by the Commission, and the removal and replacement of an existing two-lane boat launch ramp, construction and maintenance dredging of the backwater channel near the ramp, construction of an aluminum gangway and boarding float, and placement of riprap. CEQA Consideration: termination - not a project; lease - Mitigated Negative Declaration, adopted by Glenn County, State Clearinghouse No. 2013032053, and adoption of a Mitigation and Monitoring Program. (PRC 4657.9; RA# 30112) (A 3; S 4) (Staff: G. Asimakopoulos)

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C03 KENNETH ERIK SORENSEN AND MARY ELIZABETH SORENSEN, TRUSTEES OF THE SORENSEN FAMILY 2000 REVOCABLE TRUST DATED APRIL 18, 2000 (APPLICANTS): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 17444 Grand Island Road, at Long Island, near Walnut Grove, Sacramento County; for existing bank protection previously authorized by the Commission, and an existing uncovered single-berth floating boat dock, gangway, and three-pile dolphin not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 7213.1; RA# 20813) (A 11; S 3) (Staff: G. Asimakopoulos)

C04 DALE E. DORN AND WILLA DEAN DORN, TRUSTEES OF THE DALE E. DORN 1983 REVOCABLE TRUST, DBA KO-KET RESORT (LESSEES): Consider correction to Lessee name in prior authorization of 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. CEQA Consideration: not a project. (PRC 2049.1; RA 02512) (A 11; S 3) (Staff: V. Caldwell)

C05 RICHARD ALAN RETHFORD AND BAMBI-LYNN RETHFORD, TRUSTEES OF THE RETHFORD FAMILY TRUST (APPLICANTS): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 2399 Garden Highway, near the city of Sacramento, Sacramento County; for an existing double-berth floating boat dock with one boat lift, three steel pilings, gangway, electric and water utility outlet, portable jet-ski float, and bank protection not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26698; RA# 34812) (A 7; S 6) (Staff: V. Caldwell)

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C06 CHALLY PROPERTIES, A GENERAL PARTNERSHIP, WILLIAM CHALLY, GENERAL PARTNER; JOSEPH PETTINATO AND TENNYE PETTINATO, TRUSTEES OF THE JOSEPH PETTINATO AND TENNYE Z. PETTINATO LIVING TRUST; NICOLAS S. MONTANA AND ZELMA E. MONTANA, TRUSTEES OF THE MONTANA FAMILY REVOCABLE TRUST ESTABLISHED MARCH 18, 1993, RESTATED JULY 22, 2003; MARIA CARMEN SOBREPENA (LESSEES): Consider rescission of approval of Lease No. PRC 3581.1, a General Lease - Recreational Use, of sovereign land located in the Sacramento River, adjacent to Assessor's Parcel Number 031-0420-021, near the city of Sacramento, Sacramento County. CEQA Consideration: not a project. (PRC 3581.1; RA# 12009) (A 9; S 6) (Staff: V. Caldwell)

C07 JEFFREY R. SCHOTSAL (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 4471 Garden Highway, near the city of Sacramento, Sacramento County; for an existing floating dock, wood dolphin, steel piling, gangway, and bank protection previously authorized by the Commission, and an existing storage facility with toilet and sink, and electric and water utility outlets not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 6672.1; RA# 21313) (A 7; S 6) (Staff: V. Caldwell)

C08 RYAN HUGHES (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 2345 Garden Highway, near the city of Sacramento, Sacramento County; for an existing uncovered floating boat dock and walkway previously authorized by the Commission, and two existing pilings, jet-ski float, and bank protection not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 6340.1; RA# 18113) (A 7; S 6) (Staff: V. Caldwell)

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C09 MARION M.R. BROODING, AS TRUSTEE OF THE MARION M.R. BROODING 1994 LIVING TRUST, AND LARRY D. BROODING (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in the Georgiana Slough, adjacent to 17241 Terminous Road, near the city of Isleton, Sacramento County; for an existing uncovered floating dock with cabin, L-shaped dock, eight wood pilings, and gangway previously authorized by the Commission, and an existing portable float, electrical and water utility outlets, slide, diving board, and boat lift not previously authorized by the Commission.

CEQA Consideration: categorical exemption.
(PRC 3289.1; RA# 03813) (A 11; S 3)
(Staff: V. Caldwell)

C10 MICHEL SMANIO AND TERESA SMANIO (APPLICANTS): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in Sutter Slough, adjacent to 12080 Sutter Island Road, near Courtland, Sacramento County; for an existing floating boat dock, four pilings, gangway, and deck previously authorized by the Commission; and an existing partially covered deck with balustrade, hoist, gangway, electrical utility outlet, and bank protection not previously authorized by the Commission.

CEQA Consideration: categorical exemption.
(PRC 7912.1; RA# 31206) (A 11; S 3)
(Staff: V. Caldwell)

C11 MICHAEL R. RAFTERY AND GEORGIANNE RAFTERY (LESSEES): Consider an amendment of lease and revision of rent to Lease No. PRC 6540.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to Assessor Parcel Number 092-180-008, near Carnelian Bay, Placer County; for an existing pier and boat lift. CEQA Consideration: not a project. (PRC 6540.1) (A 1; S 1) (Staff: M.J. Columbus)

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C12 GEORGE STANLEY LANGSTON AND BETTY LEA LANGSTON AS TRUSTEES OF THE LANGSTON FAMILY TRUST OF 1990, U.D.T. DATED SEPTEMBER 28, 1990 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8501 and 8503 Meeks Bay Avenue, near Tahoma, El Dorado County; for an existing pier and three mooring buoys previously authorized by the Commission; and an existing boat hoist not previously authorized by the Commission. CEQA Consideration: categorical exemption.(PRC 5558.1; RA# 34012) (A 5; S 1) (Staff: M.J. Columbus)

C13 DENNIS H. GRIMSMAN AND DIANE S. GRIMSMAN, TRUSTEES OF THE GRIMSMAN FAMILY TRUST DATED JULY 15, 1996 (LESSEES); EARL L. SKIDMORE AND ANN D. SKIDMORE, TRUSTEES OF THE SKIDMORE LIVING TRUST DATED DECEMBER 16, 1991 (APPLICANTS): Consider termination of Lease No. PRC 4467.1, a General Lease - Recreational Use, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4390 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing pier and boat lift. CEQA Consideration: termination - not a project; lease - categorical exemption. (PRC 4467.1; RA# 21013) (A 1; S 1) (Staff: M.J. Columbus)

C14 TAHOE CRT, LLC, A NEVADA LIMITED LIABILITY COMPANY (LESSEE); AKM RETREAT, LLC, A DELAWARE LIMITED LIABILITY COMPANY (APPLICANT): Consider termination of Lease No. PRC 4158.1, a General Lease - Recreational Use, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2500 West Lake Boulevard, Tahoe City, Placer County; for an existing pier with two boat slips, one boat lift, and two mooring buoys. CEQA Consideration: termination - not a project; lease - categorical exemption. (PRC 4158.1; RA# 34012) (A 1; S 1) (Staff: M.J. Columbus)

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C15 JOANNE C. TAYLOR OR HER SUCCESSOR(S) AS TRUSTEE OF THE JOANNE C. TAYLOR TRUST CERTIFIED UNDER AGREEMENT DATED. JUNE 29, 1993; JOANNE C. TAYLOR AND CARRIE HUGHES TAYLOR, CO-TRUSTEES OF THE CARRIE HUGHES TAYLOR TRUST UNDER THE WILL OF EDWARD H. TAYLOR; BRUCE C. TAYLOR AND LINDA R. TAYLOR, TRUSTEES OF THE BRUCE AND LINDA TAYLOR FAMILY TRUST DATED NOVEMBER 27, 2002; JEFFREY EDWARD TAYLOR; STEPHEN BRUCE TAYLOR (APPLICANTS): Consider rescission of approval of Lease No. 5560.1, a General Lease - Recreational Use, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2580 West Lake Boulevard, near Homewood, Placer County; for an existing pier previously authorized by the Commission, and two existing mooring buoys not previously authorized by the Commission. CEQA Consideration: rescission - not a project; lease - categorical exemption.(PRC 5560.1; RA# 16410) (A 1; S 1) (Staff: M.J. Columbus)

C16 MICHAEL C. BUCKLEY AND CAROLINE A. BUCKLEY, TRUSTEES OF THE BUCKLEY REVOCABLE TRUST DATED SEPTEMBER 24, 2010 AND ROY GRANT DEARY, III, AS TRUSTEE OF THE ROY GRANT DEARY, III REVOCABLE TRUST DATED JULY 21, 1992; SHELLEY LYNN DEARY, AS TRUSTEE OF THE SHELLEY LYNN DEARY TRUST DATED NOVEMBER 15, 2005; DIANE DEARY OMAND, AS TRUSTEE OF THE OMAND FAMILY REVOCABLE TRUST DATED JULY 21, 1992; DONALD R. DEARY AND BEVERLY B. DEARY, TRUSTEES OF THE DONALD R. DEARY FAMILY REVOCABLE TRUST DATED MAY 31, 1989; SHANNON DEARY BELL; TIMOTHY S. DEARY; TIMOTHY S. DEARY AND JULIANE M. DEARY, TRUSTEES OF THE TIMOTHY S. DEARY AND JULIANE M. DEARY 2013 REVOCABLE TRUST (AS THE SEPARATE PROPERTY OF TIMOTHY S. DEARY); DEBORAH DEARY OREBAUGH; BEVERLY B. DEARY, TRUSTEE OF THE BEVERLY B. DERY QUALIFIED PERSONAL RESIDENCE TRUST NO. 2, 3, 4, AND 5; MICHAEL P. DEARY; (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 5900 and 5920 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing joint-use pier previously authorized by the Commission; and four existing mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption.(PRC 4970.9; RA# 18410) (A 1; S 1) (Staff: M.J. Columbus)

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C17 PETER F. SNOOK AND JUDITH L. SNOOK, AS TRUSTEES OF THE SNOOK FAMILY REVOCABLE TRUST, DATED APRIL 11, 2000 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4688 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing pier, boathouse, and two mooring buoys previously authorized by the Commission; and an existing boat lift and a sundeck with stairs not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 1617.1; RA# 24810) (A 1; S 1) (Staff: M.J. Columbus)

C18 JOHN M. KELLY, AS TRUSTEE OF THE JOHN M. KELLY REVOCABLE TRUST, DATED MARCH 31, 1997; JOHN M. KELLY AS TRUSTEE OF THE JOHN M. KELLY EXEMPT GENERATION-SKIPPING TRUST UNDER THE PAUL B. KELLY REVOCABLE TRUST, DATED NOVEMBER 2, 1981; JOHN M. KELLY, JR.; ELIZABETH K. D'AMBROSIA, AND MATTHEW F. KELLY (APPLICANTS): Consider rescission of approval of Lease No. PRC 3346.1, a General Lease - Recreational Use, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 3390 Edgewater Drive, near Tahoe City, Placer County; for an existing pier, boathouse with boat lift, and two mooring buoys. CEQA Consideration: rescission - not a project; lease - categorical exemption. (PRC 3346.1; RA# 05713) (A 1; S 1) (Staff: M.J. Columbus)

C19 JEFFREY P. LANINI AND KRISTA D. LANINI (ASSIGNORS); JAMES A. ROBERTSON AND CATHY ROBERTSON, AS TRUSTEES OF THE JAMES AND CATHY ROBERTSON TRUST DATED SEPTEMBER 5, 1996 (ASSIGNEES): Consider assignment of Lease No. PRC 8356.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8770 and 8774 Brockway Vista Avenue, near Kings Beach, Placer County; for an existing joint-use pier, boat lift, and four mooring buoys. CEQA Consideration: not a project. (PRC 8356.1; RA# 09613) (A 1; S 1) (Staff: M.J. Columbus)

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C20 HAROLD M. MESSMER, JR. AND MARCIA N. MESSMER, TRUSTEES OF THE MESSMER FAMILY TRUST DATED 10/1/93 (APPLICANTS): Consider rescission of approval of Lease No. PRC 4315.1, a General Lease - Recreational Use, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4420 North Lake Boulevard, Carnelian Bay, Placer County; for an existing pier, boat lift and one mooring buoy previously authorized by the Commission and an existing boat hoist, wood marine rail and one mooring buoy not previously authorized by the Commission. CEQA Consideration: rescission - not a project; lease - categorical exemption. (PRC 4315.1; RA# 37710) (A 1; S 1) (Staff: W. Hall)

C21 GRANT M. INMAN AND SUANNE B. INMAN, CO-TRUSTEES OF THE INMAN 2012 IRREVOCABLE CHILDREN'S TRUST U/A/D DECEMBER 13, 2012 (APPLICANTS): Consider rescission of approval of Lease No. PRC 3669.1, a General Lease - Recreational Use, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8841 Rubicon Drive, Rubicon Bay, El Dorado County; for an existing pier, boathouse, boat lift, and two mooring buoys. CEQA Consideration: rescission - not a project; lease - categorical exemption.(PRC 3669.1; RA# 27812) (A 5; S 1) (Staff: W. Hall)

C22 STEAMBOAT LANDING, LP (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the Sacramento River, adjacent to 12414 State Highway 160, near Courtland, Sacramento County; for an existing uncovered floating accommodation dock, gangway, two two-pile dolphins, and two pilings and the reconstruction of an uncovered floating guest dock with connecting walkway attached to two existing two-pile dolphins and one piling. CEQA Consideration: categorical exemption. (PRC 4244.1; RA# 35112) (A 11; S 3) (Staff: W. Hall)

C23 KEITH SCHULER, CHELLE SCHULER, JAMES GORDON OLIVER, AND PATRICIA J. OLIVER (APPLICANTS): Consider rescission of approval of Lease No. PRC 4884.9, a Recreational Pier Lease, and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 6140 and 6150 West

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C23(CONTINUED) Lake Boulevard, near Homewood, Placer County; for an existing joint-use pier, boathouse, and four mooring buoys previously authorized by the Commission and an existing sundeck with stairs not previously authorized by the Commission. CEQA Consideration: rescission - not a project; lease - categorical exemption. (PRC 4884.1; RA# 07205) (A 1; S 1) (Staff: N. Lee)

C24 VINTAGE PRODUCTION CALIFORNIA, LLC AND/OR VINTAGE PETROLEUM, LLC (LESSEE): Consider an amendment to Lease Nos. PRC 3978.1, PRC 4270.1, PRC 7493.1, PRC 8354.1, PRC 8485.1, and PRC 8874.1, General Leases - Right-of-Way Use, of sovereign land located in Roaring River Slough, Grizzly Slough, Old River, Seven Mile Slough, and Tomato Slough, in Contra Costa, Solano, San Joaquin, and Sacramento Counties; for natural gas pipelines; to amend the parent guaranty. CEQA Consideration: not a project.(PRC 3978.1, PRC 4270.1, PRC 7493.1, PRC 8354.1, PRC 8485.1, PRC 8874.1) (A 8, 11, 14, 31; S 3, 5, 7) (Staff: J. Rader, N. Lee)

C25 VINTAGE PETROLEUM, LLC. (LESSEE): Consider an amendment and revision of rent to Lease No. PRC 8796.1, a General Lease - Right-of-Way Use, of sovereign land located in the San Joaquin River, adjacent to Sherman and Bradford Islands, Sacramento and Contra Costa Counties; for an existing four-inch diameter natural gas-gathering pipeline encased in a deactivated 10-inch diameter pipeline; to amend the parent guaranty. CEQA Consideration: not a project. (PRC 8796.1) (A 11; S 7) (Staff: J. Rader, D. Oetzel)

C26 PATRICK J. WALTZ AND LINDA J. WALTZ, TRUSTEES OF THE PATRICK AND LINDA WALTZ 2013 REVOCABLE TRUST (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in the Sacramento River, adjacent to 6991 Garden Highway, near the city of Sacramento, Sacramento County; for an existing floating boat dock, gangway, and two steel pilings. CEQA Consideration: categorical exemption. (PRC 8518.1; RA# 15113) (A 7; S 6) (Staff: J. Sampson)

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C27 JACQUELINE D. WILDER, TRUSTEE OF THE WILDER FAMILY 1985 REVOCABLE TRUST DATED JUNE 29, 1985 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the Napa River, adjacent to 1632 Milton Road, city of Napa, Napa County; for an existing floating boat dock, gangway, two pilings, and walkway. CEQA Consideration: categorical exemption. (PRC 6608.1; RA# 13813) (A 4; S 2, 3) (Staff: J. Sampson)

C28 DERRY L. KNIGHT AND PATRICIA C. ESGRO (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in the Sacramento River, adjacent to 6535 Garden Highway, near the city of Sacramento, Sacramento County; for an existing single-berth uncovered floating boat dock, securing cables, and gangway. CEQA Consideration: categorical exemption. (PRC 8529.1; RA# 13813) (A 7; S 6) (Staff: J. Sampson)

C29 LUCY M. SOUZA, TRUSTEE OF THE ARTHUR J. AND LUCY M. SOUZA TRUST DATED DECEMBER 18, 2007 (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in Sacramento River, adjacent to 3333 Garden Highway, near the city of Sacramento, Sacramento County; for an existing floating boat dock, two-pile dolphin, piling, and bank protection. CEQA Consideration: categorical exemption. (PRC 6671.1; RA# 19113) (A 7; S 6) (Staff: J. Sampson)

C30 STEVEN L. MERRILL, TRUSTEE OF THE STEVEN L. MERRILL LIVING TRUST U/A/D 4/17/95, AND JACQUELINE MERRILL, TRUSTEE OF THE JACQUELINE MERRILL 2006 TRUST UNDER TRUST AGREEMENT DATED FEBRUARY 17, 2006, AS AMENDED (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2000 North Lake Boulevard, near Tahoe City, Placer County; for an existing pier, boathouse, two mooring buoys, and one unattached piling previously authorized by the Commission, and one existing boat lift not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 2666.1; RA# 11512) (A 1; S 1) (Staff: J. Sampson)

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C31 LARRY FRANK GORHAM AND LINDA JEAN GORHAM, AS TRUSTEES OF THE LARRY F. GORHAM AND LINDA J. GORHAM REVOCABLE FAMILY TRUST, DATED JANUARY 25, 1994 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in the Sacramento River, adjacent to 13840 Highway 160, Walnut Grove, Sacramento County; for an existing single-berth uncovered floating boat dock, gangway, and four pilings. CEQA Consideration: categorical exemption. (PRC 8561.1; RA# 14913) (A 11; S 3) (Staff: J. Sampson)

C32 LOVEY'S LANDING, LLC (APPLICANT): Consider application for a General Lease - Commercial Use, of sovereign land located in the Sacramento River, adjacent to 3474 North Meridian Road, city of Meridian, Sutter County; for an existing commercial marina, known as Lovey's Landing, consisting of three docks with two fingers, three gangways, multiple cable anchors and bracing, a fuel pump, and launch rail. CEQA Consideration: categorical exemption. (PRC 2175.1; RA# 08713) (A 3; S 4) (Staff: J. Sampson)

C33 CITY OF RIO DELL (LESSEE): Consider an amendment to Lease No. PRC 9081.9, a General Lease - Public Agency Use, of sovereign land located in the Eel River, adjacent to Assessor's Parcel Number 052-061-053 and 205-111-039, city of Rio Dell, Humboldt County; to include a new Exhibit A, Land Description and Exhibit B, Site and Location Map. CEQA Consideration: not a project. (PRC 9081.9; RA 22213) (A 1; S 2) (Staff: J. Sampson)

C34 LOWELL W. LASH AND TERRY L. LASH (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 1740 North Lake Boulevard, Tahoe City, Placer County; for two existing mooring buoys previously authorized by the Commission and an existing freshwater intake pipeline not previously authorized by the Commission. CEQA consideration: categorical exemption. (PRC 8515.1; RA# 22413) (A 1; S 1) (Staff: J. Sampson)

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C35 GAIL R. JAMAR, TRUSTEE OF THE GAIL R. JAMAR 2001 SEPARATE PROPERTY TRUST DATED 7/11/01, AND NANCY E. PROANO AND ROBERT J. PROANO, TRUSTEES OF THE PROANO FAMILY TRUST, UNDER DECLARATION OF TRUST DATED MAY 2, 1996 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 3061 Jameson Beach Road, city of South Lake Tahoe, El Dorado County; for an existing pier and one mooring buoy. CEQA Consideration: categorical exemption. (PRC 3881.1; RA# 17713) (A 5; S 1) (Staff: J. Sampson)

C36 TED CONSTANTINE AND NICOLA CONSTANTINE (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in the Sacramento River, adjacent to 3777 Garden Highway, near the city of Sacramento, Sacramento County; for an existing single-berth covered floating boat dock, gangway, debris diverter, four metal pilings, and a two-pile dolphin. CEQA Consideration: categorical exemption. (PRC 5933.1; RA# 12413) (A 7; S 6) (Staff: J. Sampson)

C37 SIMONE HOTALING HOAG, AS TRUSTEE OF THE NONEXEMPT TRUST B UNDER THE CARL L. HOAG, JR. AND SIMONE HOTALING HOAG REVOCABLE TRUST DATED NOVEMBER 7, 1990; SIMONE HOTALING HOAG, AS TRUSTEE OF TRUST C UNDER THE CARL L. HOAG, JR. AND SIMONE HOTALING HOAG REVOCABLE TRUST DATED NOVEMBER 7, 1990; SIMONE HOTALING HOAG, AS TRUSTEE OF THE SIMONE HOTALING HOAG REVOCABLE TRUST DATED JUNE 1, 1992; SIMONE H. HOAG, AS TRUSTEE OF THE SIMONE H. HOAG TAHOE RESIDENCE TRUST A DATED SEPTEMBER 3, 2010; SIMONE H. HOAG, AS TRUSTEE OF THE SIMONE H. HOAG TAHOE RESIDENCE TRUST B DATED SEPTEMBER 3, 2010; SIMONE H. HOAG, AS TRUSTEE OF THE SIMONE H. HOAG TAHOE RESIDENCE TRUST C DATED SEPTEMBER 3, 2010; AND SPIRIT OF TAHOE, LLC, A DELAWARE LIMITED LIABILITY COMPANY (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 1324 and 1330 West Lake Boulevard, Tahoe City, Placer County; for an existing joint-use pier, two boathouses, and two mooring buoys previously authorized by the Commission; and three existing boat lifts, sundeck with stairs, and two mooring buoys not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 3678.1; RA# 10713) (A 1; S 1) (Staff: M. Schroeder)

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C38 JAMES S. VAUDAGNA AND JOSEPHINE VAUDAGNA, CO-TRUSTEES, FBO THE JAMES S. VAUDAGNA AND JOSEPHINE VAUDAGNA TRUST UTD 12/11/97 (LESSEES); DMB/HIGHLANDS GROUP, LLC, AN ARIZONA LIMITED LIABILITY COMPANY (APPLICANT): Consider termination of Lease No. PRC 7862.9, a Recreational Pier Lease; and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 6920 North Lake Boulevard, near Tahoe Vista, Placer County; for two existing mooring buoys. CEQA Consideration: termination - not a project; lease - categorical exemption. (PRC 7862.1; RA# 16913) (A 1; S 1) (Staff: M. Schroeder)

C39 SUSAN E. BAKER, TRUSTEE OF THE SUSAN E. BAKER TRUST DATED MAY 30, 2003 (LESSEE); ANNE CROWLEY, AND HER SUCCESSOR(S), AS THE TRUSTEE OF THE REILLY 2012 IRREVOCABLE TRUST, WHICH IS ESTABLISHED UNDER THE REILLY 2012 IRREVOCABLE TRUST AGREEMENT DATED DECEMBER 19, 2012 (APPLICANT): Consider termination of Lease No. PRC 6609.9, a Recreational Pier Lease; and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 5850 North Lake Boulevard, near Carnelian Bay, Placer County; for an existing pier, two unattached pilings, and two mooring buoys. CEQA Consideration: termination - not a project; lease - categorical exemption. (PRC 6609.1; RA# 07513) (A 1; S 1) (Staff: M. Schroeder)

C40 MICHAEL P. WALSH, TRUSTEE OF JOHN L. STEVENSON BENEFICIARIES' TRUST U/W DATED MARCH 30, 1993 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 5890 North Lake Boulevard, near Agate Bay, Placer County; for an existing pier and one mooring buoy previously authorized by the Commission, and one existing mooring buoy not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 7984.9; RA# 08307) (A 1; S 1) (Staff: M. Schroeder)

