

STATE OF CALIFORNIA

Minutes of the meeting of the
State Lands Commission
Sacramento, California

APPEARANCES

Commissioners Present:

Kenneth Cory, State Controller, Chairman
Sid McCausland, Deputy Director of Finance,
Alternate for Commissioner Roy M. Pell,
Director of Finance
Betty Jo Smith, Staff Counsel, Alternate for
Commissioner Mervyn M. Dymally, Lieutenant Governor

Staff Members in Attendance:

William F. Northrop, Executive Officer
R. S. Golden, Assistant Executive Officer
R. C. Hight, Chief Counsel
James F. Trout, Chief, Division of Land Management
and Conservation
D. J. Everitts, Chief, Extractive Development--
State Leases
W. M. Thompson, Chief, Extractive Development--
Long Beach Operations
A. D. Willard, Supervising Mineral Resources
Engineer
Diane Jones, Secretary

Representing the Office of the Attorney General:

Jan Stevens, Assistant Attorney General
A. V. Hager, Deputy Attorney General
Nancy Saggese, Deputy Attorney General
Robert Collins, Deputy Attorney General

Re Minute Item C2:

Richard Kerwin, City Manager, City of Brisbane
George Silvestri, City Attorney, City of Brisbane

Re Minute Item C4:

Duane L. Georgeson, representing the Los Angeles
Department of Water and Power
Charles McCowley, representing the Los Angeles
Department of Water and Power

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF
AUGUST 31, 1978

The regular meeting of the State Lands Commission was called to order by Chairman Kenneth Cory, State Controller at 10:01 a.m. in Room 2170, State Capitol, Sacramento. Also present were Commission-Alternates Sid McCausland, representing Commissioner Roy M. Bell, Director of Finance; and Betty Jo Smith, representing Commissioner Mervyn M. Dymally, Lieutenant Governor. Note: During Calendar Item C4 (10:45 a.m.), Chairman Cory left and Mr. McCausland became Acting Chairman. The Commission adjourned into Executive Session at 10:20 a.m. during consideration of Calendar Item 25 and reconvened the regular meeting at 10:35.

The minutes of the meeting of July 19, 1978 and August 8, 1978 were approved as presented.

EXECUTIVE OFFICER'S REPORT:

Mr. William F. Northrop's written report is attached as Exhibit "A".

1. The Commission requested staff to send a letter of condolence to Mrs. Richard Schroeder whose husband passed away earlier in the week.
2. The Commission indicated it had no objections to the staff proceeding with the fuelwood experimental project presently being explored by the Energy Commission, the Department of Forestry and the University of California. However, Mr. McCausland pointed out that the staff's usage of the words "approval" and "interest" in the informational item were inappropriate.
3. The Commission indicated it is their desire to move on the sell-off of 8 percent of the crude oil allocated to the Long Beach Harbor Department Tidelands Parcel, Wilmington Oil Field. With this indication from the Commission, the staff will request the City of Long Beach to attempt to reduce the notice period on the 4-1/2 percent LBHD tideland parcel, and if successful, to sell-off the oil.
4. The Commission advised staff they had no interest in considering the agreement and assignment to provide for the partition of jointly held nonoperating contractors' interests in the Contractors' agreement for the Long Beach Unit jointly held by Atlantic Richfield Company and Chevron, U.S.A., Inc. It was their feeling the assignment would lessen the State's position without giving the State a corresponding benefit.

ASSISTANT EXECUTIVE OFFICER'S REPORT:

Mr. K. S. Golden's written report is attached as Exhibit "B".

Attachments: Exhibits "A" and "B".

EXHIBIT "A"

EXECUTIVE OFFICER'S REPORT

AUGUST 31, 1978

IT IS WITH SADNESS THAT I REPORT THE UNTIMELY DEATH OF DICK SCHROEDER WHO WORKED IN THE COMMISSION'S LONG BEACH OFFICE FOR APPROXIMATELY 11 YEARS. ONLY 51, DICK WAS STRICKEN WITH A HEART ATTACK LAST SUNDAY WHILE AT HIS VACATION HOME IN ARROWHEAD SPRINGS. HE SERVED AS AN ANALYST FOR THE COMMISSION, PRINCIPALLY STRIVING TO MAKE THE OPERATIONS OF STAFF RUN MORE EFFECTIVELY BY CRITICALLY REVIEWING ITS PROGRAMS AND PERFORMING ORGANIZATIONAL STUDIES. DICK'S FRIENDSHIP AND EXPERTISE WILL BE GREATLY MISSED. WITH THE COMMISSION'S APPROVAL, AN APPROPRIATE LETTER OF CONDOLENCE WILL BE SENT TO THE SCHROEDER FAMILY.

FUELWOOD EXPERIMENTAL PROJECT

THE ENERGY COMMISSION, THE WOOD ENERGY STAFF OF THE DEPARTMENT OF FORESTRY, AND THE UNIVERSITY OF CALIFORNIA ARE EXPLORING THE USE OF FUELWOOD IN ENERGY PRODUCTION. THEY HAVE REQUESTED USE OF STATE-OWNED SCHOOL LAND PARCELS IN THE VICINITY OF SOUTHERN CALIFORNIA EDISON'S ENERGY DEVELOPMENT FACILITY AT DAGGETT (NEAR BARSTOV, SAN BERNARDINO COUNTY) FOR GROWING FUELWOOD, CHIEFLY EUCALYPTUS, WITH IRRIGATION. TECHNICAL ASSISTANCE AND CONSULTATION WILL BE PROVIDED BY THE DEPARTMENT OF FORESTRY, AND TECHNOLOGY BY THE UNIVERSITY. IRRIGATION AND THE CONVERSION FACILITIES WILL BE PROVIDED BY EDISON, AND THE PROJECT -- CALLED AN EXPERIMENTAL ENERGY FARM --

WILL BE AT LEAST IN PART FUNDED BY A FEDERAL DEPARTMENT OF ENERGY GRANT.