C41 LOREN A. JENSEN AND MELISSAH A. JENSEN, OR THEIR SUCCESSOR(S), AS TRUSTEES OF THE LOREN AND MELISSAH JENSEN 2013 FAMILY TRUST, DATED MARCH 6, 2013; DORIS A. JENSEN, TRUSTEE OF THE ELBERT A. JENSEN BYPASS

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C41(CONTINUED) TRUST; BIRNEY ALAN JENSEN, ALICE WINIFRED CROFT, JANICE LEE JENSEN, WAYNE ANDERS JENSEN, WARREN BOOMER JENSEN, AND MARNA JUNE JAVETE; AND RONALD A. UBALDI AND ESTHER UBALDI, TRUSTEES OF THE UBALDI LIVING TRUST DATED JULY 19, 1993, AND RESTATED AUGUST 7, 2008 (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to Assessor's Parcel Number 083-195-013, Tahoe City, Placer County; for one existing mooring buoy. CEQA Consideration: categorical exemption.(PRC 5611.1; RA# 11608) (A 1; S 1) (Staff: M. Schroeder)

C42 MSM TAHOE PROPERTIES LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (LESSEE); JOHN M. KRUGER AND ELLEN M. KRUGER, TRUSTEES OF THE JOHN AND ELLEN KRUGER TRUST, U/A DATED JUNE 17, 1998, AS AMENDED; AND SCOTT LITTMAN, TRUSTEE OF THE JOHN M. KRUGER 2008 IRREVOCABLE TRUST, U/A DATED MAY 31, 2008 (APPLICANTS): Consider acceptance of a lease quitclaim deed for Lease No. PRC 6937.1, a General Lease - Recreational Use; and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 1040 West Lake Boulevard, near Tahoe City, Placer County; for an existing pier, boat lift, and two mooring buoys. CEQA Consideration: quitclaim - not a project; lease - categorical exemption. (PRC 6937.1; RA# 12713) (A 1; S 1) (Staff: M. Schroeder)

C43 NORBERT J. DICKMAN AND BENJAMIN L. BLAKE, TRUSTEES OF THE ROGER DICKSON TRUST AND THE SCOTT DICKSON TRUST; AND NORBERT DICKMAN, AS TRUSTEE OF THE BARBARA FASKEN 1995 TRUST FOR THE BENEFIT OF ROGER DICKSON AND SCOTT DICKSON (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2247 Cascade Road, city of South Lake Tahoe, El Dorado County; for two existing mooring buoys. CEQA Consideration: categorical exemption. (PRC 8511.1; RA# 13613) (A 5; S 1) (Staff: M. Schroeder)

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C44 MILLBRAE HIGHLANDS CO., L.P. (APPLICANT):
Consider application for a General Lease -
Recreational Use, of sovereign land located in Corte
Madera Creek, adjacent to 1005 South Eliseo Drive,
Greenbrae, Marin County; for an existing floating boat
dock. CEQA Consideration: categorical exemption.
(PRC 5211.1; RA# 12813) (A 10; S 2)
(Staff: D. Simpkin)

C45 BEL WEST, L.P. (APPLICANT): Consider application
for a General Lease - Recreational Use, of sovereign
land located in Corte Madera Creek adjacent to 975
South Eliseo Drive, Greenbrae, Marin County; for an
existing floating boat dock and walkway. CEQA
Consideration: categorical exemption.(PRC 4898.1; RA#
13013) (A 10; S 2) (Staff: D. Simpkin)

C46 NORTSHORE TOWNHOUSE ASSOCIATION (LESSEE):
Consider amendment of lease and revision of rent to
Lease No. PRC 5296.1, a General Lease - Recreational
Use, of sovereign land located in Lake Tahoe, adjacent
to 125 Lassen Drive, Tahoe City, Placer County; for an
existing pier and 16 mooring buoys.
CEQA Consideration: not a project. (PRC 5296.1) (A 1;
S 1) (Staff: B. Terry)

C47 9898 LAKE, LLC (APPLICANT): Consider application
for a General Lease - Recreational Use, of sovereign
land located in Lake Tahoe, adjacent to 9898 Lake
Street, near Kings Beach, Placer County; for an
existing pier. CEQA Consideration: categorical
exemption. (PRC 4856.1; RA# 18412) (A 1; S 1)
(Staff: B. Terry)

C48 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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C49 YUOK TRIBE (APPLICANT): Consider application for a General Lease - Other, of sovereign land located in the lower Waukell Creek, tributary to the Klamath River estuary, adjacent to Assessor's Parcel Number 140-130-13, near Crescent City, Del Norte County, for the Waukell Creek Salmonid Habitat Enhancement Project. CEQA Consideration: categorical exemption. (W 26621; RA# 19913) (A 2; S 2) (Staff: B. Terry)

C50 ROCKY RIDGE PROPERTIES OWNERS ASSOCIATION (LESSEE): Consider application for amendment to Lease No. PRC 3955.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 180 Sierra Vista Road, Tahoe City, Placer County, for an existing pier, 31 mooring buoys, and two marker buoys. CEQA Consideration: not a project. (PRC 3955.1; RA# 23613) (A 1; S 1) (Staff: B. Terry)

CENTRAL REGION

C51 CALIFIA, LLC (APPLICANT): Consider application for a General Lease - Right-of-Way Use, of sovereign land located in the San Joaquin River, adjacent to 250 Saddler Oak Drive, near the city of Lathrop, San Joaquin County; for an existing 20-inch diameter pipeline/drainage outlet. CEQA Consideration: categorical exemption. (PRC 2854.1; RA# 15813) (A 12; S 5) (Staff: G. Asimakopoulos)

C52 CARGILL INCORPORATED (LESSEE): Consider amendment of 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, Ravenwood 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 from the Lease of six parcels 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 and 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

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C52(CONTINUED) located within the six parcels to be removed from Lease No. PRC 8596.1. CEQA Consideration: amendment to remove parcels, abandonment agreement, quitclaim - not projects; amendment to add parcels - categorical exemption. (PRC 8596.1; RA# 24712) (A 20, 24, 25; S 10, 13) (Staff: K. Foster)

C53 CONTRA COSTA WATER DISTRICT (APPLICANT): Consider application for a General Lease - Public Agency Use, of sovereign land located in Pacheco Creek, near the city of Martinez, Contra Costa County; for an existing treated water pipeline. CEQA Consideration: categorical exemption. (PRC 3371.9; RA# 12213) (A 14; S 7) (Staff: K. Foster)

C54 SAN JOAQUIN COUNTY (APPLICANT), PACIFIC GAS AND ELECTRIC COMPANY (INDEMNIFYING PARTY): Consider application for a General Lease - Public Agency Use and approval of an Indemnity Agreement, of sovereign land located in the bed of the San Joaquin River at Airport Way, near the town of Vernalis, San Joaquin County; for an existing bridge with co-location of an existing natural gas pipeline. CEQA Consideration: lease - categorical exemption; indemnification agreement - not a project. (PRC 3229.9; RA# 32612) (A 13; S 5) (Staff: W. Hall)

C55 GENERAL CHEMICAL CORPORATION (LESSEE); CHEMTRADE WEST US LLC (APPLICANT): Consider termination of Lease No. 4410.1, a General Lease - Right-of-Way Use, and an application for a General Lease - Right-of-Way Use, of sovereign land located in Suisun Bay, adjacent to 501 Nichols Road, near Bay Point, Contra Costa County; for an existing 12-inch diameter effluent discharge pipeline. CEQA Consideration: termination - not a project; lease - categorical exemption. (PRC 4410.1; RA# 23513) (A 14; S 7) (Staff: W. Hall)

C56 CROCKETT MARINE SERVICE, INC (APPLICANT): Consider rescission of prior Commission action authorizing lease to Kenneth J Carver, II and application for a 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, boat

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C56 (CONTINUED) repair facility, and appurtenant facilities. CEQA Consideration: rescission - not a project; lease - categorical exemption. (PRC 2546.1; RA# 26911) (A 14; S 3) (Staff: G. Kato)

C57 URBAN ERNST, TRUSTEE OF THE URBAN AND MARGARET ERNST REVOCABLE TRUST, DATED AUGUST 25, 1994 (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the historic bed of the San Joaquin River, Atherton Cove, adjacent to 4 Atherton Island, near the city of Stockton, San Joaquin County; for an existing uncovered floating boat dock, two pilings, ramp, bulkhead, and bank protection not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26241; RA# 03507) (A 13; S 5) (Staff: N. Lavoie)

C58 OMP/I&G CREEKSIDE INVESTORS, LLC (APPLICANT): Consider application for a General Lease - Right-of-Way Use, of sovereign land located in Scott Creek, Assessor's Parcel Number 519-0820-002-13, city of Fremont, Alameda County; for the construction of new conduit for utility pipelines. CEQA Consideration: Final Environmental Impact Report (EIR), certified by the city of Fremont, State Clearinghouse No. 2008042116. (W 26756; RA# 18413) (A 25; S 10) (Staff: J. Sampson)

C59 COUNTY OF SANTA CLARA (LESSEE); CITY OF PALO ALTO (APPLICANT): Consider acceptance of a quitclaim deed for Lease No. PRC 4598.9, a General Lease - Public Agency Permit, and an application for a General Lease - Public Agency Use, of sovereign land located in the city of Palo Alto, Santa Clara County; for an existing airport. CEQA Consideration: quitclaim - not a project; lease - categorical exemption. (PRC 4598.9; RA# 13913) (A 24; S 13) (Staff: D. Simpkin)

C60 EAST BAY REGIONAL PARKS DISTRICT (APPLICANT): Consider termination of Lease No. PRC 4624.9, a General Lease - Public Agency Use, and an application for a General Lease - Public Agency Use, of sovereign land located in Breuner Marsh, San Pablo Bay, Contra Costa County; for the continued use and maintenance of a public park and the construction use and maintenance of a concrete boardwalk. CEQA Consideration:

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C60 (CONTINUED) termination - not a project; lease - Environmental Impact Report, certified by the East Bay Regional Park District, State Clearinghouse No. 2011072011, and adoption of a Mitigation and Monitoring Program, and Statement of Findings. (PRC 4624.9; RA# 04913) (A 15; S 9) (Staff: D. Simpkin)

SOUTHERN REGION

C61 DENNIS CHANCE (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1142 Beach Drive, city of Needles, San Bernardino County; for the use and maintenance of two existing planter areas with rock retaining walls and riprap bankline, not previously authorized by the Commission, and construction, use, and maintenance of an aluminum stairway and gangway with railing, floating walkway, and floating boat dock. CEQA Consideration: categorical exemption. (W 26745; RA# 16313) (A 33; S 18) (Staff: R. Collins)

C62 STEPHEN DOYLE ANTHONY AND ROXANNE MARIE ANTHONY, TRUSTEES OF THE ANTHONY LIVING TRUST (APPLICANTS): Consider application for a General Lease - Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1182 Beach Drive, city of Needles, San Bernardino County; for use and maintenance of existing riprap bankline with electrical lighting appurtenances, not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26600; RA# 00812) (A 33; S 18) (Staff: R. Collins)

C63 MARK A. BANTLE, JR. AND JENNIFER K. BANTLE AND JOSEPH E. BROWN AND EVELYN M. BROWN, TRUSTEES OF THE JOSEPH E. BROWN AND EVELYN M. BROWN FAMILY TRUST (APPLICANTS): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1154 Beach Drive, city of Needles, San Bernardino County; for use and maintenance of three existing planter areas with rock retaining walls and electrical lighting appurtenances, concrete stairs with rock walls, concrete patio, and riprap bankline, not

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C63 (CONTINUED) previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26730; RA# 11213) (A 33; S 18) (Staff: R. Collins)

C64 APOLLA FARTHING AND ART ACOSTA AND MICHELLE ACOSTA (APPLICANTS): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Colorado River, adjacent to 1150 Beach Drive, city of Needles, San Bernardino County; for the use and maintenance of two existing planter areas with rock and concrete retaining walls and electrical and irrigation appurtenances, concrete stairs, concrete patio, and riprap bankline, not previously authorized by the Commission, and construction, use, and maintenance of an aluminum stairway and gangway with railing, and a floating boat dock. CEQA Consideration: categorical exemption. (W 26747; RA# 16713) (A 33; S 18) (Staff: R. Collins)

C65 CITY OF BLYTHE AND RIVERSIDE COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT (PARTIES): Consider termination of Lease No. PRC 3448.9, a General Lease - Public Agency Use, and consider two applications for leases; a General Lease - Public Agency Use to the city of Blythe, for an existing boat launch, and a General Lease - Commercial Use to the Riverside County Regional Park and Open Space District, for an existing recreational vehicle campground, including an endorsement of a sublease, of sovereign land located in the historic bed of the Colorado River, in the city of Blythe, Riverside County. CEQA Consideration: leases - categorical exemption; termination and sublease - not projects. (PRC 9127.9; RA# 15312) (PRC 9128.1; RA# 11212) (A 56; S 40) (Staff: R. Collins)

C66 COUNTY OF SAN BERNARDINO (LESSEE): Consider rescission of approval of Lease No. PRC 3321.9, a General Lease - Public Agency Use, and an application for a General Lease - Commercial Use and endorsement of sublease of sovereign land located in the Colorado River adjacent to Moabi Regional Park, near the city of Needles, San Bernardino County. CEQA Consideration: rescission - not a project; lease -

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C66(CONTINUED) categorical exemption. (PRC 3321.1; RA# 26310) (A 33; S 18) (Staff: K. Foster)

C67 CITY OF AVALON (APPLICANT): Consider application for a General Lease - Commercial Use, of sovereign land located in the Pacific Ocean at Hamilton Cove, Santa Catalina Island, Los Angeles County; for the continued operation of mooring facilities. CEQA Consideration: categorical exemption. (PRC 6696.1; RA# 18013) (A 70; S 28) (Staff: A. Franzoia)

C68 PACIFIC GAS AND ELECTRIC COMPANY (LESSEE): Consider application for amendment of Lease No. PRC 8985.1, a General Lease - Data Collection Use, of sovereign land located in the Pacific Ocean, adjacent to the Diablo Canyon Power Plant, San Luis Obispo County; to amend the land description. CEQA Consideration: Mitigated Negative Declaration, adopted by California State Lands Commission, State Clearinghouse No. 2011081079, and re-adoption of a Mitigation and Monitoring Program. (PRC 8985.1; RA# 21713) (A 33; S 15) (Staff: D. Simpkin)

C69 RUSSELL H. LEPPER AND MARSHA L. LEPPER (APPLICANTS): Consider application for a General Lease - Recreational Use, of sovereign land located in the Main Channel of Huntington Harbour, adjacent to 16622 Somerset Lane, Huntington Beach, Orange County; for use and maintenance of a boat dock, access ramp, and cantilevered deck. CEQA Consideration: categorical exemption. (PRC 3172.1; RA# 06913) (A 72; S 34) (Staff: D. Simpkin)

C70 LEONIS C. AND D. LEONIE MALBURG (LESSEE): Consider rescission of approval of Lease No. PRC 3086.1, a General Lease - Recreational Use, and an application for a General Lease - Recreational Use, of sovereign land located in the Main Channel of Huntington Harbour, adjacent to 16442 Malden Circle, Huntington Beach, Orange County; for use and maintenance of a boat dock, access ramp, and cantilevered deck. CEQA Consideration: rescission - not a project; lease - categorical exemption. (PRC 3086.1; RA# 00313) (A 72; S 34) (Staff: D. Simpkin)

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C71 MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
(LESSEE): Consider amendment of Lease No. PRC 8651.9,
a General Lease - Public Agency Use, of sovereign land
located in the Pacific Ocean, near Dana Point, Orange
County, to extend the lease term. CEQA Consideration:
categorical exemption. (PRC 8651.9; RA# 14811) (A 73;
S 35) (Staff: D. Simpkin)

SCHOOL LANDS

C72 JOHN BARNUM (APPLICANT): Consider application for
a General Lease - Grazing Use, of State indemnity
school land, located in portions of Sections 11, 12,
13, and 14, Township 26 North, Range 16 East MDM and
Sections 6 and 7, Township 26 North, Range 17 East,
MDM, near Herlong, Lassen County; for livestock
grazing and fencing. CEQA Consideration: categorical
exemption. (PRC 6823.2; RA# 16813) (A 3; S 1)
(Staff: C. Hudson)

C73 EDWARD SVENDSEN AND ELIZABETH FIELDING
(APPLICANTS): Consider application for a General Lease
- Grazing Use, of State indemnity school land, located
in portions of Sections 3, 10, 11, and 14, Township 26
North, Range 16 East MDM, near Herlong, Lassen County;
for livestock grazing and fencing. CEQA
Consideration: categorical exemption. (W 26750, RA#
17213) (A 1; S 1) (Staff: C. Hudson)

C74 WINDLAND, INC. (LESSEE): Consider revision of
rent to Lease No. PRC 8110.2, a General Lease -
Right-of-Way Use, of State indemnity school land
located in a portion of Section 18, Township 11 North,
Range 13 West, SBM, near the city of Mojave, Kern
County; for an existing graded dirt access road and
drainage culvert. CEQA Consideration: not a project.
(PRC 8110.2) (A 34; S 16) (Staff: C. Hudson)

MINERAL RESOURCES MANAGEMENT

C75 HUMBOLDT COUNTY PUBLIC WORKS DEPARTMENT
(APPLICANT): Consider an application for a
Non-Exclusive Geological Survey Permit on sovereign
lands under the Mad River, Humboldt County. CEQA
Consideration: categorical exemption. (W 6005.143)
(A 2; S 2) (Staff: R. B. Greenwood)

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C76 VINTAGE PETROLEUM LLC AND VINTAGE PRODUCTION CALIFORNIA LLC (LESEES): Consider a consent to the change in parental guarantees for Oil and Gas Lease Nos. PRC 8377.1 and PRC E-415.1 to the newly formed California Resources Corporation, Rio Vista Gas Field and the Grizzly Island Wildlife Management Area, Contra Costa, San Joaquin, Sacramento, and Solano Counties. CEQA Consideration: not a project. (PRC 8377.1, PRC E-415.1, RA# 09411) (A 11, 13; S 3, 5, 7) (Staff: N. Heda)

C77 OXY USA, INC. (ASSIGNOR) AND SOCAL HOLDING, LLC (ASSIGNEE): Consider: 1) an assignment of 100 percent of OXY USA Inc.'s interest in Oil and Gas Lease Nos. PRC 91, PRC 163, PRC E-392, PRC 425, PRC 426, and PRC 4736; 2) an assignment of 100 percent of OXY USA Inc.'s interest in 21 Oil and Gas Lease Extension and Renewal Agreement Nos. PRC E-400, PRC E-401, PRC 919, PRC 920, PRC 977, PRC 980, PRC 983, PRC 985, PRC 986, PRC 989, PRC 997, PRC 999, PRC 1329, PRC 1331, PRC 1332, PRC 1333, PRC 1334, PRC 1336, PRC 1337, PRC 1340, PRC 1345; 3) an Assignment of 100 percent of OXY USA Inc.'s interest in Drill Site Agreement No. PRC 4887; 4) Approval of an Assignment of OXY USA Inc.'s Agreement for use of Easement No. PRC 5663 of State owned lands at Bolsa Chica State Beach; all to SoCal Holding, LLC; 5) Consent to the change of the Parental Guaranty, Huntington Beach Oil Field, Orange County. CEQA Consideration: not a project. (PRC 91, PRC 163, PRC E-392, PRC 425, PRC 426, PRC 4736, PRC E-400, PRC E-401, PRC 919, PRC 920, PRC 977, PRC 980, PRC 983, PRC 985, PRC 986, PRC 989, PRC 997, PRC 999, PRC 1329, PRC 1331, PRC 1332, PRC 1333, PRC 1334, PRC 1336, PRC 1337, PRC 1340, PRC 1345, PRC 4887, and PRC 5663, RA# 09411) (A 72, 74, S 34, 37) (Staff: M. LeClair, N. Saito)

C78 GREEN MATERIALS INTERNATIONAL, LLC (APPLICANT): Consider an application for a prospecting permit for minerals other than oil, gas, geothermal resources, sand and gravel on State school lands, Riverside County. CEQA Consideration: categorical exemption. (W 40972; RA# 08813) (A 56; S 28) (Staff: V. Perez)

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C79 CITY OF LONG BEACH, OCCIDENTAL PETROLEUM CORPORATION (APPLICANTS): Consider a Consent to Assignment and approval of the City of Long Beach's Consent to Assignment of the oil and gas interests located in the City of Long Beach tidelands currently held by Occidental Petroleum Corporation (Oxy) and proposed to be assigned to California Resources Corporation, a separate and independent publicly traded company, Los Angeles County. CEQA Consideration: not a project. (W 12001, W 17166) (A 70; S 33) (Staff: J. Rader, A. Hager)

C80 CPN WILD HORSE GEOTHERMAL, LLC (APPLICANT): Consider an amendment to State Geothermal Resources Lease No. PRC 8556.2, Parcel 3 to be utilized for injection rather than production, The Geysers Geothermal Field, Mendocino and Sonoma Counties. CEQA Consideration: categorical exemption. (PRC 8556.2; RA# 31212) (A 2, 4; S 2) (Staff: N. Saito)

MARINE FACILITIES - NO ITEMS

ADMINISTRATION - NO ITEMS

LEGAL

C81 MAXIM COMMERCIAL CAPITAL LLC (PARTY): Consider authorization to amend the Interim Authorization to Effectuate Vessel Removal for the vessel known as "the Frank M. Coxe", also/formerly known as "Dago Mary's", "The Sherman", and "The Showboat", among other names, as well as removal of the gangway, pilings, and other restaurant-related improvements from sovereign land, at 410 Airport Boulevard, Burlingame, San Mateo County; to extend the expiration date and allow the vessel to be relocated onto legislatively granted lands. CEQA Consideration: amendment - not a project; removal - categorical exemption. (W 26713) (A 19; S 8) (Staff: S. Haaf)

C82 OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE (SUCCESSOR AGENCY TO THE SAN FRANCISCO REDEVELOPMENT AGENCY) (APPLICANT): Consider application for a General Lease - Public Agency Use of filled tide and submerged lands within Candlestick Point, City and

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C82(CONTINUED) County of San Francisco, for overland flows to the Bay. CEQA Consideration: categorical exemption.(W 26773; AD 557) (A 17; S 11) (Staff: K. Colson, G. Kato)

C83 CALIFORNIA DEPARTMENT OF PARKS AND RECREATION, THE OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE (SUCCESSOR AGENCY TO THE SAN FRANCISCO REDEVELOPMENT AGENCY), THE CITY AND COUNTY OF SAN FRANCISCO, THE PORT OF SAN FRANCISCO AND THE CALIFORNIA STATE LANDS COMMISSION (PARTIES): Consider the approval of memoranda of corrections for legal descriptions related to the Hunters Point Shipyard/Candlestick Point Title Settlement, Public Trust Exchange and Boundary Line Agreement and the Candlestick Point State Recreation Area Reconfiguration, Improvement and Transfer Agreement, concerning lands within Candlestick Point and the former Hunters Point Naval Shipyard, City and County of San Francisco. CEQA Consideration: a not project.(AD 557; W 26279; G11-00.7, G11-01) (A 17; S 11) (Staff: K. Colson, J. Porter)

C84 TAHOE REGIONAL PLANNING AGENCY, CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD (LAHONTAN) AND CALIFORNIA STATE LANDS COMMISSION (PARTIES): Request authorization for the Executive Officer to sign, on behalf of the Commission, the Memorandum of Understanding between the Tahoe Regional Planning Agency (TRPA), California Regional Water Quality Control Board (Lahontan), and the California State Lands Commission for preparation of the Substitute Environmental Document/Environmental Impact Statement, the TRPA Shorezone Ordinances, and Lahontan Basin Plan Amendment; collectively the Shorezone Update, located exclusively at Lake Tahoe, Placer and El Dorado Counties. CEQA consideration: not a project. (W 30005, W 26466) (A 4, S 1) (Negotiator: W. Crunk, J. Ramos)

C85 CALIFORNIA STATE LANDS COMMISSION (PARTY): Consider proposed amendments to Sections 2980 through 2980.12 of Title 2, Division 3, Chapter 1 of the California Code of Regulations, relating to the Commission's existing rules for contracting for architectural and engineering (A & E) services in

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C85 (CONTINUED) order to conform to the standards established by other state agencies. CEQA Consideration: not a project. (W 30203) (A & S: Statewide) (Staff: J. Fabel, C. Huitt)

C86 UNITED STATES DEPARTMENT OF THE NAVY (PARTY): Consider a retrocession of exclusive legislative jurisdiction and establishment of concurrent legislative jurisdiction at Dog Beach, Naval Base Coronado, San Diego County. CEQA Consideration: not a project. (W 26532) (A 78; S 39) (Staff: J. Fabel)

C87 CALIFORNIA STATE LANDS COMMISSION (PARTY): Consider amendment of the Comprehensive Delegation of Authority, as amended, to expand the authority of the Executive Officer to take actions necessary to remove or dispose of abandoned, derelict, or trespassing vessels from State waterways; and to revise the Delegation in the absence of the Executive Officer to add the Chief, External Affairs Division. CEQA Consideration: not a project. (W 9301) (A & S: Statewide) (Staff: P. Pelkofer, P. Griggs)

KAPILOFF LAND BANK TRUST ACTIONS

C88 CALIFORNIA TAHOE CONSERVANCY AND CALIFORNIA STATE LANDS COMMISSION (PARTIES): Consider recission of prior approval and consider a new approval of the purchase of a portion of a parcel of land (APN 027-010-16) with Kapiloff Land Bank Funds, located at 3339 Lake Tahoe Boulevard, in South Lake Tahoe, El Dorado County. CEQA Consideration: statutory exemption. (PRC 9286.9) (A 5; S 1) (Staff: K. Colson, B. Terry)

EXTERNAL AFFAIRS

GRANTED LANDS

C89 CITY OF LONG BEACH (APPLICANT): Review the proposed expenditure of tideland oil revenues, in an amount not to exceed \$25,300,000 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)

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LEGISLATION AND RESOLUTIONS - NO ITEMS

V INFORMATIONAL

90 CALIFORNIA STATE LANDS COMMISSION:
Legislative update concerning 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)

VI REGULAR CALENDAR

91 CITY OF LOS ANGELES: Review of an existing revocable permit issued by the Port of Los Angeles to Rancho LPG Holdings LLC for use of a railroad spur located within the legislative trust grant to the Port of Los Angeles in the City of Los Angeles, Los Angeles County. CEQA consideration: not a project. (G 05-04)
(A 70; S 28, 35) (Staff: R. Boggiano, S. Scheiber)

23

92 CITY OF REDONDO BEACH: Consider whether to direct California State Lands Commission staff to perform a financial audit of the City of Redondo Beach's management of legislatively-granted tide and submerged lands. CEQA consideration: not a project. (G 05-07)
(A 66; S 28) (Staff: R. Boggiano)

8

VII PUBLIC COMMENT

96

VIII COMMISSIONERS' COMMENTS

125

IX 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:

125

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).

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1. THE COMMISSION MAY CONSIDER MATTERS
THAT FALL UNDER GOVERNMENT CODE SECTION
11126(e)(2)(A):

United States v. California (1965) 381
U.S. 139, No. 5 Original

Redwood Square Enterprises, LLC v.
Standard Brands Paint Co. 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

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.

Keith Goddard v. State of California

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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.

1. Provide instructions to negotiators regarding entering into a new lease of state land for the Broad Beach Restoration Project, City of Malibu, Los Angeles County. Negotiating parties: Broad Beach Geologic Hazard Abatement District, State Lands Commission; Under negotiation: price and terms.

Adjournment	126
Reporter's Certificate	127

P R O C E E D I N G S

1
2 ACTING CHAIRPERSON GORDON: I call this meeting
3 of the State Lands Commission to order. All the
4 representatives of the Commission are present. I'm Alan
5 Gordon representing State Controller John Chiang. I'm
6 joined today, to my right, by Kevin Schmidt representing
7 Lieutenant Governor Gavin Newsom, and to my left my Eraina
8 Ortega representing the Department of Finance.

9 Can everybody please turn phones and other
10 devices to silent at this point in time, please.

11 For the benefit of those in the audience, the
12 State Lands Commission manages State property interests in
13 over five million acres of land, including mineral
14 interests. Specifically, the Commission has jurisdiction
15 in filled and unfilled tide and submerged lands, navigable
16 waterways, and State school lands. The Commission also
17 has responsibility for the prevention of oil spills at
18 marine oil terminals and offshore oil platforms and for
19 preservation of the introduction of marine invasive
20 species into California's marine waters.

21 Today, we'll be 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 The first item of business will be the minutes

1 from the Commission's special teleconference meeting of
2 June 2nd, 2014. May I have motion to approve the minutes,
3 please.

4 ACTING COMMISSIONER ORTEGA: So moved.

5 ACTING COMMISSIONER SCHMIDT: Second.

6 ACTING CHAIRPERSON GORDON: I have a motion and a
7 second.

8 All those in favor?

9 EXECUTIVE OFFICER LUCCHESI: Excuse me, Chair.

10 Can I interject one second, because two --

11 ACTING CHAIRPERSON GORDON: The special voting

12 EXECUTIVE OFFICER LUCCHESI: Yes, you got it.

13 Because two of the Constitutional officers are
14 represented -- both represented by alternates, only one of
15 you may vote on any single item. The Finance Office can
16 always vote.

17 ACTING CHAIRPERSON GORDON: Okay. On the -- with
18 regard to the motion for the adoption of the minutes, I
19 have a motion by Ms. Ortega, a second by Mr. Schmidt. The
20 vote is two to nothing with both of those offices having
21 voted aye. The minutes are unanimously adopted.

22 The next order of business is the Executive
23 Officer's report. Ms. Lucchesi, may we please present
24 that report.

25 EXECUTIVE OFFICER LUCCHESI: Of course.

1 First, I want to just acknowledge and welcome our
2 satellite location in Long Beach, at the Hotel Maya. We
3 have a satellite location for this meeting for people in
4 the area to observe the meeting and also testify. So I
5 wanted to welcome them down at the Hotel Maya.

6 Second, I wanted to advise the Commission and the
7 audience that the Bureau of State Audits is currently
8 conducting a follow-up review on the Commission's leasing
9 practices. As you may remember, the BSA conducted a
10 comprehensive audit in 2011. The current review is a much
11 more narrow review and scope focusing on whether the
12 Commission has improved in its leasing practices, based on
13 the finding and recommendations contained in BSA's 2011
14 report.

15 I believe BSA is approaching the completion of
16 their field work. I anticipate BSA's review findings
17 being released in July or August of this year.

18 Third, I wanted to update the Commission on some
19 new general lease language that staff has developed
20 specifically tailored for general leases recreational use,
21 also known as rec pier leases. In response to various
22 concerns expressed about the length and complexity of the
23 Commission's general lease terms for recreational pier
24 leases. Those were expressed back in our February and
25 April meeting.

1 Staff has been working on a more simple, shorter,
2 transparent, and easier-to-read recreational pier lease
3 language. The bottom line is this new language includes
4 straightforward, simple terms as opposed to complicated
5 terms full of legalese. I'm happy to announce that staff
6 has completed that effort and will be utilizing the
7 simpler lease general term language beginning at the
8 Commission's August meeting.

9 And finally, please allow me to introduce Dave
10 Brown as the Commission's new Assistant Executive Officer.
11 Dave has been with the Commission for almost 35 years.
12 Prior to becoming the Commission's Assistant Executive
13 Officer, he served the Commission as the Chief of
14 Administrative and Information Services overseeing our
15 fiscal, personnel, and ISS Divisions.

16 Most recently, Dave was a project manager for
17 successfully developing and transitioning to our new lease
18 database, SLIC. Dave has vast experience with the
19 Commission and State government in general. He is
20 incredibly intimate knowledge of the Commission's
21 programs, activities, and internal workings. I have no
22 doubt that he will excel in his new position effectively
23 serving the Commission and the public.

24 And that concludes my report. Thank you.

25 ACTING CHAIRPERSON GORDON: All right. The next

1 order of business -- next order of business will be the
2 adoption of the consent calendar. Ms. Lucchesi, can you
3 indicate which items have been removed from the consent
4 calendar, please?

5 EXECUTIVE OFFICER LUCCHESI: Yes. C17, C59, and
6 C72 are removed from the agenda and will be considered at
7 a later time. And that's it.

8 FROM THE AUDIENCE: Could you repeat those
9 numbers, please?

10 EXECUTIVE OFFICER LUCCHESI: C17, C59, and C72
11 are removed from the consent agenda to be considered at a
12 later time.

13 ACTING CHAIRPERSON GORDON: Is there anyone --
14 Ms. Ortega.

15 EXECUTIVE OFFICER LUCCHESI: I do have -- I just
16 received a request to speak on Item 22, but it looks like
17 that person would like to speak in support of the item.
18 So, Mr. Chair, I'm not sure, at this point, if we -- if
19 you want to ask Mr. Neworth if he would like the item
20 pulled to the regular agenda to speak in support of it.

21 ACTING CHAIRPERSON GORDON: Mr. Neworth, could
22 you please stand up?

23 MR. NEWORTH: Yes.

24 ACTING CHAIRPERSON GORDON: Would you -- we are
25 ready to pass this item out on the consent calendar. If

1 you would like, we can pull it from the consent calendar
2 and have it on the regular agenda, in which case you could
3 speak. If it's on the consent calendar, you won't have an
4 opportunity to speak. I will tell you as an attorney one
5 of the things we were taught in trial advocacy is when
6 you've won your case, sit down.

7 (Laughter.)

8 ACTING CHAIRPERSON GORDON: You've won your case.
9 If you'd like to speak, we can pull it, but you're going
10 to get what you want right now. So your call. I
11 recognize you've come down and you may wish a statement to
12 make, we're perfectly happy to hear from you.

13 MR. NEWORTH: I'm quite unfamiliar with your
14 procedure here, number one.

15 ACTING CHAIRPERSON GORDON: Okay.

16 MR. NEWORTH: Number two, I filled out that form
17 not knowing whether you needed to ask me questions about
18 the project, you had concerns or questions, whatever. I
19 just want to make sure that the project is approved.

20 ACTING CHAIRPERSON GORDON: In that case, let me
21 make a decision for you. We're about to vote it out right
22 now on the consent calendar, if you do nothing else.

23 MR. NEWORTH: I don't know what that means?

24 ACTING CHAIRPERSON GORDON: That means it's
25 approved.

1 MR. NEWORTH: That's fine. That's great.

2 ACTING CHAIRPERSON GORDON: All right. Is there
3 anyone else in the audience who wishes to speak on any
4 item on the consent calendar.

5 ACTING COMMISSIONER ORTEGA: I have a question on
6 that.

7 ACTING CHAIRPERSON GORDON: And then Ms. Ortega.

8 ACTING COMMISSIONER ORTEGA: Ms. Lucchesi, can
9 you just comment on the letter we received regarding Item
10 C65, the Riverside County Regional Park?

11 EXECUTIVE OFFICER LUCCHESI: Yes.

12 ACTING COMMISSIONER ORTEGA: Can you just respond
13 a little bit?

14 EXECUTIVE OFFICER LUCCHESI: Of course. We
15 received a comment letter from the City of Riverside and
16 the Park District there expressing their concerns about
17 the lease terms, as it was expressed in the staff report
18 last week. We have since, staff reached out to the
19 parties and negotiated a compromise on that. The staff
20 report was revised to match that compromise. And as far
21 as I know, the parties involved do not have any concerns
22 with the compromise and that compromise again is
23 accurately expressed in the staff report before you today.

24 ACTING COMMISSIONER ORTEGA: Okay. Great. Thank
25 you. With that, I will move the consent calendar.

1 ACTING COMMISSIONER SCHMIDT: Second.

2 ACTING CHAIRPERSON GORDON: Okay. We have a
3 motion and a second.

4 All those in favor?

5 (Ayes.)

6 CHAIRPERSON NEWSOM: That passes by a two to
7 nothing vote, again Department of Finance and the
8 Lieutenant Governor's Office voting aye.

9 The next order of business will be the regular
10 calendar. What we are going to do here is we are going to
11 flip the order just a little bit. The longest item is
12 going to be Item 91 having to do with the Rancho facility
13 in Long Beach. The other item that is for the regular
14 calendar is Redondo Beach and the review -- potential
15 review of Redondo Beach's contracting procedures.

16 With the agreement of my two colleagues, we're
17 going to go to the Redondo Beach item first, Item 92.

18 Staff, can you please present.

19 Yes, thank you.

20 EXTERNAL AFFAIRS DIVISION CHIEF PEMBERTON: My
21 name is Sheri Pemberton, and I'm presenting on this item.
22 In response to allegations from several Redondo Beach
23 residents at the April 23rd Commission meeting, the
24 Commission directed staff to report back at its June
25 meeting about the feasibility of the Commission conducting

1 a audit of the city's Tideland Trust revenues, including
2 whether the Commission has the resources to conduct an
3 audit.

4 The staff has complied with that direction and
5 reviewed the feasibility of conducting an audit for the
6 City -- of the City's tidelands. The staff report lays
7 out four options for the Commission's consideration,
8 ranging from taking no further action, to conducting a
9 comprehensive full audit.

10 Staff's recommendation is kind of a mid-point
11 suggestion that addresses the primary concerns from the
12 residents, which involve internal service fund transfers.
13 The recommendation is to require staff to review and
14 analyze the cost allocation plan approved by the city, and
15 any and all changes or amendments to the plan to determine
16 whether the methodology is appropriate and reasonable.

17 Staff would also compare the allocation
18 methodology to how other grantees determine -- or make
19 internal service fund transfer decisions, and then staff
20 would report back to the Commission by the end of this
21 year. We estimate that this option would take about 60
22 hours of staff time, as opposed to a full audit, which
23 would take about -- I think about two dedicated audit
24 staff working about six months and approximately 2,000
25 hours of staff time.

1 So we suggest this option and think that
2 reviewing the cost allocation plan would make optimal use
3 of limited staff resources and allow staff to look at the
4 core concerns raised by the residents regarding the
5 tideland trust and internal service transfers.

6 I'd just add that the city has been very
7 cooperative and is more than happy to provide us with this
8 information and assist in our review.

9 That concludes my report, and I'm available to
10 answer any questions. Thank you.

11 ACTING CHAIRPERSON GORDON: Ms. Ortega.

12 ACTING COMMISSIONER ORTEGA: I don't know if this
13 question is appropriate for staff or if there's a city
14 representative here, but I had a couple questions about
15 the cost allocation and just how it applies to other
16 agencies. Is there a city representative here or --

17 EXTERNAL AFFAIRS DIVISION CHIEF PEMBERTON: Yes,
18 there is.

19 ACTING COMMISSIONER ORTEGA: I think it's more
20 appropriate for them.

21 EXTERNAL AFFAIRS DIVISION CHIEF PEMBERTON: Of
22 course.

23 MR. CARMICHAEL: Good morning, Commissioners.
24 I'm Pete Carmichael, Waterfront and Economic Development
25 Director with the City of Beach.

1 ACTING COMMISSIONER ORTEGA: So the cost
2 allocation that is in question here, is it -- it's applied
3 to all of your city departments?

4 MR. CARMICHAEL: That's right. It's applied to
5 all user departments in the city and all of our enterprise
6 operating funds as well.

7 ACTING COMMISSIONER ORTEGA: Okay. And so what
8 kind of other outside agencies, like JPAs or the
9 enterprise funds, that maybe have separate boards or
10 separate funding streams does it apply to?

11 MR. CARMICHAEL: You know, I don't believe it
12 applies to any outside agencies. Pete Grant, the
13 Assistant City Manager, here has helped me. He agrees.
14 Yeah, it doesn't apply to any outside agencies or JPAs for
15 that matter.

16 ACTING COMMISSIONER ORTEGA: Okay. So it's all
17 internal within the city. Is there any other entity or
18 any other -- has there been any other concern voiced about
19 the current cost allocation structure?

20 MR. CARMICHAEL: We've not heard any. You know,
21 there's been a select few individuals in the community who
22 have raised this issue over the better part of the last 15
23 years. As you may remember, the Commission did an onsite
24 audit in Redondo Beach in '04 and was officed in city hall
25 for about a month. We do an outside third-party audit

1 every year, not required, but we do that to add an
2 additional level of scrutiny. And that tidelands fund,
3 since '05-'06 to this year, has grown year over year, that
4 ten-year period, about two percent since the time that
5 that audit happened in '04.

6 That said, as Ms. Pemberton mentioned, we're
7 happy to do an additional review if you think it's
8 necessary. But to answer your question, no, we have not
9 gotten a lot of additional concern.

10 ACTING COMMISSIONER ORTEGA: And have there ever
11 been any audit findings about the cost allocation
12 methodology?

13 MR. CARMICHAEL: No, there haven't. Our auditor
14 has come back -- and granted on an annual basis, they're
15 auditing our methodology and how it's applied, but no,
16 there have not been any concerns raised as to the means by
17 which it's applied or the methodology.

18 ACTING COMMISSIONER ORTEGA: Okay. Thank you.

19 I think that what concerns me about directing the
20 staff to move away from other audits and other functions
21 that are primary to the Commission's responsibility is
22 that a lot of what seems to be raised in the letters from
23 the concerned parties is really not about the specifics of
24 the cost allocation. And so I'm not really sure what we
25 will gain by redirecting staff to look at the cost

1 allocation methodology. So I'm a little skeptical of
2 directing staff's time to that, at this point, when
3 there's very limited staff to do auditing as it is.

4 And I think our primary interest would be in be
5 in keeping those audits and those staff on the -- auditing
6 the functions that generate revenue, that support the
7 Commission's programs and other State functions.

8 So I don't know if there are representatives here
9 from -- that want to see the audit, who have, you know,
10 maybe some persuasive arguments to make. But for me,
11 right, I'm not feeling the need to redirect staff
12 resources to the audit.

13 ACTING CHAIRPERSON GORDON: Ms. Pemberton, you
14 look like you have something to add.

15 EXTERNAL AFFAIRS DIVISION CHIEF PEMBERTON: No.

16 EXECUTIVE OFFICER LUCCHESI: I am not sure -- if
17 I may. I am not sure if there are any representatives in
18 this audience that wish to speak in support of an audit
19 that are fairly critical of the city, but I'm not sure if
20 there are any in the Long Beach location.

21 ACTING CHAIRPERSON GORDON: Let me check. Is
22 there anyone in the Long Beach, from the City of Redondo
23 Beach, residents of the City of Long Beach who wish to
24 speak on this issue?

25 ACTING CHAIRPERSON GORDON: It doesn't appear to

1 be.

2 MR. OHST: Yes, there is.

3 ACTING CHAIRPERSON GORDON: Oh, there is.

4 Okay. Do you want to put them through.

5 MR. OHST: My name -- if the video is working?

6 Yes. Audio is working?

7 (Thereupon technical difficulties.)

8 ACTING CHAIRPERSON GORDON: We're good.

9 MR. OHST: Okay. Thank you.

10 ACTING CHAIRPERSON GORDON: Sir, before you
11 start, did you hear Ms. Ortega's questions with regard to
12 the need for the redirection of staff?

13 MR. OHST: Yes, I did.

14 ACTING CHAIRPERSON GORDON: Okay. Very good. If
15 you could address that issue specifically, if possible,
16 with regard to what you feel the need for this audit is
17 and why we should redirect limited staff resources to
18 undertake this activity.

19 MR. OHST: Certainly. This -- I provided at
20 letter with an updated table that goes back 15 years on
21 these internal service fund transfers. And if you look at
22 2002 and 2003, they were only running about three or four
23 hundred thousand dollars a year. And then they started
24 this internal service fund program, and they ramped them
25 up to a peak -- they peaked at \$2.4 million a year, which

1 is 24 percent of the gross revenues in the harbor just for
2 these internal service fund charges that pay for city
3 overhead, which probably frankly should be paid for by the
4 taxes that the harbor enterprise is already paying.

5 So this became alarming. A lot of us looked at
6 it. City the ultimately backed it off to 1.8 million, but
7 it's been running at that level ever since, which is
8 excessive for things that cover building funds and other
9 things that run this city.

10 So, yes, this does need to be looked at. The
11 city claims to have an audit, but the scope of work on the
12 audit was so narrowly focused that it didn't look at what
13 other small boat harbors were being charged. It didn't
14 look at the overall applicability of the methodology the
15 city is claiming they need to follow. So that table also
16 shows that had they charged a reasonable charge, like they
17 historically did, maybe four percent of gross revenues,
18 which is not out of line, rather than charge the harbor 23
19 million, they should have probably only charged it five
20 million over 15 years, that's \$17 million.

21 So I'd argue that this is one small harbor and
22 \$17 million is a significant amount of money here. And
23 this was a change in methodology. Costs didn't rise from
24 two to three hundred thousand a year to \$2.4 million.
25 This was a -- this was a pre-meditated methodological

1 change to start charging the harbor for all kinds of
2 things that should already be paid for with taxes.

3 So we don't need an extensive audit of the entire
4 harbor enterprise. We need a focused audit on these
5 internal service fund charges to see if they're even
6 legitimate, number one. And, number two, there's a
7 significant difference between a general fund account,
8 which is charged an internal service fund charge, it's
9 like a pocket-to-pocket transfer. But when you have an
10 outside entity like a harbor enterprise fund that gets
11 charged this amount, there's a net cash transfer into the
12 general fund.

13 So really what this is all about, it's a very
14 clever way for the city to transfer a lot of money out of
15 the harbor funds into the general fund. And this is not
16 how the City of Redondo Beach has historically operated
17 since the Tidelands Trust was put into place, set, you
18 know, decades ago, all the way up through 2002. This was
19 a change -- relatively recent change, that if you look
20 back ten years you won't see it, which is why that table
21 is in the letter I sent that goes back 15 years. And you
22 will see that things radically change.

23 And anytime there's such a big change like that,
24 it's certainly worthy of some staff time to look at. And
25 like I said, you don't have to do a full audit of the

1 whole tidelands, you just have to focus in on this one
2 issue.

3 ACTING CHAIRPERSON GORDON: Sir, can you just
4 identify yourself officially for the record, please.

5 MR. OHST: Certainly. Gary Ohst. I was a Budget
6 and Finance Commissioner for four years in the City of
7 Redondo Beach. And I got on the Budget and Finance
8 Commission to find out where all the harbor funds went. I
9 found out why.

10 ACTING CHAIRPERSON GORDON: Thank you very much,
11 sir. Mr. Weiss, you wish to testify on this item also?

12 MR. WEISS: No. Thank you for asking.

13 ACTING CHAIRPERSON GORDON: No.

14 Ms. Ortega.

15 ACTING COMMISSIONER ORTEGA: Yeah. Ms. Lucchesi,
16 can you talk about whether your audit staff have the
17 experience to audit the kinds of questions that are being
18 raised about the cost allocation? Because it seems to me
19 that these kind of allocation methodologies are used by
20 all the governments in the State to allocate costs across
21 their departments. That seems a little different than the
22 types of things that your folks are usually auditing.

23 EXECUTIVE OFFICER LUCCHESI: Yes. Our audit
24 staff typically audits our mineral leases, our offshore
25 oil and gas lease activities. Their classification is a

1 land and mineral auditor. So they're focusing on lease
2 revenues, on royalty revenues, on net profit revenues, and
3 expenditures.

4 So while I believe there would be some learning
5 curve associated with auditing this type of element of the
6 City's trust grant, they are trained as auditors, so it
7 would be likely that they could do it. There just would
8 be a learning curve associated with it.

9 ACTING CHAIRPERSON GORDON: Ms. Lucchesi, do you
10 believe that this will be a major interruption in the
11 regular work of the audit staff or is this -- I mean, this
12 is kind of a tough question. On a scale of 1 to 10, how
13 much -- you know, what's the -- what's the interruption
14 we're talking about here?

15 EXECUTIVE OFFICER LUCCHESI: Well, if I could
16 avoid that question, but try and answer --

17 ACTING CHAIRPERSON GORDON: And answer the one
18 you'd like, okay. Good witness.

19 (Laughter.)

20 EXECUTIVE OFFICER LUCCHESI: -- it in a different
21 way. We have -- we have a total of six current land and
22 mineral auditor positions -- existing positions. Two of
23 those positions have been filled for some time with staff
24 from our Long Beach office. One of those positions were
25 just recently filled with a general accounting auditor

1 that we will need to train to become a full land and
2 mineral auditor.

3 Two other positions are filled with out-of-state
4 staff on a limited term basis set to expire next fiscal
5 year, and one remains vacant. We have actually been
6 extremely challenged to fill these positions for a number
7 of reasons, most importantly because of the pay inequality
8 with State service.

9 Over the past two years, with our limited term
10 auditors, we have been able to recover \$450,000 in
11 underpaid royalties from one lessee that that money goes
12 directly to the general fund. We are currently in the
13 middle of another audit where we are looking at recovering
14 some additional monies as well.

15 So in trying to answer your question without
16 being boxed in to a number of severity, our auditing staff
17 is focused on auditing our highest revenue generating
18 leases, primarily our oil and gas, but also our higher
19 revenue generating land leases. So any kind of diversion
20 from those activities could result in a loss of recovering
21 some underpaid royalties and revenues to the State.

22 ACTING COMMISSIONER ORTEGA: Mr. Chair, I'm
23 interested if whether the Commissioners might be open to
24 something other than an audit, something that doesn't take
25 away the audit staff, but something that may be is

1 requiring the city to report to the Commission on the
2 way -- on the transfers that have been made and the
3 justification for the increase that's been noted by Mr.
4 Ohst. If there's some way of asking the city as a trustee
5 to provide us with more information, and really respond to
6 by making very clear how the costs allocation methodology
7 works, why it's appropriate, why it is not, you know, as
8 is being alleged, sort of subsidizing the city's costs
9 through the harbor fund?

10 And maybe with that information, the staff would
11 be able to, you know, if that raises some concern, come
12 back with a recommendation. So I don't -- I'm open to
13 getting -- pursuing this a little further, but I would
14 rather not do that as a first step by moving audit staff
15 away from current functions.

16 EXECUTIVE OFFICER LUCCHESI: So if I may suggest
17 something towards that end for the Commission's
18 consideration is considering option -- alternative 2,
19 which is staff's recommendation, minus allocating audit
20 staff time towards that goal. So we would be focusing our
21 analyst position and some of our legal staff on working
22 with the city and having the city provide that
23 information, that explanation, really walking us through
24 that, and with the goal of bringing that back to the
25 Commission at some time in the future this year to walk

1 that through with the Commissioners, but -- so it would
2 Alternative 2 minus the time of the auditors in that.

3 ACTING COMMISSIONER ORTEGA: I would be
4 comfortable with that.

5 ACTING CHAIRPERSON GORDON: I have a question and
6 actually I'm going to address it to you, Ms. Ortega, this
7 strikes me as something probably more within the realm of
8 what the expertise of the Department of Finance is would
9 be to review these kind of procedures that a -- within
10 governmental transfers. Does DOF have the expertise to
11 help our staff to look at these and compare?

12 It strikes me a lot of this is a comparison
13 between what is going on in this particular situation and
14 other entities around the State with regard to tideland
15 funds and the like.

16 ACTING COMMISSIONER ORTEGA: Yeah. I mean the
17 Department of Finance has auditors on staff just as the
18 Controller's office does. I think, you know, our folks
19 would be perfectly happy to take a look at anything that
20 the staff reviews that the city submits.

21 ACTING CHAIRPERSON GORDON: Mr. Schmidt.

22 ACTING COMMISSIONER SCHMIDT: I was prepared to
23 move on Item 2 staff recommendation, but if Finance feels
24 more comfortable pulling off the auditor portion of that,
25 I'm happy to move on that as well.

1 EXECUTIVE OFFICER LUCCHESI: If I just may add,
2 we do have additional speakers, I believe, in the Long
3 Beach location that want to speak on this item --

4 ACTING CHAIRPERSON GORDON: Okay.

5 EXECUTIVE OFFICER LUCCHESI: -- I believe, so we
6 may want to check in with them.

7 ACTING CHAIRPERSON GORDON: Let's go to the
8 speakers in Long Beach right now before we move this to a
9 potential vote.

10 Anybody in Long Beach wishing to speak on the
11 Redondo Beach Item number 92?

12 PUBLIC LAND MANAGEMENT SPECIALIST BOGGIANO: No,
13 we have nobody else in Long beach to speak on this item.

14 ACTING CHAIRPERSON GORDON: All right. Then, Mr.
15 Schmidt, it sounded like you were ready to offer a motion.

16 ACTING COMMISSIONER SCHMIDT: Yeah. A motion.

17 ACTING CHAIRPERSON GORDON: You want to second
18 this.

19 ACTING COMMISSIONER SCHMIDT: Well, let's be
20 clear on -- you feel comfortable pulling the auditor off
21 and then moving forward, is that what --

22 ACTING COMMISSIONER ORTEGA: Yes.

23 EXECUTIVE OFFICER LUCCHESI: Would you like me to
24 present the motion for you?

25 So staff recommendation would be to pursue

1 Alternative 2 as described in the staff report, with the
2 exception of the 30 hours of audit staff time associated
3 with that.

4 ACTING COMMISSIONER SCHMIDT: Motion.

5 ACTING COMMISSIONER ORTEGA: Second.

6 ACTING CHAIRPERSON GORDON: And a second. Having
7 a motion and a second, let's proceed to a vote.

8 All those in favor?

9 (Ayes.)

10 ACTING CHAIRPERSON GORDON: All right. That
11 passes two to nothing with the Controller's office
12 abstaining as required.

13 Next, we move to Rancho LPG.

14 Redondo Beach, you guys are done.

15 All right. Will staff please present on Item
16 number 91?

17 STAFF COUNSEL COLSON: Good morning,
18 Commissioners. My name is Kathryn Colson and I'm an
19 attorney for the Commission.

20 At the April 23rd Commission meeting, several
21 citizens expressed concerns about the Rancho LPG facility,
22 which is located adjacent to the Port of L.A. and uses a
23 railroad spur on port property.

24 Commission staff was tasked with looking into
25 whether the use of the railroad spur is inconsistent with

1 the Public Trust Doctrine. As a background, Rancho LPG
2 Holdings, LLC owns a butane and propane storage facility
3 located along North Gaffey Street in San Pedro on private
4 property. The site has two large storage tanks of
5 refrigerated butane, which is also a by-product of the
6 petroleum refining process.

7 This facility is located next to the Port of L.A.
8 The facility was constructed in mid-1970s and has been in
9 operation since 1978. Rancho uses the railroad spur to
10 connect to the Pacific Harbor Line and transports butane
11 by tanker cars. The Pacific Harbor Line is the local rail
12 line which transports goods throughout the Port of L.A.
13 and the Port of Long Beach.

14 Previously, Rancho had a pipeline which ran to
15 Berth 120 in the Port of L.A. for shipping operations, but
16 that pipeline and Rancho's use of Berth 120 ceased years
17 ago.

18 Currently, Rancho has a revocable permit from the
19 Port of L.A. to use the railroad spur, which is located on
20 after-acquired lands in the Port of L.A. The Port
21 receives \$1 million in comprehensive general liability
22 insurance from Rancho, in addition to indemnification for
23 any claims resulting from operations on the railroad spur,
24 and about \$14,000 annually in rent.

25 Generally, the land occupied by the Port of L.A.

1 was granted to the city of L.A. in trust by the
2 legislature in 1911. Through the Board of Harbor
3 Commissioners, the city manages these lands consistent
4 with the Public Trust Doctrine. And the Commission has
5 certain residual and general oversight authority to ensure
6 that the granted lands are being operated in conformance
7 with the California Constitution, the granting statutes,
8 and the Public Trust Doctrine.

9 The Commission has limited authority to overrule
10 a decision by a grantee. If the Commission finds that a
11 grantee is violating the granting statute or the Public
12 Trust Doctrine, the Commission's only recourse is to file
13 litigation or report violations to the legislature.

14 Commission staff has looked into the issue of
15 whether the use of the railroad spur is inconsistent with
16 the Public Trust Doctrine, because the railroad spur does
17 not have a direct connection to water.

18 Generally, railroads have been considered
19 consistent with the traditional Public Trust uses of
20 statewide commerce, navigation, and fishing, particularly
21 in a working waterfront or port setting. The Pacific
22 Harbor Line is Trust consistent, because it transports
23 goods flowing in and out of the harbor throughout the Port
24 of L.A. and Long Beach. Although the railroad spur is
25 used by Rancho, and Rancho is not currently a port tenant,

1 this is a small temporary use of port property.

2 Temporary uses, which do not interfere with the
3 Trust uses and needs, but benefit the Trust economically,
4 such as short-time leasing of facilities that are vacant
5 and for which no traditional Trust needs currently exist,
6 would not be considered inconsistent with the Trust. The
7 revocable permit for the railroad spur fits this
8 description.

9 Additionally, the Port of L.A. has a fiduciary
10 duty to make the trust property productive. The Port
11 receives, as I mentioned, for insurance, indemnity, and
12 over \$14,000 a year in rent for the revocable permit.

13 Additionally, the Port's granting statutes
14 specifically authorize commercial and industrial uses for
15 the establishment of harbors, including railroads. The
16 Surface Transportation Board is the federal agency that
17 regulates the use of the railroad spur and the Pacific
18 Harbor Line. Even if the Port were to revoke the permit,
19 the rail -- for the railroad spur, Rancho LPG would still
20 continue to use the railroad spur and the Pacific Harbor
21 Line, but the Port would no longer get the rent -- the
22 additional insurance and the indemnity.

23 As to issues of the State Lands Commission's
24 liability, land underneath this railroad spur was acquired
25 by the Port in 1970 and is held as an asset of the trust.

1 The State Lands Commission has never been in the chain of
2 title for that particular property. The Commission did
3 not participate in any land acquisition decisions, permit
4 decisions, or planning role in the Rancho facility located
5 on the private property.

6 Staff believes it's very unlikely the Commission
7 would have any direct liability associated with Rancho's
8 operations. There's a few other things I wanted to
9 mention. Although there has been some disagreement about
10 the radius of the worst case scenario, Commission staff
11 has received a copy of the email from the U.S. EPA stating
12 that, according to their calculation, their worst case
13 consequence radius for the two main tanks at the Rancho
14 facility is a half a mile radius.

15 ACTING CHAIRPERSON GORDON: Can I stop you right
16 there with a question?

17 STAFF COUNSEL COLSON: Absolutely.

18 ACTING CHAIRPERSON GORDON: I read that letter
19 from U.S. EPA, and it appears to me what U.S. EPA has said
20 is we certify nothing other than you submitted the
21 document -- that Rancho submitted the documents. Is there
22 any indication that U.S. EPA did an analysis of what -- of
23 Rancho's work on this?

24 STAFF COUNSEL COLSON: What I've seen is an email
25 from the attorney at U.S. EPA saying that they checked

1 Rancho's work, and that they did the calculation, and that
2 they agreed that a 0.5 mile radius is consistent with
3 their regulations as the proper calculation.

4 ACTING COMMISSIONER SCHMIDT: I think the Chair
5 is referring to the letter from the February 6, '09.
6 What's the email date?

7 STAFF COUNSEL COLSON: I have an email December
8 10th, 2013 from Andrew Helmlinger.

9 ACTING CHAIRPERSON GORDON: Yeah. Can you -- or
10 maybe I'm just reading this wrong. Do you have that in
11 front of you, Kevin?

12 ACTING COMMISSIONER SCHMIDT: Yeah.

13 ACTING CHAIRPERSON GORDON: The letter that I'm
14 looking at is that -- this is not it? This is February
15 6th. You have a December 13th -- you have a 2013 letter?

16 STAFF COUNSEL COLSON: Yeah. December 2013 email
17 from the EPA attorney.

18 ACTING CHAIRPERSON GORDON: Email. Okay. Can
19 you share that with us, please? Do you have that with
20 you?

21 STAFF COUNSEL COLSON: I'm sorry. I don't have a
22 copy of that with me.

23 ACTING CHAIRPERSON GORDON: Oh, you don't have
24 that with you.

25 STAFF COUNSEL COLSON: I apologize.

1 ACTING CHAIRPERSON GORDON: Because the one we
2 have from February 2009 simply says that -- let's see.
3 "This letter notifies your RMP is complete according to
4 EPA's completion check. The completion check is a program
5 implemented by EPA to determine whether a submitted RMP
6 includes the minimum amount of information every RMP must
7 provide. The completion tech does not assess whether a
8 submitted RMP should have provided additional information
9 or whether the information it provides is accurate or
10 appropriate".

11 So what I read that to say this is just a rubber
12 stamp. That EPA doesn't do anything here, they're relying
13 on the regulated entity to do the work. Do we have
14 something subsequent to that that indicates that U.S. EPA
15 checked the accuracy of the information that was
16 presented?

17 Ms. Lucchesi.

18 EXECUTIVE OFFICER LUCCHESI: Well, from -- again,
19 we're going off of memory of what this email says. And we
20 will get the Commission a copy of that email. As all of
21 you are probably aware, there's been a lot of information
22 flowing to all of us from various entities. I will say
23 that I believe there may be folks from Rancho in the
24 audience that may be able to address this more directly.

25 It's my recollection from the email that there is

1 a specific formula that the EPA applies to these blast
2 radius calculations, and that that formula that was
3 applied was accurate to conclude that the 0.25 --

4 STAFF COUNSEL COLSON: 0.5.

5 EXECUTIVE OFFICER LUCCHESI: -- 0.5, excuse me,
6 radius was appropriate as it relates to the regulated
7 formula that they apply to these things.

8 Now, in terms of confirming the information that
9 was submitted to go into that formula, I'm not sure to
10 what extent EPA confirms all that information.

11 ACTING CHAIRPERSON GORDON: Okay. Thank you.

12 Ms. Colson, you can continue.

13 STAFF COUNSEL COLSON: Okay. I was just going to
14 talk a little bit about although staff doesn't have any
15 jurisdiction over this -- the storage facility that's
16 located on private property, Commission staff has
17 contacted many of the regulatory agencies that do have
18 some jurisdiction to get a greater understanding of this
19 situation. And much of the health and safety regulatory
20 jobs have been delegated to the local certified unified
21 program agency, the local CUPA, which is the, which is the
22 Los Angeles Fire Department for this area.

23 And we've been told that they do inspections of
24 this facility every three years. Their next inspection is
25 scheduled for August of 2014. And they will be reviewing

1 Rancho's risk management plan, the business plan, which
2 also includes an emergency response plan.

3 I also wanted to let you know that in 2011, the
4 Los Angeles city attorney spearheaded a multi-agency
5 inspection of the Rancho facility. And staff from DTSC,
6 the Los Angeles City and County Fire Departments, and
7 South Coast Air Quality participated in that inspection.
8 And the city attorney wrote a letter basically saying that
9 there -- they found no violations. Shortly after that,
10 the Attorney General's office also wrote a letter stating
11 they concurred with the city attorney's opinion.

12 I did want to note, we did receive a letter
13 earlier this week stating that Plains All American
14 Pipeline currently carries liability insurance, which
15 totals 500 million to cover third-party claims, and that
16 that liability insurance covers Rancho LPG.

17 And then I wanted to let you know that there are
18 staff from the Port of L.A. down at the Long Beach office
19 available for questions. And I believe there's also some
20 representatives from Rancho LPG here.

21 Thank you.

22 ACTING CHAIRPERSON GORDON: Thank you, Ms.
23 Colson.

24 EXECUTIVE OFFICER LUCCHESI: If I may add?

25 ACTING CHAIRPERSON GORDON: Ms. Lucchesi.

1 EXECUTIVE OFFICER LUCCHESI: I actually have a
2 copy of that email that I found in my stack of
3 information. And if it would serve the Commission, I
4 could read it word for word.

5 ACTING CHAIRPERSON GORDON: I think that would be
6 very helpful. Thank you.

7 EXECUTIVE OFFICER LUCCHESI: It is a chain email
8 that is to EPA to -- asking about this blast radius and
9 how that's calculated. The email is from the attorney at
10 EPA.

11 "Cliff, Mary Wesling forwarded to me the post
12 below from Rancho LPG's Ron Curnow. Although
13 Mary asked me to respond to Mr. Curnow's inquiry
14 given our relative position in enforcement, I
15 think it best to communicate directly with you.
16 As we have discussed recently, I can conform that
17 the EPA calculated the consequence radius from
18 the main tanks at the Rancho LPG facility to be
19 0.5 miles based on EPA's regulatory formula.

20 "There is not a document created by Mary's
21 review that state this, but we have provided
22 responses to the community and to Rancho
23 periodically confirming this point. It would be
24 factually accurate for Rancho to make a statement
25 that EPA has calculated the consequence radius

1 consistent with the regulations to be 0.5 miles
2 and not three miles as Ms. Gunter asserts. The
3 calculation does factor in the benefit of
4 Rancho's containment basin. And as we have
5 discussed, the consequence radius likely would be
6 greater without the benefit of the secondary
7 safety feature."

8 ACTING CHAIRPERSON GORDON: Thank you. That does
9 clear that up. All right. I'm thinking that the best way
10 to proceed here might be to have Mr. Weiss, who is an
11 attorney and has presented a fairly lengthy case
12 concerning what he believes Rancho's violations to be in
13 numerous communications with the Commission.

14 I think what I would like to do then is have Mr.
15 Weiss go first. I would like to follow then with Mr.
16 Svorinich representing Rancho. And from there, maybe we
17 will then go to the representatives of the Port of L.A.,
18 so they can tell us about their view on this. And then we
19 will go to general members of the public. I think those
20 first three will probably give us a fairly complete
21 picture of what the issues are before the Commission
22 today.

23 And let me just state so people will understand.
24 I know there's many folks from the public who don't
25 completely understand our jurisdiction and the legal

1 ramifications of what the Commission can do. We do not --
2 and Ms. Colson laid it out fairly well in her opening. We
3 do not, as a general rule, review the contractual
4 decisions of the grantees, the ports. That is not the
5 method. We have never done that. We don't have the
6 resources. And frankly, the statute that grants the
7 Port's authority to act doesn't give us day-to-day
8 responsibility over the ports.

9 Even more attenuated here is because this -- the
10 land that the railroad spur is on is not original Trust
11 property. This is after-acquired Trust property, which
12 makes our liability for it even more attenuated. The
13 primarily duty, from my perspective - and this is speaking
14 for just one of the Commissioners - is the fiduciary
15 responsibility that we, as the Commission, have over port
16 lands. That is the essential review we do over activities
17 of the ports.

18 So we are looking to see whether the activities
19 undertaken on private property -- and everybody needs to
20 understand that Rancho exists on private property not on
21 State land at any level. This is a 100 percent private
22 property attached to Port lands, only by an after-acquired
23 trust interest on a spur. So we are looking to protect
24 the State's fiduciary responsibility.

25 So the most helpful testimony we would have from

1 all concerned has to do with whether the State's -- the
2 State is liable or that the State is protected and whether
3 we as the Commission are doing our fiduciary review to
4 make sure that the State's assets are protected.

5 I hope that clarifies the issues before us.
6 There are many, many issues here. There are many
7 allegations that have been made with the -- from the
8 communities that surround these facilities. And whether
9 we are sympathetic to them or not is very -- is not
10 particularly relevant to the legal review and the
11 responsibilities of the Commission.

12 All right. With that, Mr. Weiss, I will turn the
13 microphone over to you.

14 MR. WEISS: In just three minutes you've given me
15 such a challenge, Mr. Gordon. I appreciate the
16 opportunity.

17 ACTING CHAIRPERSON GORDON: We may give you a
18 little more time. Okay.

19 MR. WEISS: Thank you, Mr. Gordon. I really do
20 appreciate that. And Rancho should have any equal amount
21 of time too, if you're so inclined. Thank you.

22 In direct response, number one, again, we're
23 talking about two after-acquired assets. We're not just
24 talking about the rail spur here. There is a set of
25 tracks that front the facility that's basically a side

1 yard. It's the terminus of the PHL, the little short-line
2 railroad, track. It's right in front of the Rancho
3 facility. And the PHL, so the Commission understands, is
4 the short-line railroad that basically the Port has
5 contracted with under an operating agreement beginning in
6 December of 1997 where there was, at that time, a nexus
7 between the Port and the facility, as well as the rail.

8 That operating agreement precludes -- and that's
9 between PHL and the Port, so you have jurisdiction over
10 the Port. And there is a connection by virtue of the
11 Rancho facility. Again, they had a nexus at that time.
12 They do -- they have no longer.

13 But that side yard is also after-acquired assets.
14 So we're talking about really two after-acquired assets,
15 not just the rail spur, but the track in front. That
16 track in front is used by Rancho for its -- basically,
17 it's own private interest, at this point, because there's
18 no connection with the Port. I think that needs to be
19 clarified, because if there's an accident -- and again,
20 talking about whether EPA -- whether their calculation
21 is -- was accurately calculated or not, is one issue.

22 The real issue, when we're talking about
23 liability and exposure is what if Rancho is wrong? What
24 if there's an accident? What if that calculation is
25 wrong? That's really the issue. How is risk basically

1 going to be allocated here?

2 And what we have in this circumstance is a
3 financially insolvent entity. The staff didn't talk about
4 that at all. Rancho is financially insolvent as an
5 independent going concern, ladies and gentlemen. They are
6 100 percent owned by Plains LPG Pipeline, LP.

7 Now, if they're talking about -- and we have
8 never seen this policy. But if they're talking about some
9 kind of a \$500 million policy in favor of Plains All
10 American Pipeline Inc. -- or LP, at a minimum, this
11 Commission, by virtue of -- and we talked about it in the
12 Redondo. I'll quote from the Redondo staff report. The
13 Commission has statutory responsibility to oversee the
14 management of Public Trust Lands.

15 As the Commission can get a decent handle on this
16 problem by creating a rule that basically says, you know
17 what, we don't allow tidelands assets to be operated in
18 any way, shape, or form, either direct or indirect, by
19 financially insolvent entities. If you want to make a
20 deal with an entity to operate on tidelands property,
21 either directly or indirectly, you do so by requiring a
22 guarantor. You require insurance. You require Plains All
23 American Pipeline to sign on.

24 They can't rely, on the one hand, on this
25 insurance phantom -- I mean it may exist. I don't want to

1 call it phantom, but nobody's seen it, and the
2 interrelationship is a fact.

3 But if they're going to rely on it, then sign on
4 basically the dotted line. Now, you may not have enough
5 information today to basically say, you know, Port of
6 L.A. -- and I appreciate the fact that you don't have
7 staff to micromanage the Port. Believe me, I respect that
8 and I appreciate it.

9 But we're talking about a unique situation here,
10 where the risk of exposure is going to be very -- there's
11 not going to be a lot of solace or a lot of satisfaction
12 if there's an accident due to whether, you know,
13 inadvertence, mistake, whatever, if there's a problem.

14 And if Rancho is wrong, people are not going to
15 accept the proposition that there are Constitutional
16 officers and the people entrusted with the fiduciary
17 responsibility over Tidelands Trust assets are going to
18 say, "You know, well, we just didn't get around to
19 requiring them to do business with a financially solvent
20 entity", or, gee, the railroad, PHL -- and they're not
21 here to basically complain. The railroad suddenly is
22 going to have a problem with this.

23 And again, I directly, just as a little bit of a
24 collateral matter to show the issue of rail transport of
25 hazardous materials is an important consideration. The

1 State of California just apparently is getting into the
2 act, but we don't hear -- in terms of controlling the rail
3 transport, but we don't hear anything about, oh, from the
4 rail lines we're regulated. We don't want to be
5 controlled by the State. We want to be able to do. They
6 want to cooperate.

7 And frankly, my position is, Commissioners, that
8 by taking a more proactive role in this situation -- and
9 you don't really have to do much. By taking a more
10 proactive role here, you're helping out the situation,
11 because you're -- we're developing a public dialogue. We
12 are, in essence, deciding who -- how the risk of loss is
13 going to be allocated. Right now, it's 100 percent
14 socialized on the public.

15 And these financially insolvent entities should
16 not be in a position basically to operate. And in terms
17 of the EPA, the next time staff talks to the EPA, I would
18 like the staff to ask the EPA why the EPA is not enforcing
19 and taking action to enforce the March of 2013
20 violations -- six violations against Rancho that they
21 found. It's very nice in December of 2013 that they come
22 here and they tell you, oh, their formula is right.

23 And by the way, Energy has a comparable facility.
24 They have a -- the 3.36 mile radius came from Energy's
25 risk management calculation based upon -- apparently, at

1 the EPA, they have alternative Calculations. Conoco has
2 13 million gallons of butane. They have two miles. But
3 anyway --

4 ACTING CHAIRPERSON GORDON: Can you stop one
5 second. When you say Department of Energy has --

6 MR. WEISS: I mean, EPA. I'm sorry. EPA is what
7 I mean. I'm sorry. Yeah, the EPA, they have apparently a
8 formula. You can allocate the risk of blast zone a number
9 of different ways apparently.

10 And again, as part of the issue here, in terms of
11 regulation, above-ground tanks, apparently they carry
12 butane that is stored, they're exempt from the State
13 requirements. They don't apply. They only apply to oil.
14 We have this piqued, pitiful CUPA requirement where we're
15 trying to foist it on the public the fact that gee the
16 fire department inspects. You know what? I had a -- we
17 had a 50 minute meeting with the L.A. Fire Marshal last
18 Friday. He says, you know what, people? Push on. Why?
19 Because he knows he has no inspection authority. He can
20 only inspect for CUPA purposes. In other words, did they
21 file the risk management plan and are they compliant?

22 That's different than coming in and inspecting.
23 Eventually, with this Commission's, you know, aid and
24 assistance, hopefully, we can get Rancho Palos Verdes and
25 the City of L.A. basically to do what they have to do to

1 provide the requisite degree of enforcement. But the EPA
2 that is so willing and able to communicate, oh, everything
3 is fine. Well, everything is not fine, because they're --
4 because we're talking about of March 2013 investigation,
5 six violations that are still going on.

6 Now, any competent entity that's been accused by
7 the EPA of violations, you'd think that they would go out
8 of their way to try to solve it. They haven't. They're
9 basically hiding behind regulatory capture here. It's not
10 right.

11 So if you're going to be influenced by EPA action
12 as far as that formula goes, you know what, we need a
13 report from the Port. We need a report from EPA that
14 would justify basically continuing the matter, so that you
15 can get more information to say what the heck is really
16 going on here? Explain your -- you know, your situation
17 as far as financial solvency.

18 And as far as the Port operating agreement, maybe
19 that agreement, Commissioners, needs to be amended. The
20 PHL -- I mean, that is quite definitive in terms of what
21 that operating agreement says about where you transport
22 hazard chemicals, where you load them, where you unload
23 them.

24 There's a complete disparity, a hundred percent
25 difference between what's in that agreement, as far as

1 what's supposed to happen and what's really happening.
2 And, at a minimum, if everybody thinks that it's okay
3 after a public discussion of this, because Rancho has
4 been, you know, hiding under the rocks for years on
5 this -- and thank goodness for this opportunity to draw
6 them out. But the fact is, maybe if we can get on the
7 public record here this disparity in difference, then we
8 can get this operating agreement debated by the Harbor
9 Commissioners who themselves have a fiduciary
10 responsibility, we can get it debated by the LA City
11 Council that has a fiduciary responsibility, and we can
12 basically begin to make the system work the way it needs
13 to work on behalf of the public, which is -- they're
14 looking to -- you know, the officers here are basically to
15 do it.

16 And these ideas of there's nothing we can do. We
17 don't want to micromanage. Setting a rule is not
18 micromanaging. This would be a statewide rule. And it's
19 certainly reasonable to expect that anybody that does
20 business with the State of California is going to
21 basically be financially solvent. And it's not going to
22 be much solace to the people who are harmed to say, you
23 know, we didn't want to burden ourselves with litigation
24 or we didn't want to burden ourselves with being sued by
25 the -- by the -- by who knows what? I guess it would be

1 PHL who'd file the lawsuit, because Rancho's rights aren't
2 impacted.

3 You know, so in any event, I appreciate, you
4 know, that fact. And I think I've made -- I just wanted
5 to primarily respond to your -- you know, your core points
6 about fiduciary duty, and point out that really what we're
7 talking about is a very unique situation. That side yard
8 rail is very important, Commissioners, because this idea
9 of the Surface Transportation Board having jurisdiction,
10 there is admittedly a narrow exception, but there is an
11 exception in the law.

12 And that exception says, in essence, if you're
13 talking about a situation where the federal government
14 doesn't regulate, where there's no impact on interstate
15 commerce, and it's a unique safety factor, unique to the
16 situation. It happens. For example, sometimes railroad
17 crossings are particularly located in unique
18 circumstances, and, yes, the federal government controls.
19 And, yes, it impacts interstate commerce. But you know,
20 this is a particularly dangerous intersection and we want
21 to have the train slow down during that intersection.

22 And, you know what, the railroads exercise common
23 sense and diligence and say, you know, we're not going to
24 insist on our rights. And frankly, I don't think PHL is
25 going to do it, and they -- but maybe they have and the

1 courts of have said, you know what, it's okay.

2 Well, in this situation, that's what we have
3 here. The federal government has no current right or
4 privilege -- okay, to litigate -- to control shipper
5 liability, in other words, to direct -- because Rancho is
6 the shipper.

7 Frankly, I think, by adopting our side of the
8 argument or our -- argument -- our side of the discussion
9 or debate, you're helping the railroads. You're helping
10 the system, because you're reallocating some of the risk
11 of loss onto the shipper. And frankly, I think the
12 railroads would like that, because right now the railroads
13 are required by law to transport hazardous materials, and
14 they're required by law to assume, what appears to be, 100
15 percent of the risk of doing so. That -- so even -- we
16 may be even, you know, to start a debate that way.

17 But you certainly have the right to say no
18 business, none, zero with financially insolvent entities.
19 And again, the proof of that I provided to Mr. Gordon. I
20 assume the staff has gotten copies of what I've given to
21 Mr. Gordon. It's their FERC filings, Federal Energy
22 Regulatory filings, and it's undisputable. Now, they may
23 want to dispute it. You know, fine. They should have
24 that opportunity.

25 But again, thank you, sir. I appreciate the

1 opportunity. Thank you, Commissioners for your kind
2 attention.

3 Thank you.

4 ACTING CHAIRPERSON GORDON: Mr. Svorinich.

5 MR. SVORINICH: Good morning, Chairman Gordon and
6 Commissioners Schmidt and Ortega, and Madam Executive
7 Director and your staff.

8 Rudy Svorinich, Jr. former President Pro Tempore
9 of the Los Angeles City Council, Harbor District
10 Councilman and Vice Chair of the Port Oversight Committee.
11 My firm represents Rancho LPG's services. With me today
12 is Ronald Conrow, who is the Western District Manager of
13 Rancho LPG Services and Ashley Naumann of Plains legal
14 department from Houston.

15 We concur with your staff's report to you today.
16 It is very thoughtful and well done. And if you have any
17 questions of us, we are here to answer any questions that
18 you may have.

19 ACTING CHAIRPERSON GORDON: Okay. I have a
20 couple, Mr. Svorinich. The allegation has been made that
21 Rancho is financially insolvent. Can you please respond
22 to that?

23 MR. SVORINICH: We can ask their representatives
24 if they would like to respond to that directly, if you
25 wouldn't mind?

1 ACTING CHAIRPERSON GORDON: That would work.

2 MR. SVORINICH: Either Mr. Conrow or Ms. Naumann.

3 ACTING CHAIRPERSON GORDON: Either one. Whoever
4 you think can best respond we'd appreciate it.

5 MR. SVORINICH: Most of the allegations that
6 you've heard this morning in regards to these issues --
7 and again one has to commend folks for the place of their
8 heart. Sometimes the information is a little -- not as
9 factual as it should be.

10 Rancho LPG, the terminal itself, is part of
11 Plains All American. They are one of the large Fortune
12 500 companies in the United States. And I believe, to the
13 best of our knowledge, the information that was presented
14 to you was not factual, that they are a financially sound
15 company, and that they -- that is not a factual statement.

16 ACTING CHAIRPERSON GORDON: Can you describe the
17 corporate structure, please? It's my experience in the
18 past that you have subsidiary corporations that hold
19 liability, but no assets.

20 MR. SVORINICH: I cannot answer that question for
21 you. However, if perhaps their legal staff, they may have
22 that answer, or that may have to be information that we
23 can provide to you. I cannot provide their corporate
24 structure on it.

25 ACTING CHAIRPERSON GORDON: You have two folks

1 from the company here. Can I either one of them respond
2 to how this --

3 MR. SVORINICH: We can ask them.

4 ACTING CHAIRPERSON GORDON: -- what the corporate
5 structure is?

6 MR. SVORINICH: We can get that information to
7 you, if you would like.

8 ACTING CHAIRPERSON GORDON: All right. We
9 received from Plains this week a very short letter saying
10 that there's a \$500 million liability -- third-party
11 liability policy that covers any activities by Rancho.

12 MR. SVORINICH: That is correct. You received --

13 ACTING CHAIRPERSON GORDON: If that information
14 is accurate, and all we have so far is a letter from the
15 insurance company, that would go a long way towards
16 covering the financial -- the fiduciary responsibility of
17 the Commission. But just having a letter from the
18 insurance company saying that Plains has the liability is
19 not sufficient. I placed a phone call to Houston
20 requesting a copy of the policy. I've not received any
21 reply.

22 If this is truly proprietary, I would understand,
23 but that could be shared -- I'm glad Mr. Rusconi has just
24 reentered the room -- in camera with the Attorney
25 General's office, counsel for the State of California, to

1 show us the insurance policy, so it would not become
2 public. Confidentiality between your lawyers and the
3 State's lawyers, would that be acceptable to Plains?

4 MR. SVORINICH: We'd be happy to convey that
5 information to the Plains legal department in Houston, and
6 we'd be happy to get back to you with that information to
7 see if that would be acceptable.

8 ACTING CHAIRPERSON GORDON: All right. Do either
9 of you have any questions?

10 All right. Next question. The allegation was
11 made that there were six ongoing violations at the
12 facility. Can you address what those violations are and
13 when they might be cured?

14 MR. SVORINICH: Sure. One moment.

15 Mr. Conrow is the Western District Manager. I'm
16 sure he would be able to address that better than I.

17 MR. CONROW: Yeah. At this time -- my name is
18 Ron Conrow. I'm the Western District Manager for Plains
19 LPG. At this time, we do not have any violations pending
20 with the Environmental Protection Agency. We have six
21 civil administrative allegations from previous inspections
22 that are pending. And we are in discussions with the EPA
23 to reach resolution on those six civil administrative
24 items.

25 ACTING CHAIRPERSON GORDON: When you say civil

1 administrative, are these paperwork violations --

2 MR. CONROW: Paperwork.

3 ACTING CHAIRPERSON GORDON: -- as opposed to
4 physical violations at the facility?

5 MR. CONROW: That's correct. There's no
6 negligence violations. There's no criminal violations or
7 judicial violations pending with the EPA.

8 ACTING CHAIRPERSON GORDON: Can -- depending on
9 where this goes, can staff please confirm that with U.S.
10 EPA going forward that these are -- you know, that these
11 are of that kind of nature?

12 EXECUTIVE OFFICER LUCCHESI: Of course.

13 ACTING CHAIRPERSON GORDON: Either of you have
14 any questions for him?

15 Thank you, Mr. Conrow.

16 I think what I'd like to do now is have the Port
17 of L.A. take the microphone in Long Beach. Do we have
18 somebody from the Port of L.A. that can come forward,
19 please?

20 Can you identify yourself, sir?

21 MR. MATHEWSON: Yes. Sorry. This is David
22 Mathewson. I'm the Interim Deputy Executive Director for
23 the Port of Los Angeles.

24 The Port staff has reviewed the presentation
25 provided by your staff this morning and we concur with

1 those findings. And we are available to respond to any
2 questions that you might have of us.

3 ACTING CHAIRPERSON GORDON: The primary question
4 I have, at this point, has to do with the allegation that
5 the activities on the spur line are inconsistent with the
6 contract between the Port and Rancho. Can you respond to
7 that, please?

8 MR. MATHEWSON: Yes, I would ask our attorney
9 Justin Houterman to respond to that specific question.

10 ACTING CHAIRPERSON GORDON: Thank you.

11 MR. HOUTERMAN: Good morning, honorable members
12 of the Commission. Los Angeles Deputy City Attorney
13 Justin Houterman.

14 Could you repeat the question quickly?

15 ACTING CHAIRPERSON GORDON: The allegation was
16 made by community representatives that the activities that
17 are being undertaken on the spur line between the Port and
18 Rancho are inconsistent with the contract between the two.
19 Is that specific enough?

20 MR. HOUTERMAN: Yes. Thank you very much. I
21 think that -- to make sure that I understand where that
22 the line is being drawn for what the revocable permit area
23 is, it goes across that intersection. And it is my
24 understanding that it ends at that fence line. So to the
25 extent that our RP with Rancho is indeed consistent with

1 the activities, which it just basically allows for rail
2 access to the facility, which is also contemplated in the
3 PHL permit that exists between the Port of Los Angeles and
4 Pacific Harbor Line, the short-line track that you've
5 heard about, they, too, act consistently with the permit
6 in allowing for rail traffic to occur over that particular
7 track of spur.

8 ACTING CHAIRPERSON GORDON: Mr. Weiss, could you
9 come forward again. Can you please state what -- which --
10 how you believe this is being violated?

11 MR. WEISS: The -- there's two per -- there's
12 contracts involved. The first is -- would be the
13 operating permit with PHL and the Port. That was December
14 1st, 1997. That agreement defines quite specifically
15 where and under what circumstances, and I think it's in
16 paragraph 14, as I recall. I don't have it right here in
17 front of me, but I -- I did make reference to it, I think,
18 in my communications with the Commission. But para -- I
19 think basically it says this -- it defines in Exhibit E I
20 believe it is, where precisely the hazardous materials are
21 supposed to be loaded and unloaded.

22 There's supposed to be a commission -- internal
23 commission that meets regularly to determine where --
24 whether or not there's compliance. They're supposed to
25 have some kind of reporting as to what is exactly being

1 transported with regard to the hazardous chemicals. None
2 of what's occurring now with regard to the Rancho facility
3 is, in any way, shape or form, consistent with that.

4 The second permit is --

5 ACTING CHAIRPERSON GORDON: Can I stop you?

6 What do you believe is inconsistent?

7 It's our understanding they're transporting
8 butane back and forth.

9 MR. WEISS: The Rancho -- the inconsistency, Mr.
10 Gordon, would be the Rancho facility itself is not
11 identified in the agreement as a point of collection or
12 disposition. It's not one of the points identified where
13 you can load or unload butane or propane, hazardous
14 chemicals.

15 ACTING COMMISSIONER ORTEGA: Can you say what is
16 identified then, because I'm actually having a hard time
17 understanding then what the issue is?

18 MR. WEISS: Yes, there are five locations that
19 are identified. And this goes back again to 1997 where
20 there actually was a Port connection. And there are five
21 specific areas that are identified in the exhibit that --

22 EXECUTIVE OFFICER LUCCHESI: And I --

23 MR. WEISS: Pier A -- the first one is the Pier A
24 yard. And these are mapped. And this is -- none of these
25 are the Rancho side yard track facility -- this terminus.

1 Pier A yard, there's a place that they identify as the
2 manual yard. There's a replacement railyard. This is why
3 I think they need to maybe upgrade this agreement.
4 Replacement railyard, San Pedro yard, transfer yard and
5 Avalon team track or Avalon -- I can't read my own
6 writing. Avalon tier track, I believe, something along
7 those lines.

8 Just those six spots, as of 1997, that was where
9 they're talking about as far as the collection and
10 disburse -- not disbursement, but where it's the loading
11 and unloading, if you will, of hazardous materials.

12 ACTING CHAIRPERSON GORDON: Okay. Stop right
13 there. Can the Port of L.A. respond to that, please?

14 MR. HOUTERMAN: Yes, I think part of the
15 confusion may be that the unloading and loading of the
16 butane occurs on Rancho's private property. It is not a
17 part of the Port facility, and consequently wouldn't be a
18 Port facility, which allows for the transfer of that
19 particular product.

20 Secondarily, the location is actually
21 specifically mentioned in the PHL permit as a -- one of
22 the locations that PHL would continue to service now that
23 it was becoming the common carrier line for the entirety
24 of the Port complexes, both Long Beach and Los Angeles. I
25 hope that somewhat answers the question.

1 And otherwise, I'm happy to engage in any
2 discussion with Mr. Weiss at a later date, so we can -- if
3 there's remaining confusion, we could perhaps resolve it
4 between ourselves as well.

5 ACTING CHAIRPERSON GORDON: I think that would be
6 a good idea outside of this jurisdiction, if you folks had
7 that conversation.

8 MR. WEISS: Absolutely. And again, we're talking
9 about the lineup of container cars on the track, on
10 port -- on State tidelands trust property. And the
11 contents of the tanks are then put into the rail cars.
12 And that's done on State tidelands property. And I
13 appreciate the opportunity to sit down with the L.A. city
14 attorney, and frankly the new Executive Director of the
15 Port. That would be a -- that would be beyond awesome as
16 well.

17 The second issue, the second permit -- because I
18 think this operating agreement needs to be rewritten in
19 light of a new reality. I mean, if the Port wants to
20 allow it, improve it, and it's okay with you guys, and we
21 have the appropriate financial entities, and we have the
22 appropriate guarantees by Plains, and Plains signs on, you
23 know what, God love them. But until we do that, we've got
24 a problem, if there's -- if somebody is wrong somewhere.
25 And we're talking a lot -- potential damage. I don't care

1 if it's a half a mile, a mile whatever, they could be
2 wrong.

3 And who's going to assume that risk and where
4 that risk is going to be allocated, those are the issues.
5 But in terms of the actual rail spur permit itself, it is
6 probably the closest thing to legal malpractice -- or
7 political malpractice that I have seen. The premises are
8 identified and the purpose of the lease identified in the
9 lease, and we're talking the rail spur permit now, is
10 simply to maintain that rail spur. That's it.

11 It probably needs to be changed to reflect the
12 reality, but then there's a provision -- there's a couple
13 of them, but the other one is you don't transport, it
14 says, hazardous materials over the premises without the
15 expressed written consent of the Port.

16 Now, I don't know that there is any kind of
17 expressed written consent of the Port or the city. And
18 that's the kind of discussion that needs to be had before
19 such consent is given. And more importantly, by the way,
20 again for purposes of the Commission, I just want to put
21 on the record the rent, \$1,187 a month for the rail spur.
22 Is that fair consideration for the Tidelands Trust asset
23 that's being used, given the risk that we're confronting
24 here? That is a fair question of analysis.

25 But I want to put that aside for a second. Is --

1 what we're talking about is that rent is not even paid by
2 Rancho, Commissioners. That rent is paid by Plains
3 Marketing, LP, another one of these subsidiary within a
4 subsidiary within a subsidiary deal. And so we have
5 objectively a situation where we have Rancho cannot
6 even -- and but -- and that rent is paid from a bank
7 account -- a Wells Fargo Bank bank account in Van Wert,
8 Ohio. They don't even have their own bank account in Los
9 Angeles to pay \$1,187 in rent, i.e., the implication being
10 you know what, we go under, we've got a problem, you know,
11 welcome to, you know, that situation.

12 But anyway, specifically, there are issues with
13 the permit that are -- the rail spur permit that are
14 inconsistent with the reality right now that basically
15 need to be cleaned up. And again, I'm not talking
16 micromanaging here, in that sense, just with regard to
17 this Tidelands Trust asset.

18 ACTING CHAIRPERSON GORDON: All right. Thank
19 you.

20 Port, do you have any response to the allegation
21 that there is no specific authority given by the Port to
22 carry hazardous materials across that line?

23 MR. HOUTERMAN: Well, we would just point out
24 that again the PHL permit, which now controls that
25 facility -- that particular track of rail, that RP is, in

1 many ways, a relic of the pre-Alameda corridor purchases
2 that were conducted by the Port. And the insurance that
3 is provided by PHL additionally covers that particular
4 track of rail spur, that is also the subject of the
5 revocable permit.

6 ACTING CHAIRPERSON GORDON: All right. Mr.
7 Weiss, I just want to --

8 MR. WEISS: Thank you. Thank you, Mr. Gordon.

9 ACTING CHAIRPERSON GORDON: I'm going to speak
10 here again for one Commissioner. As I see these issues
11 coming together, how the corporate structure of Plains and
12 Rancho is allocated for want of a better term is not all
13 that relevant to this Commission.

14 If the liability insurance covers Rancho, which
15 arguably when you talk about the half mile or whether it's
16 two miles or whatever. But if that insurance policy
17 applies to the facility, who's paying for that insurance
18 policy is really not critical to this. If the -- even if
19 Rancho is set up as a Limited Liability Corporation, with
20 the assets with Plains, if Plains is keeping that
21 insurance policy, the State of California's liability --
22 issues are covered.

23 So, at this point in time, we're going to go to
24 more testimony. The critical issue, at least for this
25 Commissioner, is the applicability of that insurance

1 policy to any accidents that might take place on the
2 Rancho facility. What the assets are of Rancho with
3 regard to Plains is really not critical to this -- to the
4 investigation we are doing. The other Commissioners may
5 feel differently, but that's how I'm looking at this right
6 now.

7 Rancho is a private company. And Plains, as the
8 holding corporation or whatever -- or whatever the
9 structure is, is fully within their legal rights to set it
10 up, so long as it is within the laws of the State of
11 California, in any way they wish, so long as that
12 structure does not unnecessarily burden the State of
13 California. And that is the extent of what we do.

14 Now, my problem at this point in time with
15 Plains, and Mr. Svorinich very well said we'll refer this
16 to our legal department. I believe we need to see that
17 insurance policy. If you don't want to make it public, I
18 fully understand, but the Attorney General's office are
19 our State's lawyers. They can look at this. It can be
20 confidential, and we would look to the AG to tell us
21 whether they believe that the insurance policy covers us.

22 MR. WEISS: Putting them as a contracting party
23 would help.

24 ACTING CHAIRPERSON GORDON: No, they don't need
25 to be a contracting party. It's a third-party liability

1 insurance policy. We don't need to be a party to the
2 policy. If there is a \$500 million third-party liability
3 policy that is in effect covering Rancho, if there is an
4 accident, anyone, whether it be the State of California,
5 or private individuals, or the City of L.A., or the City
6 of Rancho Palos Verdes that had a claim based on
7 activities on that property would have \$500 million of
8 liability insurance that they could proceed against.

9 MR. WEISS: I'm just saying --

10 ACTING CHAIRPERSON GORDON: That is the primary
11 issue that we're looking at.

12 MR. WEISS: I'm just saying put it in the
13 operating agreement, put it in the rail spur permit.
14 Right now, there's no requirement. The insurance could go
15 away tomorrow. And making that a contractual obligation
16 is a rule-making authority that you have, consistent with
17 the same -- consistent with the idea that we protect
18 Tideland's Trust assets by not doing business with
19 financially insolvent entities, but we require them to
20 sign on, guarantee, insure, and/or bond.

21 ACTING CHAIRPERSON GORDON: Okay. Mr. Rusconi,
22 is the idea of legal counsel for Plains providing that to
23 the Attorney General's office something that is acceptable
24 to the AG's office, with the guarantee that that would be
25 kept confidential if Plains so desires?

1 DEPUTY ATTORNEY GENERAL RUSCONI: Yes, we can
2 enter into a confidentiality agreement, and we will review
3 any insurance policies.

4 ACTING CHAIRPERSON GORDON: Thank you, sir.

5 All right. I'm going to go now to Ms. Gunter,
6 followed by Ms. Hart(sic) and -- let's see, that's it
7 here. And then we will turn to witnesses in Long beach.

8 Ms. Gunter.

9 MS. GUNTER: Good morning. And thank you for
10 letting us speak on this issue.

11 ACTING CHAIRPERSON GORDON: Feeling better this
12 morning. You email last night indicated you're --

13 MS. GUNTER: I'm feeling really better now, but
14 I'm still not feeling well.

15 ACTING CHAIRPERSON GORDON: Okay. Go ahead.

16 MS. GUNTER: You know, part of the issue and the
17 confusion goes back to this EPA formula, and the fact that
18 they actually have two formulas. One of them is for a
19 mitigated -- mitigation that's done by the facility. And
20 erroneously, the EPA has allowed a impound basin to be
21 used as a form of mitigation for safety with butane gas,
22 which is completely nonresponsive, because it is only
23 liquefied when it is under pressure and cooled.

24 Once it is out into the air, it immediately
25 vaporizes.

1 ACTING CHAIRPERSON GORDON: Ms. Gunter, I'm going
2 to just stop you right there and I'm going to give you a
3 little more extra time. Do understand that we do not have
4 jurisdiction over U.S. EPA.

5 MS. GUNTER: I do, but I think --

6 ACTING CHAIRPERSON GORDON: U.S. EPA gets to set
7 those regulations, and it is up to --

8 MS. GUNTER: I understand that, but there are --

9 ACTING CHAIRPERSON GORDON: Stop for one second.

10 MS. GUNTER: Okay.

11 ACTING CHAIRPERSON GORDON: And it is up to
12 Rancho to comply with the federal regulations.

13 MS. GUNTER: I get it.

14 ACTING CHAIRPERSON GORDON: We, as the State
15 Lands Commission, do not have the ability to question U.S.
16 EPA's determinations in this area.

17 MS. GUNTER: Okay.

18 ACTING CHAIRPERSON GORDON: Continue.

19 MS. GUNTER: Just -- and I'm going to throw this
20 out. I've got some papers I want to handout to the staff
21 for the record. And one of them is a calculation, that's
22 an EPA calculation, for 30,000 gallons of butane gas in a
23 rail car. And that calculation shows a 0.42 blast radius.
24 That's from a single rail car. So I think it's important
25 to know that. That when those rail cars are running

1 through the port, you've got almost a half mile blast
2 radius from a single rail car. And we all know that if
3 one goes in a chain, it's not just going to be one, as
4 we've already seen.

5 The other thing is that, you know, this issue for
6 us has been extraordinarily frustrating. I think that we
7 have gone to all these different agencies. What I saw in
8 your staff report was a repeat of every jurisdictional
9 agency that has touched this facility, which is we really
10 don't have that control. Somebody else has that control.
11 And you can't believe that someone doesn't stop and see
12 this obvious, amazingly huge threat and say, we've got to
13 take care of this.

14 You know, San Bruno was \$2.7 billion so far, and
15 that how -- that wasn't a half mile. It was what, a
16 block, a city block?

17 So when we're talking about 500 million that's
18 for a whole company probably, I don't think that sounds
19 like very much money. It certainly doesn't sound like
20 very much liability.

21 And one other thing is I did spend some time on
22 the phone with Marsh & McLennan, which is one of the
23 largest insurers in the United States. And they told
24 me -- when I told them the issue with Rancho, they said
25 well -- the guy started laughing. He says this is an LLC,

1 right? He said there is no way, under these circumstances
2 that this thing is sitting, that they would ever be able
3 to procure proper commensurate insurance.

4 Thank you.

5 ACTING CHAIRPERSON GORDON: Thank you.

6 Ms. Hart(sic) -- or is it Mr. Hart? Chuck Hart.

7 Thank you. It looked like Cheryl for a second,
8 sir.

9 MR. HART: Thank you for that --

10 ACTING CHAIRPERSON GORDON: Your handwriting may
11 be worse than mine, which is nearly possible. But I think
12 I got it right. You don't look like a Cheryl.

13 MR. HART: First of all, thank you for this
14 opportunity. Talking about insurance, we need to
15 understand the truth of the possible impacts before we can
16 determine the amount of insurance coverage adequate. And
17 Ms. Gunter said we believe its billions not millions.

18 Prior to 9/11, we all had a much clearer
19 understanding of what the potential impacts would be from
20 a real - emphasize real - worst case scenario involving
21 LPG. For example, the Tosco refinery -- and I've included
22 for you to read -- the Tosco refinery, now Phillips 66, in
23 June of 1999 published the -- and released to the public
24 their worst case release scenario for 5,092,000 gallons of
25 butane to have an impact potential of 2.3 miles.

1 In 1999, worst case scenarios were considered to
2 be an instant total release, and safety controls were not
3 to be considered, such as the impound basin, in this case,
4 of Rancho. However, the rules regarding worst case
5 scenarios have changed. Current worst case releases are
6 considered leaks that are controlled within minutes. That
7 is the reason Rancho can claim their erroneous one half
8 mile impact zone, and play down the seriousness of a 25
9 million gallon liability issue.

10 How can anyone reasonably presume to be -- be
11 the -- that to be the case. Just one LPG tank car will
12 result in a 0.42 mile impact.

13 The big one, earthquake, is going to happen. And
14 we are well into the predictable time frame. Rancho is
15 located in an earthquake rupture zone, liquefaction zone,
16 and land slide area. The active Palos Verdes fault with a
17 7.3 magnitude potential is adjacent to Rancho with tanks
18 built to withstand a lower magnitude standard.

19 Rancho is located next to a flood control channel
20 that flows directly into the port. The port's rail line
21 parallels the channel. In case of an event, the channel
22 would provide a conduit for the LPG to reach the port.
23 Rancho could not have in placed or designed to be more
24 vulnerable to a catastrophic event.

25 The Port and the public are put in jeopardy by

1 allowing the use of a rail system to transport Rancho LPG
2 through the harbor community. Rancho LPG is a weapon of
3 mass destruction waiting to be triggered by Mother Nature,
4 an accident, or an intentional act of man.

5 It cannot be made safe, and we cannot continue to
6 set aside and ignore the reality of an event with the
7 potential of destroying thousands of lives and crippling
8 local, State, and national economies. I hope we have
9 successfully emphasized the legitimacy of our concerns,
10 and the need for the State Lands Commission to exercise
11 its guardian rights by recommending legislative action
12 that will correct what we perceive to be the illegal use
13 of Public Trust lands.

14 An independent risk analysis sponsored by perhaps
15 the involved insurance companies, the brokers, with
16 oversight of the nationally recognized expert Professor
17 Bob Bea would reveal the truth and solve the issue.

18 Thank you for this opportunity.

19 ACTING CHAIRPERSON GORDON: Thank you for coming
20 up, sir.

21 I believe we're done with witnesses here in
22 Sacramento. If we can go to Long Beach again for
23 witnesses on this issue.

24 STAFF COUNSEL SCHEIBER: We have 19 speakers
25 here. The first will be Nancy Ceballos and next up will

1 be Anthony Patchett.

2 And when you get up, could you state your name
3 again. I know it's a little counterintuitive, but if you
4 can look at the camera there, they can see your face.

5 ACTING CHAIRPERSON GORDON: And I would remind
6 you, you have a three minute time limit. And please
7 address the issues that are in front of us. Just
8 allegations against U.S. EPA are not helpful to the
9 conversation we need to have here. I recognize your
10 frustration, but we don't have any jurisdiction over U.S.
11 EPA. We don't have jurisdiction over the City of Los
12 Angeles or the CUPA.

13 The issues in front of us have to do primarily
14 with the liability that the State might face, and --
15 that's really the primary issue.

16 Please go forward. Thank you.

17 MS. CEBALLOS: Hi. Good morning, honorable
18 Commissioners. I'm here on behalf of the Board President
19 of the Los Angeles Unified School District, Dr. Richard
20 Vladovic. And I'm here as -- per his request to appear
21 before you to inform you that as a resident of San Pedro
22 and as a board member, he shares the concerns that were
23 brought to you by the San Pedro Peninsula Unified
24 Homeowners Association.

25 And that he also supports the concerns that the

1 constituents have been brought to you. And he appreciates
2 the attention that you have given to these concerns to
3 perform this review.

4 Thank you.

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

6 Next witness, please.

7 STAFF COUNSEL SCHEIBER: Next up will be Anthony
8 Patchett and then Connie Rutter.

9 MR. PATCHETT: Good morning, Commissioners. And,
10 Mr. Gordon, I really want to thank you for the way that
11 you have handled this and the questions that you have
12 brought before. I must say that the Port of Los Angeles I
13 read in an LA Times article generates --

14 (Thereupon the Skype connection disconnected.)

15 ACTING CHAIRPERSON GORDON: That's not good.

16 MR. PATCHETT: Good morning. My name is Anthony
17 Patchett. I'm a retired assistant head deputy of the
18 Environmental Crimes Division in Los Angeles. And I'm
19 here to present my position and argument for the
20 plaintiffs against what has been going on with Rancho LPG.

21 Regarding the insurance, as everybody has
22 discussed before, Rancho has different shell corporations
23 that it's going to be impossible to find coverage. The
24 city attorney in this issue has a conflict of interest,
25 because they're the ones that approved this matter under a

1 CEQA exemption years ago when there was no emergency
2 provision to have it gone forward.

3 You spoke of the inspection report from the city
4 attorney's office by Mr. Trutanich. I happened to speak
5 with Mr. Trutanich on this issue and he didn't think it
6 was anymore serious than a gasoline station.

7 I've spoken to Bob Bea on this issue, and I asked
8 him what are the potential effects of a worst case
9 release? Bob Bea's answer is there should be a law
10 against worst case scenarios, because they do not have any
11 meaning or place in the assessment and management of risks
12 associated with complex engineering systems. The worst
13 case release would result in explosions and fires leading
14 to injury, death, and loss of productivity damage to
15 property and more unnecessary damage to the environment.

16 The Port of Los Angeles is the economic engine of
17 Los Angeles County. And should something happen there,
18 we've heard of this -- whether it's a half a mile or
19 whatever it is, it could be up to 6.5 miles. And the
20 issue is, as to whether or not there is going to be any
21 indirect change in the environment. And that is a concern
22 for the State Lands Commission.

23 I ask you to seriously review this. I don't
24 think even \$500 million is sufficient insurance if you
25 know that the harbor is going to blow.

1 Thank you very much.

2 ACTING CHAIRPERSON GORDON: Before the next
3 witness comes up, I'd like to read for everyone a letter
4 that we have just received from the district director for
5 Congressman Henry Waxman. I'll read you it in full. It's
6 fairly short.

7 "Dear Friends. I'm writing to share an
8 update on Congress Waxman's works on the Rancho
9 tanks. He has asked senior staff from the
10 Department of Homeland Security headquarters to
11 come to the district for a community meeting
12 about the status and steps moving forward on the
13 rest of the tanks.

14 "DHS has agreed to come to the district. And
15 we will be arranging a time between August and
16 October for the meeting. Our office will keep
17 you posted as the details become arranged.

18 "As always, thank you for reaching out and
19 sharing your updates. Lisa Pinto, District
20 Director, Congressman Henry Waxman."

21 All right. So next witness, please.

22 STAFF COUNSEL SCHEIBER: Connie Rutter and then
23 Kit Fox.

24 MS. RUTTER: My name is Connie Rutter and I
25 worked for -- in the oil industry in environmental

1 compliance. But I'm essentially a teacher, so it's
2 important to me that you understand what I'm saying. And
3 I have some information on, well, what is the right
4 calculation, what is the right -- how much damage would it
5 do?

6 And the EPA specified in their regulation that a
7 worst case was that one tank -- the largest tank
8 completely, you know, explodes or releases its contents,
9 the contents from one tank, even though there are two
10 there. So we know in reality if one blew, in all
11 probability, the second would blow. So it's not truly a
12 worst case, but it's a legal worst case.

13 And according to that calculation, the radius --
14 now, this is a radius, so you have to picture that that's
15 part of a circle. So the radius, according to the
16 original EPA calculation, was three miles. I know you
17 didn't want to get into all this, and I know you've got no
18 authority on this -- and let me say in parentheses that I
19 really appreciate your taking the time to even consider
20 this issue, because we've gotten a lot of indifference
21 from other appointees and politicians. So we appreciate
22 your time.

23 So three miles was the standard. Less than a
24 month before this was to take effect -- before this
25 regulation was to take effect from the EPA, the American

1 Petroleum Institute, the API, said -- had sued them. And
2 in order to settle the suit, the EPA -- and again in
3 parentheses, what I've got to say is, it was probably the
4 difference between attorneys making the decisions and the
5 engineers making the decisions, but the API said that they
6 should be allowed to take advantage of the same formula as
7 the toxics did. And that is that they should be allowed
8 to calculate what would be the release if they have quote
9 passive mitigation.

10 The passive mitigation that they take credit for
11 is this impound basin, which I hope you got Janet's point,
12 which is once that stuff is out, it vaporizes, and it --
13 as it vaporizes, it increases more than 200 times.

14 Okay. So you've got the tank released. In ten
15 minutes -- perhaps if they did that calculation correct,
16 within 10 minutes may be it would only go for a half a
17 mile.

18 But if -- it's not going to -- it's not going to
19 stay there. It's going to keep on --

20 (Time expired.)

21 MS. RUTTER: I'm sorry. Can I finish, please?

22 ACTING CHAIRPERSON GORDON: Finish quickly. Take
23 maximum one more minute.

24 MS. RUTTER: Okay. Thanks.

25 So the whole point is that not only the API

1 should not have caved into the -- or the EPA should not
2 have caved in to the API, but also the API should never
3 have specified that that holding basin will do anything
4 other than slow down the rate of release a little bit,
5 not -- it will not even -- as a vapor. It will -- that
6 impound basin will hold less than one percent of the
7 tank's contents, less than one percent. And the other 99
8 percent is going to be spreading. So that's why there's
9 that confusion.

10 But that does tie in with your responsibility to
11 the Port, because if that blows, the Port is going to be
12 within that blast radius, which is actually something like
13 25 square miles, because it's a radius. They just do the
14 calculation.

15 So if you have any questions.

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

17 MS. RUTTER: Okay.

18 STAFF COUNSEL SCHEIBER: Up next is Kit Fox and
19 then Bonnie Christensen.

20 MR. FOX: Connie, are these yours?

21 Somebody's glasses are here.

22 Thank you. My name is Kit -- I'll try to look at
23 the camera. It is very odd. My name is Kit Fox. I'm in
24 the City Manager's office at the City of Rancho Palos
25 Verdes, which is adjacent to the City of Los Angeles. And

1 first off, I just wanted to thank the Chairman for
2 mentioning the email from Lisa Pinto in Congressman
3 Waxman's office. I actually received that email myself a
4 few minutes ago while I was sitting at this meeting, and
5 advised her that this was -- that this conversation was
6 happening now. So I think that may be why it got
7 forwarded to the Chairman.

8 But it's very useful information about the
9 upcoming meeting with Homeland Security. I just wanted to
10 say for the City's behalf, at this point, and one of our
11 council members will also be addressing you, that we do
12 appreciate the fact that the Commission has looked at the
13 issue that's been raised, the concerns that have been
14 raised regarding the revocable permit, in terms of the
15 liability of the role of the State Lands Commission and
16 the consistency of the issuance of that permit with the
17 Public Trust Doctrine. And we appreciate the staff
18 recommendation that's included in the report before you
19 this evening -- or today.

20 I would just point out one thing in the report
21 itself in the pertinent information section. I think it's
22 item number four on page nine that talks about the
23 contracts with the EPA and other regulatory agencies and
24 the lack of violations or whatever one wants to call them.
25 Just to remind and advise the Commission, that there are

1 these six outstanding issues that were identified in the
2 letter from the EPA in March of 2013 that have still not
3 been resolved.

4 I know that I think Congressman Waxman has been
5 involved in trying to get some resolution for those as
6 well for the constituents. And so if anything does
7 change, any circumstances change, if there's new pertinent
8 information that comes to light as a result of the
9 resolution of those issues, that the Commission may want
10 to revisit this issue in the future.

11 Thank you.

12 STAFF COUNSEL SCHEIBER: Up next is Bonnie
13 Christensen and then Toni Martinovich.

14 MS. CHRISTENSEN: Good morning, Commissioners.
15 My name is Bonnie Christensen. I have lived a half mile
16 from the Rancho facility since it was first installed in
17 1973. The rail activity on this LPG facility has greatly
18 increased since the Port refused to renew the pipeline to
19 a shipping wharf in 2004 due to their own safety concerns.

20 The highly explosive gas has been pushed onto the
21 rail and trucks, which is an inherently more hazardous
22 mode of transport and it is still running through the Port
23 of Los Angeles.

24 Why continue to offer its public assets to a
25 private company that has no nexus to the Port? No one is

1 taking control of this unbelievably dangerous situation
2 that endangers people and the ports. And I use that
3 plural. Your staff report wrongly states that the SLC has
4 no control over this. Is it not the duty of the State
5 Lands Commission to be the guardians of this Public Trust
6 land?

7 My homeowners group requested the Rancho Pacific
8 Harbor Line contract with the Port. In that contract, the
9 PHL is to have a rail oversight committee that provides
10 monthly minutes along with reports of any rail maintenance
11 of the Rancho track, violations of the facility, and
12 accidents that has occurred on that trail. And here we
13 have a picture of the rails -- over here? Okay.

14 Approximately three years ago our group
15 complained to the federal rail authority that the tracks
16 near the Rancho were in terrible shape. And this is the
17 picture again that we provided for them.

18 There was a rail car derailment in May of 2005 at
19 a major intersection and a railcar collision with a
20 semi-truck that narrowly escaped rupturing a propane tank
21 car on the permitted rail spur just as schools within
22 1,200 feet were letting out on March 8th, 2012. No
23 reports were filed.

24 How can the State Lands Commission turn a blind
25 eye to the -- this kind of mismanagement of port assets?

1 How can you justify sitting back when the economic engines
2 of the State of California could be completely destroyed
3 by a devastating propane explosion?

4 We are requesting copies of the PHL certified
5 monthly reports from this day forward. We are here to
6 help you to help us to do the right thing for the ports
7 and the people.

8 Thank you.

9 STAFF COUNSEL SCHEIBER: Next up is Toni
10 Martinovich and then Skip Baldwin.

11 MS. MARTINOVICH: Hi. Good morning. Toni
12 Martinovich. Thank you for letting us speak. The
13 railcars of the facility have the potential to destroy the
14 port. If your main concern is not about the homes or the
15 families which will be obliterated by a disaster at this
16 facility, then think about the devastation to the economy
17 if the port is destroyed.

18 My understanding is the Port is one of your chief
19 responsibilities, so you must do something. Please do
20 something to protect it, and you'll be protecting us.
21 Thank you.

22 STAFF COUNSEL SCHEIBER: Up next is Skip Baldwin
23 and then Peter Burmeister.

24 MR. BALDWIN: Good morning. My name is Skip
25 Baldwin. Wilmington Citizens Committee.

1 I understand what you've told us that your main
2 concern is about the insurance on this project. And I
3 would say that 500 million really wasn't very much
4 considering the catastrophe that's happened in the past.
5 And I do want to point out this too Pier 120 is mentioned
6 in this report.

7 When the ships are coming back and forth to this
8 railhead -- this pipe head there, the Port had to shut
9 down -- these boats were so dangerous that they had to
10 shut the port down. Well now, the port is running those
11 products through the Wilmington community, and naturally
12 we don't like it near our houses.

13 And I want to keep this very short, because the
14 other material has been gone over by other people here.
15 And just the -- I just reiterate that the insurance, if
16 it's available -- we haven't seen it's available yet, but
17 if it's available is far too little.

18 Thank you.

19 STAFF COUNSEL SCHEIBER: Peter Burmeister and
20 then Darlene Zavalney.

21 MR. BURMEISTER: Good morning, Commissioners.
22 Thank you for hearing us. My name is Pete Burmeister.
23 I'm a homeowner. I'm a stakeholder. I'm representing the
24 census tract and all the homeowners in that area on this
25 subject matter.

1 Those tanks, trains, LPG from Rancho run along
2 Gaffey Street next to the open flood control canal that
3 empties into the port. The LPG tank cars accident could
4 result in the LPG flowing to the port looking for ignition
5 source.

6 On the other side of the flood canal channel is a
7 soccer field complex on city property that accommodates
8 several hundred kids that are playing there. They're in
9 danger.

10 Upon leaving the Port, the train track continues
11 on towards Wilmington running adjacent to various port
12 facilities and to the harbor and the police department.
13 In Wilmington, this train runs across the street from a
14 heavily used several blocks long part, which is on the
15 port property, continues on the track. The LPG tanks cars
16 run directly behind the Department of Water and Power
17 plant and across more port land dedicated for future
18 public use.

19 These are just a few of the many potential
20 catastrophic risks related to the transport of Rancho LPG
21 by rail on port property through our harbor community and
22 San Pedro community. We desperately need the State Lands
23 Commission's help. Appreciate it. We're here to help you
24 to help us.

25 Thank you for hearing us.

1 STAFF COUNSEL SCHEIBER: Next is Darlene Zavalney
2 and then David Rivera.

3 MS. ZAVALNEY: Hi. My name is Darlene Zavalney.
4 I'm a homeowner in San Pedro and a member of the Board of
5 North West San Pedro Neighborhood Council.

6 I support all the previous oppositions to this
7 train fuel running through our neighborhoods. It's the
8 State's responsibility to protect the assets of the
9 people. And I assert to you that the most important asset
10 of the State are the people. Trains have been exploding
11 recently all over the world. This is a risk we do not
12 need to take. Would you want your family next to this
13 railway. I ask you please do not allow this to happen.

14 STAFF COUNSEL SCHEIBER: David Rivera and then
15 Rex Beum.

16 MR. RIVERA: Good morning. My name is David
17 Rivera. And I am a resident in the area of the Rancho
18 Holdings LPG storage facility. I live only several blocks
19 from the LPG facility. My neighbors and I are very, very
20 concerned about the railroad tanker movements in and out
21 of the LPG facility on a regular basis.

22 We have been hearing lately in the media of the
23 aging of these rail tankers around the nation. These
24 railcar tankers carrying the lethal LPG need to be
25 constantly safety inspected for their durability. The

1 aging of the rail spur tracks having along -- running
2 along the area have also been suspect.

3 The rail traffic runs from the LPG facility on
4 the Port of Los Angeles property. Los Angeles -- along
5 North Gaffey Street into the port waterfront. This is of
6 great concern to us residents here in north west San
7 Pedro. The moving of these rail traffic crossings have
8 two -- have -- excuse me -- use vehicles and track --
9 traffic intersections with crossing guards. When these
10 crossing guards are down, motorists and truckers become
11 very impatient.

12 There has already been a train accident incident.
13 The engine having struck the rear end of a container truck
14 on March 8th, 2012. And here's a photo of the
15 intersection and the collision with the truck.

16 Had there been an explosion, it is the railroad
17 companies that would have been liable, as it would have
18 happened outside the LPG facility. We are asking the
19 State of California to please do a risk assessment of the
20 rail system that runs to and from the stated LPG
21 facilities.

22 Thank you.

23 STAFF COUNSEL SCHEIBER: Rex Beum and then John
24 Winkler.

25 MR. BEUM: Okay. I'll make mine short and

1 simple. My name is Rex Beum. I worked for 40 years at
2 the port with the ILW Local 13. I want to see the port
3 and the workers remain safe. Please relocate the tanks.
4 Thank you.

5 ACTING CHAIRPERSON GORDON: Thank you, sir.

6 STAFF COUNSEL SCHEIBER: John Winkler and then
7 Patty Goble.

8 MR. WINKLER: Hello. My name is John Winkler.
9 I'm a resident of San Pedro. I live approximately about
10 two miles from the facility there at Rancho LPG, and
11 considered within a blast zone, if there was a
12 catastrophe. And it just seems like we are playing the
13 dice right now with the possibilities of an accident that
14 could be catastrophic in proportions.

15 So the problem I wanted to bring out was the fact
16 that as a retired longshoreman, I know there's a -- this
17 is a big employment engine for the whole state of
18 California. And if anything happens to this facility, it
19 would impact this longshoring work, and also the imports
20 and exports going out. This would have a big impact on
21 California per se, and also the whole United States. A
22 lot of these containers are shipped all over the United
23 States.

24 So I'm just saying that in conclusion that I'd
25 like to see the State Lands Commission to address these

1 safety issues that were pointed out earlier.

2 Thank you very much.

3 STAFF COUNSEL SCHEIBER: Patty Goble and then a
4 C. Gonyea.

5 MS. GOBLE: Hello. My name is Patty Goble. I'm
6 a homeowner resident of San Pedro and I'm very concerned
7 about this situation. I'm here to support my fellow
8 residents in finding a resolution to this unbelievable
9 possible disaster that could take place, and we've noted
10 the other disasters that have taken place already.

11 I just hope that you can help us find resolution
12 to this negligible situation that faces the local
13 residents.

14 Thank you.

15 STAFF COUNSEL SCHEIBER: C. Gonyea and then a
16 Dorota Starr.

17 MS. GONYEA: Good morning, Commissioners. My
18 name is Cynthia Gonyea. I am a concerned citizen. I live
19 near the Rancho Holdings facility. People I have talked
20 to do not feel safe that Rancho Holdings is located
21 adjacent to homes, over 30,000 people, and businesses,
22 Home Depot and Target, and the California Freeway, the
23 110, and schools, to include Taper Elementary School,
24 Jason -- Johnston High School, Mary Star High School, and
25 Rolling Hills Prep School.

1 Many people work and drive near Rancho Holdings,
2 not just people who are from San Pedro. I agree with
3 people speaking today that we need the California State
4 Lands Commission to continue to review this issue. And I
5 ask for a thorough risk assessment of the rail spur, both
6 private and public, that Rancho uses, and an assessment of
7 the Rancho Holdings facility itself.

8 Thank you, Commissioners.

9 STAFF COUNSEL SCHEIBER: Up next we have Starr
10 and then Smith.

11 MS. STARR: Is this the way you do it?

12 Hi. Hi. I'm Dorota Starr. I'm a local
13 constituent. I'm really not with any group. The reason
14 that I'm here is because I have admired Janet Gunter and
15 what she has done. And I was here a year ago at the high
16 school, and I was shocked to see that the date was almost,
17 you know, one year to the day that we are now here.

18 So the reason that I'm speaking is because I'm
19 just nobody. I didn't graduate high school. And
20 nevertheless, I'm an artist, I'm a constituent, and I'm an
21 activist within the community. What concerns me is why
22 don't people listen to people? My understanding is that
23 this was a government of the people, by the people, and
24 for the people, not a government of the government, by the
25 government, and for the government.

1 And what I hear, and what hurts me, is I don't
2 understand why people here, all these wonderful people who
3 have been talking and talking for over ten years are not
4 being heard, and why nothing is being done about it.

5 And I think, you know, the Commissioners who have
6 done this wonderful job of having this meeting and have
7 said, you know, it doesn't -- really doesn't, to some
8 degree, matter if it's one and a half miles or a hundred
9 and a half miles. If it's one person, if it was his wife,
10 anybody's wife here, anybody's husband here, anybody's
11 child here, anybody's friend here that died, would that be
12 enough?

13 Thank you very much.

14 STAFF COUNSEL SCHEIBER: Smith and then
15 Woodfield.

16 Is Smith here? Burlingame Smith?

17 MS. WOOD: I know she was here earlier. She
18 might have stepped out. But I'll go ahead, so we're not
19 wasting time.

20 STAFF COUNSEL SCHEIBER: Kathleen Woodfield.
21 Thank you.

22 MS. WOODFIELD: All right. Somebody left their
23 stuff up here, by the way, glasses and a phone.

24 My name is Kathleen Woodfield. I'm Vice
25 President of the San Pedro and Peninsula Homeowners

1 Coalition. And we are residents of San Pedro and live in
2 the lap of the Port of Los Angeles.

3 We have been to many meetings and many hearings
4 regarding port operations, and we have read many staff
5 reports. Often, we see these things as predetermined.
6 Yet, we are here, and two of our residents paid for
7 airfare out of their household incomes to fly to
8 Sacramento and speak to you today. That's how important
9 this issue is, and that's how dedicated we are to bringing
10 it to your attention.

11 We are raising the red flag as so often citizens
12 do with issues of safety, because we live here to see it
13 and we know that you don't live here to see it.

14 Think of how often average citizens have pointed
15 out vulnerabilities and mismanagement prior to disasters
16 and costly accidents that devastate communities and
17 ecosystems. Disasters -- a disaster at the port could
18 devastate our entire State economy.

19 We are asking for a thorough rail risk assessment
20 of the rail system that moves Rancho's product through
21 port property. We understand that there is a blast radius
22 associated with every inch of that rail. We know that
23 there are vulnerable intersections. We want to know that
24 these -- that there is proper management of these risks.
25 Are the rail cars being inspected on schedule? Are the

1 safest rail cars being used? Is the port being noticed in
2 advance that this product will be moving through its
3 jurisdiction when, where, and for how long?

4 We understand that there's supposed to be an
5 internal committee to look at -- that is within the rail
6 spur agreement that's supposed to take -- to look over
7 these issues. And we understand that it isn't even
8 meeting.

9 That is a bare minimum requirement, a contracted
10 commitment, and it isn't being done. That, in and of
11 itself, should be a reason to intervene, in our opinion.

12 And I'd like to -- I'd like to say also that as
13 citizens, we want to move this burden of overlooking the
14 safety issues like you were shown pictures of other types
15 of problems that the community has brought to the
16 attention of the port. We want to know that there's
17 somebody, an authorized group of individuals, who are
18 looking at it diligently, not having it rely on us that we
19 happened to notice it. We also want you to look to see if
20 this 1,100 payment per month to the Port for the use of
21 the rail spur is worth the risk of the Port assets these
22 rail cars roll past. We are not asking you to micromanage
23 the Port.

24 Far, far from it. We are asking you to intervene
25 as we believe it is within your purview to do in this

1 case, of what, in our opinion, is reckless mismanagement.
2 It is particularly concerning to me when a private citizen
3 knows -- is more familiar with the documents and the
4 signatories of those documents are, which is what I feel I
5 witnessed here with the port document for the spur.

6 I found the Rancho testimony and the Port
7 testimony to be nonresponsive to the questions. To say
8 that we, the community, are confused as a response to our
9 concerns is inappropriate. We are not confused. We are
10 educated, and we are asking important questions, and we
11 have important issues.

12 So I ask you please today to intervene. I
13 believe it is your right, and your purview, and your
14 charge, and your job, and your obligation to intervene in
15 this matter. The Port is not managing this asset
16 properly.

17 Thank you.

18 STAFF COUNSEL SCHEIBER: Next is Alfred Sattler.
19 And if Burlingame Smith did show up. Are they still done?

20 Then up last will be Councilman Brian Campbell.

21 MR. SATTLER: Good morning. I'm Al Sattler. I'm
22 the chair of the Palos Verdes South Bay Regional Group of
23 the Sierra Club, which includes this area. And the Sierra
24 Club just very quickly took a position that this is an
25 inappropriate use close to residential and educational

1 facilities, and that it should be moved elsewhere.

2 The various entities -- government entities have
3 looked at this, all seem to be pointing fingers elsewhere.
4 It seemed like it's very Kafkaesque. And it's time for
5 somebody to show leadership.

6 Thank you.

7 STAFF COUNSEL SCHEIBER: Unless Smith is here,
8 we'll have our last speaker, Councilman Brian Campbell.

9 RANCHO PALOS VERDES COUNCILMAN CAMPBELL: Thank
10 you, Commissioners. Thank you also for setting up this
11 satellite location. It certainly helps all of us that
12 live down here in the immediate area participate more in
13 this important process.

14 One of our senior managers, who has done an
15 excellent job of staying on top of this was Mr. Kit Fox,
16 who's sitting behind me and spoke a little bit earlier.
17 Many of the speakers have already touched base on some of
18 the items I was going to -- I was going to talk to, but I
19 wanted to start off by saying that as a city councilman in
20 the City of Rancho Palos Verdes, I'm here in that
21 capacity, but as an individual councilperson. I have not
22 been tasked to speak for the entire council.

23 I will start off with this. I speak a lot about
24 this issue in the community. I spoke just last night at
25 an organization called CHOA, which is the city-wide

1 council of homeowners associations. And this is a major
2 topic and a major concern in our community.

3 I have yet, despite all of the hundreds and
4 hundreds of people I've spoken to and the dozens of
5 groups, met a single person, other than those directly
6 connected to these tanks or their lobbyists, that don't
7 think that all of the questions have been answered.

8 Rancho has been in front of our city council on
9 two different occasions over the last year and a half.
10 Some of your questions earlier regarding their insurance
11 policies were the same ones that we asked. We were
12 promised copies of those insurance policies. They were
13 never produced. We would love and encourage you to also
14 share those with our city. We can go through our city
15 attorney and ensure that confidentiality is maintained, if
16 that is required.

17 My regular job is in the commercial real estate
18 business. I deal with bonds and insurance policies all
19 the time. Five hundred million dollars is not nearly
20 enough. I've got city residents that live within about a
21 third of a mile of these tanks. I've seen presentations
22 from Rancho regarding this supposed half mile radius. It
23 doesn't matter if it's a half mile radius, a third of a
24 mile radius or a three mile radius. If there's a major
25 incident with those tanks, my constituents are going to be

1 severely and negatively impacted, not just from a property
2 standpoint, but from a life safety standpoint.

3 I've walked those neighborhoods personally that
4 are closest to these tanks. Many of those residents would
5 never have an opportunity to be able to exit the area in a
6 timely manner.

7 I'm highly concerned about the existing
8 violations with the EPA. I'm highly concerned about the
9 lack of the emergency response planning with our city's
10 first responders. I already spoke about my concerns
11 regarding this woeful lack of adequate insurance.

12 We talk about the shell company, the LLC company,
13 here trying to get information from this organization is
14 like a shell game for us. We're very frustrated. We've
15 been dealing with this for a year and a half, as I said
16 earlier, and we would strongly encourage you to keep this
17 item open.

18 I did get that email from Congressman Waxman's
19 office earlier this morning about an hour ago. I really
20 do welcome his involvement with bringing senior people
21 from the Department of Homeland Security down here to
22 continue to take a look at this issue.

23 I, like you, have got a fiduciary responsibility
24 to the residents of my city. We will be impacted, along
25 with our neighbors, in the City of Los Angeles and ask for

1 you to continue to work with us and help us gather the
2 information that we need, so that we can determine how
3 safe these tanks are, and whether there's adequate
4 safeguards, planning, and safety associated with it.

5 Thank you very much.

6 ACTING CHAIRPERSON GORDON: Do we have anymore
7 witnesses in either Long Beach or here in the Sacramento
8 on this subject?

9 We don't.

10 I want to thank all of you who have joined us
11 remotely. I'm going to turn to my colleagues -- Ms.
12 Ortega will be back -- Mr. Schmidt, if there's any
13 questions. And then we're going to summarize and figure
14 out where to go from here.

15 Kevin, you got any questions?

16 ACTING COMMISSIONER SCHMIDT: No questions.

17 ACTING CHAIRPERSON GORDON: Here are my thoughts
18 at this point in time. We, the State Lands Commission,
19 sympathize greatly with the community. I have no doubt
20 that a -- you can't hear?

21 I have no doubt that this type of facility, if
22 it -- would never be permitted today near a residential
23 community. However, this is a preexisting use. Rancho
24 has a -- has permits and authorizations from all the
25 appropriate government agencies to operate where they

1 operate. This is a classic -- it's interesting with the
2 Sierra Club here. It's a classic environmental justice
3 issue.

4 You have a facility with a certain level of risk,
5 and a certain radius of risk that impacts not just the
6 Port of Los Angeles, but the communities that are in close
7 proximity to it. If I lived in these communities, I would
8 be as concerned as you are. Probably what you don't know
9 is that subsequent to 9/11, the U.S. Department of Defense
10 in assessing domestic risks of terrorism identified our
11 rail system, and specifically the railcars, as one of the
12 greatest vulnerabilities to attack within the United
13 States.

14 I have just received information from my office
15 that, you know, when we look at the liability issues that
16 the San Bruno blast in San Mateo County in Northern
17 California, which was in a domestic neighborhood not
18 connected to any industrial facilities, has to date cost
19 PG&E corporation \$1.4 billion. That's to date, before any
20 liability has been assessed, any fines have been assessed.
21 That is just the costs of compliance now.

22 Five hundred million dollars of liability, as the
23 councilman indicated, for an entire corporation the size
24 of Plains is frankly absurd. I think that the Port of Los
25 Angeles -- this is outside of our jurisdiction, but the

1 Port needs to look very, very seriously about the issue of
2 what kind of liability insurance they would mandate before
3 they do business.

4 But that leaves us essentially two issues.
5 Number one is the applicability of that \$500 million
6 policy, as inadequate as it might be, to any losses that
7 would be approximately caused by an accident at the Rancho
8 facility.

9 We have already discussed the -- Plains providing
10 that document to the Attorney General's office. And we
11 can also determine whether the City of Rancho Palos Verdes
12 needs to see that. I will editorially comment that our
13 interaction with Plains legal in Houston so far has been
14 highly unsatisfactory. There seems to be an attitude by
15 the corporation that they have no responsibility to
16 provide us with much of anything.

17 While that may be acceptable practice in the
18 State of Texas, it is not acceptable practice here in
19 California, and we would expect them to be far more
20 forthcoming, particularly in dealing with the Attorney
21 General's office in California.

22 The second issue then comes down to even with
23 that \$500 million policy, and if it applies, would be,
24 since I have no doubt that if there were an accident, the
25 liability would be far in excess of \$500 million, what the

1 liability for Plains parent company would be for an
2 accident with Rancho. If this is set up as an LLC, and
3 that 500 million is the totality of what the assets are,
4 there may be an issue.

5 That said, we now have Congressman Waxman
6 entering at the federal level, which is I think where a
7 lot of these issues have to be dealt with, being this is a
8 permit by the National Transportation Safety Board. Did
9 I -- is that correct, NTS -- is it NTSB or -- no, it's the
10 Surface Transportation Board. I'm sorry. I misspoke.
11 The Surface Transportation Board, Department of Homeland
12 Security, U.S. EPA, Congress Waxman can handle those
13 issues.

14 So what I think we need to do here -- and I'm
15 going to turn to my colleagues -- would be reagendaize this
16 issue for a subsequent meeting pending information on
17 insurance and liability and the corporate structure of
18 Plains to determine what the liability would be for the
19 State of California, the Port of L.A., et cetera.

20 Do either of my colleagues have any comments? Is
21 that an acceptable path forward for both of you?

22 ACTING COMMISSIONER ORTEGA: That's fine.

23 ACTING COMMISSIONER SCHMIDT: (Nods head.)

24 ACTING CHAIRPERSON GORDON: All right. There's
25 nothing to vote on then, I don't believe. Do we need to

1 take a vote on this?

2 EXECUTIVE OFFICER LUCCHESI: Staff's
3 recommendation is to continue to work with the Port of Los
4 Angeles on the revocable permit issues associated with
5 Rancho. If staff -- if the Commission wishes to direct
6 staff to come back, pending additional information, I
7 would recommend that the Commission vote on that.

8 ACTING CHAIRPERSON GORDON: Okay. Ms. Lucchesi,
9 would you like to --

10 EXECUTIVE OFFICER LUCCHESI: I will state the
11 motion.

12 ACTING CHAIRPERSON GORDON: There we go. Those
13 are the words I was looking for.

14 EXECUTIVE OFFICER LUCCHESI: So the new motion
15 would be to continue to work with the Port of Los Angeles
16 on the revocable permit issues associated with the Rancho
17 LPG facility, and also to reagendize this issue at a
18 future Commission meeting pending additional information
19 received by staff regarding, but not limited to,
20 insurance, parental guarantees, and other issues
21 associated with the Rancho facility.

22 ACTING COMMISSIONER ORTEGA: So moved.

23 ACTING COMMISSIONER SCHMIDT: Second.

24 ACTING CHAIRPERSON GORDON: All right. Okay.
25 I'm going to vote on this one, Kevin, if that's okay.

1 ACTING COMMISSIONER SCHMIDT: Oh, no problem.

2 ACTING CHAIRPERSON GORDON: All those in favor?

3 (Ayes.)

4 ACTING CHAIRPERSON GORDON: Motion passes two to
5 nothing with the Lieutenant Governor's office abstaining.

6 I want to thank everybody in Long Beach and for
7 those of you who have come up here today. Hopefully,
8 we'll get some resolution in the future.

9 All right. Ms. Lucchesi, I think that completes
10 the regular agenda. What is the next order of business?

11 EXECUTIVE OFFICER LUCCHESI: Yes. The next order
12 of business is public comment. And I do know that we have
13 a number of speakers in the audience here in the
14 Sacramento location that wish to speak during the public
15 comment session. We have a majority of speakers that want
16 to speak on Docktown, which is located within the City of
17 Redwood City. And then we also have, at least in the
18 Sacramento location, one other public comment separate
19 from the Docktown folks.

20 ACTING CHAIRPERSON GORDON: I am only looking at
21 submissions for Docktown. Is there someone here speaking
22 on something else?

23 EXECUTIVE OFFICER LUCCHESI: Yes, sir.

24 ACTING CHAIRPERSON GORDON: Oh, Mr. Weiss again.

25 MR. WEISS: Very quickly, just general public

1 comment.

2 ACTING CHAIRPERSON GORDON: Okay.

3 MR. WEISS: Another item for collective
4 consideration. I would say again I think there's an
5 opportunity here. You've got a few bucks. I would
6 encourage the Commission to consider, maybe after
7 agendaing and discussing, entering into an MOU, a
8 memorandum of understand, with the Controller of the City
9 of Los Angeles.

10 The Controller has subpoena power. The
11 Controller is authorized and empowered under the charter
12 to gain -- to do financial audits and management audits of
13 the Port of Los Angeles. I'm talking generically now. I
14 think that there's a lot of information that can be
15 gleaned. This is -- obviously, the Port is a trust -- is
16 a Tidelands Trust asset.

17 And I think if the Commission could provide some
18 dollars to the Controller of the City of L.A. and with the
19 idea that that Controller then uses that money to
20 basically hire additional people and does a thorough and
21 competent financial audit, and a management audit of the
22 Port, I think that that would benefit your collective
23 considerations relative to going forward.

24 And it's kind of a middle ground, because
25 obviously you don't have the ability to micromanage. But

1 I think in providing that kind of a delegation, if you
2 will, to a Constitutional Officer elected by the people, I
3 think we can hopefully get the kind of openness and
4 transparency that we need out of the Port's operations.
5 And I just throw that out for your collective
6 consideration.

7 Thank you.

8 ACTING CHAIRPERSON GORDON: And we'll take that
9 under advisement, Mr. Weiss.

10 All right. We're going to go now to --

11 EXECUTIVE OFFICER LUCCHESI: Mr. Chair?

12 ACTING CHAIRPERSON GORDON: Yes, ma'am.

13 EXECUTIVE OFFICER LUCCHESI: I'm so sorry to
14 interrupt. I have been informed that there is a person
15 down in our Long Beach location that wishes to speak
16 during public comment separate from Docktown issue. She
17 actually came in late and did not get to comment on the
18 City of Redondo Beach issue, but she would like to have
19 the chance to speak on the City of Redondo Beach in public
20 comment.

21 ACTING CHAIRPERSON GORDON: Why don't we do that
22 right now, because we do have numerous folks on Docktown.
23 I'm sorry folks. I know you've waited a long time, but
24 let's get this -- let's just clear this one person.

25 STAFF COUNSEL SCHEIBER: We have Marcie

1 Guillermo.

2 MR. GUILLERMO: Good afternoon. My name is
3 Marcie Guillermo, resident from Redondo Beach. I'm here
4 today because I want to share a concern with you about the
5 Redondo Beach Marina lease purchase. That was started
6 somewhat in 2012.

7 But what's so concerning to me is that the City
8 of Redondo Beach just approved a contract on Tuesday, June
9 the 17th meeting for the amount of 78,000 after the
10 purchase of the land was completed. The purchase was
11 completed on May 8th, 2013, and they want to sign a
12 contract retroactively for services provided from February
13 to May 2014.

14 I'm concerned, because usually when you do
15 transactions, you do transactions in an orderly manner.
16 You do your contract first, then you need to know what you
17 are going to get for the services, then you pay them. But
18 this was not the case with Redondo Beach. That is one
19 example of how Redondo Beach likes to do business.

20 Another concern I have is that the City Treasurer
21 has submitted a request to change the salary, which I'm
22 okay with that. However, that requires to change the City
23 Charter first. So the city council has approved to change
24 the salary, but we're going to change the City Charter
25 later in the process.

1 So what I'm trying to tell you here is that it
2 concerns me, because either they don't have any
3 consideration for the residents and the way they do their
4 business. They do it after the fact. And when you're
5 dealing with finances, that is not a good music to my
6 ears.

7 So I'm kindly requesting that these two items I
8 presented to you today are kept in mind when the reviews
9 are being done for Redondo. I know that 90 hours of your
10 office time is not going to be enough to do a good review
11 for Redondo, so I would hope -- that's my concern.

12 My number three concern is that I want to know
13 the status of Gold's Gym? How is the public going to get
14 to decide how that area is going to be used? I don't know
15 if anybody has a comment to that?

16 And I would also appreciate a comment on that
17 purchase of the Redondo Beach Marina lease, and if you
18 were informed about the contract to pay after the fact for
19 those -- for the financial services.

20 Thank you.

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

22 Ms. Pemberton, I noticed you coming forward. Do
23 you have any comment on this?

24 EXTERNAL AFFAIRS DIVISION CHIEF PEMBERTON: No.

25 EXECUTIVE OFFICER LUCCHESI: But if I could

1 recommend to the last speaker is two of our granted lands
2 program staff are actually at the Long Beach location.
3 Our staff attorney Sharron Scheiber and our analyst, Reid.
4 And so I would like them to get in contact with that
5 particular speaker to follow up on the comments that she
6 just made.

7 ACTING CHAIRPERSON GORDON: Thank you. All
8 right. I think everybody over here are residents of
9 Docktown. And, Ms. Madden, why don't you go first. We
10 are blessed to have you back one more time.

11 MS. MADDEN: I'm a bit player in this one.

12 ACTING CHAIRPERSON GORDON: You're a bit player
13 in this one.

14 MS. MADDEN: I would love to go last, if it's
15 okay.

16 ACTING CHAIRPERSON GORDON: All right. We'll put
17 you last.

18 MS. MADDEN: Thank you very much.

19 ACTING CHAIRPERSON GORDON: All right.

20 Linda Lovenbury, please, followed by Tsvi Achler,
21 and Lee Callister.

22 MS. LOVENBURY: Hi. I'm Linda Lovenbury. I am
23 an owner of property in Redwood City. I moved there 44
24 years ago and lived off and on. I'm also involved with
25 the Docktown procedures that I think I -- I'd like to say

1 as a resident owner and property, that I'd like to see you
2 keep Docktown there with the floating homes, all of the
3 houseboats, the sail boats as is without moving it
4 someplace else.

5 I think Redwood City should be allowed to have
6 other areas with floating homes, and the environment that
7 has been offered by Mr. Ferrari and his family. And I'd
8 like to say that unfortunately the people at Docktown have
9 had to endure poor management, not only from the previous
10 owners, but through the city and taking their propane tank
11 and making it very difficult for them to live, and to be
12 able to supply their homes. I don't know what the laws
13 were on that, but I did notice it.

14 I'd also like to say that we, in Redwood City,
15 have lost the Peninsula Marina. We lost Pete's Harbor.
16 The people of Redwood City voted against not to have
17 Pete's Harbor, but you've allowed in the laws allowed in
18 the State of California to have three-story buildings
19 without having elevators in them.

20 And what I'm saying is that if you should decide
21 that you want to make an area around Docktown that has
22 buildings, to please make sure they have elevators in them
23 for people who are disabled, such as myself. I mean, I
24 know when they were planning that some of the people said
25 well they're making an asset to Redwood City by doing

1 something like this. And I don't feel that because the
2 law says they're allowed to have that and anybody can be
3 ill at anytime, and -- but I would like you to know that
4 the people at Docketown have performed their own crews to
5 clean up the city environment in the creeks.

6 They are the ones who started it. Dave McCallum
7 has got awards finally for doing all of his starting. And
8 keeping up the waterways, I know these people when they go
9 out boating and they have a great time, they come back in,
10 and they do clean up on the way back in from people that
11 it was not their mess. So they're keeping up their
12 environment. And I think Docketown, all in all, the way it
13 is, if you just fix the docks and get the roads in order,
14 and make it nice around them without putting in a lot of
15 buildings that will end up being tenements. And thanks
16 for listening to me.

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

18 Mr. Achler.

19 MR. CALLISTER: I'm actually the third person you
20 mentioned, Lee Callister, but they asked me if I would go
21 next. I'm the President of the Floating Community
22 Association -- actually the Redwood Creek Association in
23 Docketown.

24 I realize we're not on the agenda. I don't know
25 how much you actually know about what our issues are.

1 We're here to introduce ourselves. We believe that we
2 probably will be on the agenda at some point, and we just
3 want to introduce ourselves and start to acquaint you with
4 our situation. So that's why we're here today.

5 And there are actually a lot of issues that I
6 could raise, reasons why I think that the action that's
7 been taken so far needs to be revised, ranging from the
8 lack of affordable housing that's being created in Redwood
9 City these days to the popularity of floating homes
10 throughout the world as a solution to rising sea levels,
11 which, other than Will Travis, the former BCD Commission,
12 doesn't seem to be attracting too much attention here in
13 the Bay Area yet. He's actually a consultant for the
14 Dutch who are kind of leading the way on this thing at
15 this point.

16 But what I want to focus on actually is a way to
17 deal with the issues raised by Docktown without going
18 through an extensive examination of the law and the legal
19 issues. And that is to point out that Redwood Harbor,
20 which became Docktown, was established more than 50 years
21 ago, at the same time that dock -- that Sausalito was
22 taking shape, at the same time that Mission Creek in
23 Redwood -- in San Francisco was created, and before
24 Barnhill Marina in Redwood -- in Alameda, which wasn't
25 started until 1965.

1 These communities have all been grandfathered.
2 And based on the historical record, we think that Docktown
3 should also be grandfathered. We were there before the
4 creation of the BCDC, which was, as far as I can tell, the
5 first time that people seriously began to consider whether
6 or not people should be living on houseboats on the Bay.

7 BCDC, the McAteer-Petris Act, actually
8 questioned -- I've only got that much left. Let me get
9 moving a little -- move a little faster here. BCDC and
10 State Lands approved Sausalito. BCDC grandfathered
11 Barnhill in Alameda and also Mission Creek in Redwood
12 City. We're not under jurisdiction of BCDC, so we weren't
13 included in that, but we should be. We meet all the same
14 requirements. I have actually a fairly lengthy document I
15 want to send you, because I see I'm not supposed to pass
16 them out at the meeting, so I'll send you, that will go
17 into some of these -- this in more detail.

18 I see that my time is up. I know that some of my
19 friends here want to talk about -- more specifically about
20 some of these issues. I would just like to -- like you to
21 know that we feel that it should be grandfathered. That
22 was the recommendation from the Inner Harbor Task Force to
23 the city, and we hope that we will have your support in
24 this.

25 Thank you very much.

1 ACTING CHAIRPERSON GORDON: Thank you, sir.

2 Mr. Achler followed by Orlene Chartain.

3 MR. ACHLER: Hi. I have a visual to put up. I
4 had emailed and asked to put up a visual, please.

5 Thank you.

6 Hi. My name is Tsvi Achler. And I'm not a
7 resident of Docktown. I'm one of the people who wants to
8 enjoy this area of the Bay.

9 Dear Committee. I recently read a letter from
10 the SLC to the Docktown Marina Manager discussing
11 protecting Public Trust on sovereign lands, which suggests
12 that the Docktown Marina and boats block public river use
13 and should be removed.

14 I don't see how boats in a marina along the shore
15 inhibit the use of water or how the existing path on the
16 land in the marina, which even allows walking on the docks
17 inhibit the public from walking along enjoying the water
18 and looking at the boats.

19 In fact, I see Docktown as an enriching and
20 present -- pleasant break from the current urbanization
21 immersing one into local culture and history. Some of the
22 boats belong to museums, not just on the water.

23 What I do see limiting public use is urbanization
24 with massive exclusive developments in the area from one
25 marina to the shore. Condos are restricting public use of

1 grounds where those lands can no longer be used by the
2 public to freely walk by and view the area.

3 In the last few years, several major public
4 marinas were closed in the area in favor of this
5 urbanization eliminating about 700 spots. As one can
6 predict, there is now much less possibility for the public
7 to enjoy these waters as there was just a few years ago.

8 Thus, it should not be a surprise that the facts
9 on the ground show a different picture than the SLC letter
10 paints. I, as one of the people, cannot use this area. I
11 have searched for the last three months for a place to
12 park my boats to enjoy the waters. In effect, the whole
13 area is off limits to me. And I present to you the map of
14 where I can't find a place to park.

15 Current SLC policies and practices are not
16 guaranteeing public access, instead reduce the use of
17 public lands. The land is granted to developers to make
18 money and the few that can afford the condos. This is the
19 opposite from protecting Public Trust. It seems to me
20 like the SLC is being used in a cynical manner to favor
21 private condos and mega construction in what I perceive as
22 a war against boaters, far from benefiting the general
23 public or the environment.

24 I would be happy to share with you all of my
25 communications with marinas in this area in the last three

1 months in my search to use these waters as promised to the
2 public through the Public Trust.

3 Thank you.

4 ACTING CHAIRPERSON GORDON: One question. Who
5 owns the land that the docks are attached to? I mean,
6 who's -- is there a marina operator? What's going on? I
7 honestly don't know anything about this.

8 MR. ACHLER: Right. I think they're separating
9 it out to -- where the boats are is under SLC, under the
10 State Lands. There's parking lots and so on that I think
11 are private. And probably my colleagues are better to ask
12 that, since I'm not a resident.

13 ACTING CHAIRPERSON GORDON: I guess my question
14 more specifically is this something -- maybe Ms. Madden.
15 Who owns the land side of this above the high tide line?

16 MR. ACHLER: I believe it was granted to the city
17 under city trust.

18 ACTING CHAIRPERSON GORDON: Jennifer.

19 EXECUTIVE OFFICER LUCCHESI: Yeah. We're not
20 exactly sure at this moment in time without looking into
21 it further, but our general assessment is that the lands
22 waterward of the mean high tide line, where the boats and
23 marinas are, are tide and submerged lands subject to the
24 Public Trust. Those lands were granted, pursuant to a
25 legislative grant, to the City of Redwood City, similar to

1 Redondo Beach or the Port of Los Angeles.

2 The uplands are not tide and submerged lands
3 owned privately. We're not exactly sure who may own those
4 lands, but they are not subject to the Public Trust, as
5 far as we know at this time, but we can do some additional
6 research on that.

7 ACTING CHAIRPERSON GORDON: Is someone trying to
8 eject the boaters at this time?

9 MR. ACHLER: Yes.

10 ACTING CHAIRPERSON GORDON: Is there an immediate
11 issue here?

12 EXECUTIVE OFFICER LUCCHESI: Well, not in -- not
13 that I'm aware of in terms of an immediate issue like we
14 saw with Pete's Harbor. The city has embarked on a -- on
15 an inner harbor specific plan to determine the future uses
16 of the inner harbor area, including Docktown.

17 I believe that they -- the city watched the
18 conversation evolved with the -- as it related to Pete's
19 Harbor. They reached out to us to include us in the task
20 force and the discussions about the future use of this
21 inner harbor.

22 Again, because this inner harbor includes Public
23 Trust Lands that were granted to the city, they asked for
24 our advice on the use of these lands by residential
25 liveaboards. And we provided that advice. We've been

1 also a regular participant in the task force, providing
2 information and advice as it relates to the management of
3 Public Trust Lands.

4 ACTING CHAIRPERSON GORDON: Thank you.

5 MR. ACHLER: And I was at those committee
6 meetings, and from what I saw, the SLC was very against
7 the continued use of that water.

8 ACTING CHAIRPERSON GORDON: All right. Orlene
9 Chartain, please.

10 MS. CHARTAIN: Good afternoon, Commissioners. My
11 name is Orlene Chartain. I'm a CPA in Redwood City. I'm
12 also the Treasurer of the Redwood Creek Association. And
13 I'm here today, as Lee Callister mentioned, that -- just
14 to educate you and inform you about what's going on at
15 Docketown, and to let you know that I moved to Docketown
16 five years ago in 2009.

17 My husband and I purchased a floating home there.
18 And it had been neglected and sitting derelict for about
19 13 years. At that time, we dealt with the marina
20 management, the marina harbor master, and the
21 owner/operators of the marina, and signed a berth
22 agreement. That was our first agreement. It was never
23 mentioned to us that our floating home was located on
24 State Lands, and that we might be in violation of the
25 Public Trust.

1 In fact, I later learned that the owner/operators
2 had a lease agreement with the City of Redwood City, and
3 that he had been renting spaces to residences --
4 liveaboard residential floating structures for over four
5 decades.

6 According to correspondence records that we found
7 later from 2005, the city, the State, and the marina
8 managers were all aware of the State Lands issue, but
9 still my neighbors and I had not been informed.

10 So over the next five years, my husband and I
11 proceeded to invest thousands of dollars in remodeling and
12 rebuilding this floating home that we bought. And during
13 that time, I resolved a dispute with the City of Redwood
14 City Building Department over jurisdiction, but still
15 there was no mention that I was in any kind of violation
16 here.

17 So in addition, the city allowed two more
18 floating homes to come into Docktown recently. The most
19 recent being in early 2013. So then in March of 2013, the
20 city took over the management of the marina. And by the
21 way, it's correct that the city only manages the water.
22 The land next to the water is privately owned by two
23 50-percent partners, one is a trust and the other is an
24 individual.

25 So -- let's see, we -- in March, the City took

1 over and the management has continued to operate the
2 marina as a floating residential community. So eventually
3 the truth came out. The Mayor of Redwood City appointed
4 me as one of the task members on this task force to come
5 up with how the inner harbor should look and feel. And we
6 met for over a year. We've concluded our meetings.

7 And the State Lands issue was brought to the
8 table. And I finally understood the ramifications and
9 precariousness of my investment that I'd made in this
10 floating home. The task force agreed, for numerous
11 reasons, including sea level rise, and affordable housing,
12 and that it was established residential community and
13 environmental impact and so on, that the existing floating
14 communities should not only be preserved, but the idea of
15 a floating community be expanded as a solution for the
16 housing needs in Redwood City.

17 So the task force recommended, as Lee said, that
18 the Redwood City work with State Lands to find a way to
19 resolve the dilemma that had been created all these
20 decades. So our floating home was recently valued by the
21 San Mateo County Assessor for \$200,000, but a floating
22 home that cannot be located where it can float is really
23 not worth anything.

24 So we have subsequently determined that there is
25 no other marina within 50 miles of Docketown that will take

1 us. And I'm feeling betrayed by the State, by the city,
2 and by the previous operators of the marina that stood by
3 while I put my life savings into an investment that now is
4 in a precarious position. So had I known the facts in the
5 beginning, I would have found another alternative for me
6 and my family.

7 As a resident of California, I believe that the
8 Trust Doctrine is a guideline, not a hard black and white
9 rule book, and that the Trust Doctrine was designed to ebb
10 and flow with the changing times. And I believe that if
11 enough people want to find a win-win common ground
12 solution, it will happen.

13 So just like Martin Luther King had a dream, I
14 have a dream that California, Redwood City, and the
15 residents of Docktown will find a way to compromise and
16 solve this decades old dilemma so all citizens of
17 California can come and enjoy Redwood Creek with us and we
18 won't be evicted from our homes.

19 So thank you for your time, and I hope that we
20 can work together in resolving this.

21 ACTING CHAIRPERSON GORDON: I have a quick
22 question.

23 MS. CHARTAIN: Sure.

24 ACTING CHAIRPERSON GORDON: You buy a floating
25 home, I'm guessing you get some kind of title insurance on

1 the home.

2 MS. CHARTAIN: Yes.

3 ACTING CHAIRPERSON GORDON: Is there anything in
4 those documents that indicates -- maybe I -- never mind, I
5 think I probably answered my own question. You'd get
6 title insurance on the home itself, but without any
7 guarantees as to ongoing docking privileges or --

8 MS. CHARTAIN: My particular transaction did not
9 go through a title company. It was with an individual who
10 owned the boat, and so we just did a bill of sale kind of
11 thing. And it is registered as a property, like you would
12 have a property on land, so I pay property taxes. But
13 it's similar in lots of ways to a trailer park, where you
14 by your trailer and then you lease the space.

15 ACTING CHAIRPERSON GORDON: Okay. Thank you for
16 that.

17 MS. CHARTAIN: But I never knew in any of the
18 documentation I got that there was a State Lands issue
19 there.

20 ACTING CHAIRPERSON GORDON: Thank you for
21 clearing that up.

22 MS. CHARTAIN: You're welcome.

23 ACTING CHAIRPERSON GORDON: Ms. Solé followed
24 by Mr. - it looks like - Jonas.

25 MS. SOLÉ: Hello, commissioners. I am Tania

1 Solé, a floating homeowner. My floating home is located
2 on Redwood Creek on California State Lands granted to the
3 City of Redwood City. As I mentioned during the February
4 meeting, there have been floating homes and houseboats on
5 Redwood Creek for about 50 years.

6 Back in 2005, the city approached State Lands and
7 already tried to fix this problem. This past year, the
8 City of Redwood City created an Inner Harbor Task Force to
9 develop a vision for a part of the city that includes
10 Docktown.

11 The task force concluded, as Orlene just
12 explained, that they wanted to keep a floating community
13 at Docktown because among other reasons the community was
14 a solution to sea level rise adaptation. In addition, the
15 task force members mentioned they didn't want to make
16 anyone homeless.

17 Floating homes are one of the last pockets of
18 affordable housing in the Bay Area. The task force
19 recommendation was presented to city council last month.
20 During the presentation, the State Lands representative
21 Reid Boggiano spoke against letting Docktown remain where
22 it is. There was some thought given to moving the
23 community, but unfortunately most of the water in the area
24 falls under State Lands jurisdiction.

25 I have already forwarded a copy of the blog post

1 I wrote regarding the evolving nature of the Public Trust
2 doctrine to Sheri Pemberton with a request to forward to
3 you.

4 The only other nearby body of water, to our
5 understanding, is under the jurisdiction of the U.S. Army
6 Corps of Engineers. And even presuming an eventual
7 approval by them, that approval will take five to ten
8 years, not to mention that potentially half may need to be
9 set aside for wetlands.

10 I am here today to ask the Commissioners to
11 either grandfather us, as Lee mentioned, through an
12 emergency legislative act, or in a worst case scenario,
13 assure my community of over 70 households that State Lands
14 will elect not to enforce and displace or render us
15 homeless until such a time as the U.S. Army Corps of
16 Engineers grants approval for a move.

17 Thank you very much.

18 ACTING CHAIRPERSON GORDON: Thank you.

19 Mr. Jonas followed by Francesca Fambrough.

20 MR. JONAS: Hello, Commissioners. My name is
21 James Jonas. I'm a resident of Docketown of 13 years. I'm
22 going to talk about a little bit of the broad issue of the
23 Public Trust Doctrine.

24 We recently saw a scientific report in which the
25 word "unstoppable" was used for sea level rise. We've all

1 head the reports. We've, of course, seen that we're
2 looking at a potential worst case scenario six feet of sea
3 level rise within the State of California. The Public
4 Trust Doctrine has a very interesting possibly unintended
5 consequence that some folks may not know about - I know
6 this Commission may very well be aware of that - which is
7 as the mean high tide rises, so do the rights of the State
8 of California. They actually call this ambulatory rights.
9 And as a consequence, since residential use is not
10 allowed, if you live in the cities of San Francisco, San
11 Diego, or you end in the word beach, like Redondo Beach or
12 Long Beach, in fact, most of the cities surrounding the
13 Bay Area, you may very well be subject to taking by the
14 State of California.

15 Now, I state this as an unintended consequence,
16 because I'm sure that in the far reaches of time in which
17 the Public Trust Doctrine was created, this was not
18 understood. We live in a world of the contracting bay in
19 which we were filling things in, and not the expanding bay
20 that will take place during sea level rise.

21 What we have in front of us though is three
22 options usually presented. First of all, what we should
23 be doing is building seawalls, okay? And probably, this
24 is not a bad idea just to push things back a little bit
25 awhile.

1 Item number 2 is we throw a lot of soil. So we
2 see project after project have six inches, seven inches,
3 ten inches, even more of soil being placed on them.

4 Third is, guess what, you should just leave or
5 retreat.

6 I believe that this is a problem for one very
7 simple reason, because we don't look at other
8 alternatives. For example, changing our building codes
9 for allowing folks, businesses, companies to build where
10 they are, and if they're flooded and the mean high tide
11 rises, that they can stay exactly how they are.

12 We're talking about a potential impact of half to
13 a trillion dollars in property. Now, the reasons for the
14 Public Trust Doctrine are often vested in economic
15 interest, fisheries, navigational use, as well as
16 recreation.

17 Now, the thing is that the economic interest of
18 California is now in our people, in our brains, in our
19 economic vitality through the software industry. And many
20 of these people love to live next to the water. So I
21 think what we need to do is take a look at some other
22 options for dealing with the Public Trust Doctrine.

23 Now, of course, one option would be the Corps.
24 And I would really encourage staff to see if there's some
25 avenue in which we can reinterpret the Public Trust

1 Doctrine to not allow for this eventual taking.

2 Number two is what we can do is work at, what I
3 call, niche solutions. Okay, a Docktown modification or a
4 grandfathering would be an example of a niche solution.
5 Now, at this moment, this could be a relatively small
6 number, but in the future, this can be a lot more.

7 And number three, we could look at actually a
8 change in the California Constitution. This would mean
9 what we'd do is rewrite the Public Trust Doctrine.

10 I want to thank you very much for your time. And
11 again, I want to thank you for the opportunity of just
12 introducing ourselves.

13 ACTING CHAIRPERSON GORDON: Thank you.

14 Ms. Fambrough followed by Ms. Madden.

15 MS. FAMBROUGH: Good afternoon, Commissioners.
16 My name is Francesca Fambrough. And I have been a
17 resident of Docktown for two years now. I'm here today
18 asking you to grandfather Docktown. Docktown is a unique
19 floating community that has been in existence for the last
20 50 years. This close-knit community offers affordable
21 housing for the very low, low, and even now into today's
22 world middle income range, as well as for our elderly.

23 We are avid stewards of the creek and take to the
24 water regularly, cleaning trash from Redwood Creek. As
25 mentioned, our creek master, Dave McCallum has been

1 personally recognized and awarded for these clean-up
2 efforts, cleaning tons upon tons of trash from our
3 waterway for over ten years and counting now.

4 We have a historical building dating from the
5 1800s that used to provide water to steamships that
6 currently serves as Peninsula Yacht Club and Docktown's
7 community center. This community has provided access to
8 the water for decades by its shared virtue of existence.

9 With today's rising sea levels, Docktown is
10 proving to rise with the tides in the face of increasing
11 floods. Redwood City, also as mentioned, just completed
12 the inner harbor specific plan and the task force did
13 rally in our favor.

14 Again, I do ask you today to keep Docktown Marina
15 open for all and to grandfather our long-standing floating
16 community.

17 Thank you so much.

18 ACTING CHAIRPERSON GORDON: Thank you.

19 Ms. Madden, welcome back.

20 MS. MADDEN: Thank you. Good afternoon,
21 Commissioners and staff. I would like to speak to a
22 specific point, which I think that perhaps the
23 Commissioners themselves haven't been asked to look at the
24 use case of a mixed use marina, and whether that is
25 consistent with the Public Trust.

1 I'd like to say that I am a small player here.
2 This community has existed for years. When I lived at
3 Pete's Harbor, these were friends of mine and members of
4 the boating community. As you know, our best case
5 scenario didn't work out at Pete's Harbor, so I moved over
6 to Docktown.

7 And I just want to make it clear here too that
8 quite a few of the structures there are floating homes,
9 but there's many people living on houseboats and sail
10 boats, and it's a very fluid community. So there also was
11 a floating barge where an artist had his studio. There's
12 commercial uses. There's definitely recreational uses.
13 It's not all residential by any means.

14 A lot of these people teach people to sail, clean
15 the creek, they go out in the weekly boat races. And it's
16 really kind of the last vestige of Redwood City's marina
17 heritage. There's a couple marinas remaining, but they're
18 either remote or they're not accessible to people living
19 on boats.

20 So when we move to Docktown, I moved with my two
21 kids. They're 18 and 14. And my older one is -- the
22 18-year old he has high functioning autism. My hope is
23 that he lives alone on a houseboat there. He would
24 qualify for very low income. He fits really well in the
25 community. That's my personal scenario. I also have a

1 place, as they say, on the hard. So I may get another
2 boat there.

3 But Mr. Achler had wanted to come there and he's
4 been denied by the city management, even though he only
5 wanted to come temporarily. He has a houseboat in
6 Sacramento, wanted to come to Docktown for three to six
7 months as a visiting high tech worker and was denied that
8 by the city. So there's very much a feeling that the city
9 is winding down operations.

10 And what happened with the inner harbor task
11 force, it was a very wide variety of people that know
12 Redwood City very well, and that are very, you know,
13 plugged into the city government. And they said, you know
14 what, we want to come to a final conclusion that we
15 support keeping Docktown and ask the city how to work with
16 the State -- ask the city to work with the State to see if
17 Docktown can be grandfathered.

18 And there's a couple members of the city council
19 who have said, oh, well no. One letter got sent from the
20 staff level and the State has spoken. So they're saying
21 the State has spoken, the SLC has spoken. And what we've
22 tried to say is that the Commissioners themselves haven't
23 yet been fully briefed on -- I think, on the situation,
24 and have not met us. And that there may yet be
25 opportunities for seeing how we can keep Docktown.

1 And we're using the word grandfather fairly
2 loosely. There are existing small floating communities
3 all around the Bay. We definitely acknowledge the
4 stewardship role in protecting the Public Trust and the
5 waterways that you have. And clearly there's, you know,
6 maybe tens of thousands of miles of Public Trust land.
7 And, yes, we don't think that there should be a boat on
8 every -- you know, on every square inch of that.

9 But we do think that there is policy reasons and
10 other use cases that really militate in favor of
11 grandfathering Docktown. Very, very -- I'm know I've over
12 time, and I just want to say that I think two legislative
13 enactments have actually already recognized that mixed use
14 commercial and recreational marinas also allow residential
15 living, and one of those is Pete's Harbor.

16 And although that 1983 legislation was pretty
17 much driven to take Public Trust Land -- on the land,
18 there were waterways through that land -- to take that
19 Public Trust land out of the Public Trust and put it into
20 private title, that had to be consistent with the Public
21 Trust in order to be consistent with federal law.

22 And so what the legislature said in that
23 legislation is that the manner of use of that property at
24 that time was consistent with the Public Trust. And what
25 that included was commercial, recreational, and

1 residential.

2 That was emergency legislation, nearly unanimous
3 with the California legislature in 1983. And we think
4 that that is a legislative reflection of the fact that a
5 mixed use commercial recreational residential marina can
6 be consistent with the Public Trust.

7 And the second is the Bay Plan, which exists
8 under the McAteer-Petris Act. They specifically said that
9 the policy that the BCDC was adopting allowing ten percent
10 residential all around the Bay was based, not only on
11 public safety, like somebody there to watch over the
12 docks, but on the rich history of living on boats in San
13 Francisco Bay, which have really existed since 1850 when
14 the Public Trust was put in the Constitution of
15 California, and to this present day.

16 So we just ask you to hear everything that we've
17 said and keep an open mind, and maybe consider that one
18 letter from staff. The City of Redwood City actually said
19 it was unsolicited, although they invited the SLC to the
20 task force. They said the letter is unsolicited. It was
21 written by Ms. Pemberton. And I know all intentions are
22 good, in terms of protecting the Public Trust, but it has
23 been used to say that the State has spoken. And we'd like
24 a little bit more consideration that this mixed use idea
25 be given a further briefing.

1 ACTING CHAIRPERSON GORDON: Thank you, Ms.
2 Madden.

3 MS. MADDEN: Thank you.

4 ACTING CHAIRPERSON GORDON: Questions?

5 Any other speakers?

6 I don't believe so.

7 That concludes the open meeting of the State
8 Lands Commission. We'll now adjourn into closed session.
9 Can we please clear the room. Thank you.

10 (Off record: 12:50 PM)

11 (Thereupon the meeting recessed
12 into closed session.)

13 (Thereupon the meeting reconvened open session.)

14 (On record: 1:33 PM)

15 ACTING CHAIRPERSON GORDON: All right. We're
16 going to come back into regular session. Ms. Lucchesi, do
17 you have anything to report from closed session?

18 EXECUTIVE OFFICER LUCCHESI: Yes. I would like
19 to report that the Commission has authorized settlement in
20 the case of Melton Bacon et al. versus the California
21 State Lands Commission.

22 In summary, the terms of the settlement will
23 include payment by Mr. Bacon of back rent with penalties
24 and interest, a payment of attorneys fees to the Office of
25 the Attorney General, an agreement by Mr. Bacon to submit

1 an application for each of his two properties, and also,
2 but not limited to, that Mr. Bacon will inform any
3 prospective purchasers of the requirement for a lease of
4 each of his properties.

5 ACTING CHAIRPERSON GORDON: Thank you, Ms.
6 Lucchesi.

7 With that and with no other comments by the
8 public, this session of the State Lands Commission is
9 adjourned.

10 (Thereupon the California State Lands
11 Commission meeting adjourned at 1:34 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 2nd day of July, 2014.

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23 JAMES F. PETERS, CSR, RPR
24 Certified Shorthand Reporter
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