THE PROPONENTS WOULD LIKE COMMISSION COOPERATION IN AT LEAST THE FEDERAL GRANT REQUEST. WE THINK THIS PROJECT HAS DESIRABLE FEATURES AND WARRANTS COMMISSION SUPPORT IN THE PRELIMINARY STAGES.

WITH THE COMMISSION'S APPROVAL OF THE CONCEPT, AND SUBJECT TO THE AVAILABILITY OF SUITABLE LANDS, WE WILL ADVISE THEM OF THIS INTEREST. STAFF WILL ALSO GO INTO THIS EXPERIMENTAL PROJECT IN MORE DETAIL AS THE PROJECT PROCEEDS.

LONG BEACH UNSECURED PROPERTY TAX

LB ADMIN.

YESTERDAY THE 1978-79 LONG BEACH UNIT UNSECURED PROPERTY TAX OF ABOUT A QUARTER OF A MILLION DOLLARS WAS PAID TO LOS ANGELES AND ORANGE COUNTY. WITH THESE PAYMENTS WERE LETTERS FROM THE COMMISSION STAFF, AS REPRESENTATIVE OF THE PARTICIPANTS IN THE LONG BEACH UNIT, PROTESTING THE TAX AND REQUESTING A REFUND. THE REASON FOR THIS IS THE UNRESOLVED QUESTION AS TO WHETHER THE JARVIS-GANN ONE PERCENT TAX LIMITATION APPLIES TO UNSECURED PROPERTY. THE ISSUE WILL BE RESOLVED IN THE COURTS IN THE FUTURE.

CRUDE OIL SELL-OFF/LONG BEACH TIDELANDS

LB ADMIN.

AS A RESULT OF APPROVALS BY THE STATE LANDS COMMISSION, AT THEIR JULY 19 AND AUGUST 8 MEETINGS, CONCERNING THE SELL-OFF OF 8 PERCENT OF THE CRUDE OIL ALLOCATED TO THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL, WILMINGTON OIL FIELD,

POWERINE OIL COMPANY, THE CURRENT PURCHASER OF THE CRUDE OIL, OFFERED TO MATCH THE BID AND THEREFORE WAS ALLOWED TO CONTINUE ITS PURCHASES, AT THE HIGHER PRICES, IN ACCORDANCE WITH THE FEDERAL DEPARTMENT OF ENERGY'S SUPPLIER/PURCHASER RULE.

THIS DEMONSTRATION OF WILLINGNESS TO PAY CEILING PRICES FOR DOMESTIC CRUDE OIL IS ENCOURAGING IN THAT APPROXIMATELY 1450 BARRELS PER DAY OF ADDITIONAL TIDELANDS CRUDE OIL IN THE PRIOR DEVELOPMENT ARE AVAILABLE FOR SELL-OFF. UNFORTUNATELY, THESE LONG BEACH TIDELAND CONTRACTS CONTAIN 180 DAY PRIOR NOTICE BY THE CITY TO TAKE OR RETURN SELL-OFF OIL. ONE OF THE CONTRACTORS HAS AGREED TO REDUCE THE RETURN NOTICE PERIOD AND THEREFORE THERE MAY BE A POSSIBILITY OF REDUCED NOTICE TIME TO TAKE THE 4-1/2 PERCENT LBHD TIDELAND PARCEL.

THE SIX MONTH PERIOD REQUIRED BY THE CONTRACTS WOULD START SELL-OFFS SHORTLY BEFORE THE MAY, 1979, END OF CRUDE OIL PRICE CONTROLS AS CURRENTLY PROVIDED BY STATUTE. THERE IS A QUESTION AS TO WHETHER A MEANINGFUL BID WOULD BE OBTAINED OR THAT ANY REAL FINANCIAL ADVANTAGE WOULD BE GAINED BY THE STATE.

IF IT IS THE COMMISSION'S DESIRE TO MOVE ON THE SELL-OFFS, THEY CAN REQUEST THE CITY OF LONG BEACH TO ATTEMPT TO REDUCE THE NOTICE PERIOD ON THE 4-1/2 PERCENT LBHD TIDELAND PARCEL AND IF SUCCESSFUL TO SELL-OFF THE OIL.

ARCO ASSIGNMENT, LONG BEACH UNIT, TRACTS 1 AND 2

LB ADMIN.

AT THE COMMISSION'S REGULAR MEETING IN JUNE 1978, THE CITY OF LONG BEACH REQUESTED COMMISSION APPROVAL OF AN AGREEMENT

AND ASSIGNMENT TO PROVIDE FOR THE PARTITION OF JOINTLY HELD NONOPERATING CONTRACTORS' INTERESTS IN THE CONTRACTORS' AGREEMENT FOR THE LONG BEACH UNIT. THESE INTERESTS ARE JOINTLY HELD BY ATLANTIC RICHFIELD COMPANY AND CHEVRON U.S.A., INC.

DURING CONSIDERATION OF THIS ITEM, THE COMMISSION TOOK NO ACTION BECAUSE IT WAS THEIR CONCLUSION THAT NO BENEFIT WOULD ACCRUE TO THE STATE IN PARTITIONING THE ARCO-CHEVRON JOINTLY HELD INTEREST AND THE ASSIGNMENT RELATED THERETO. A REPRESENTATIVE OF THE CITY OF LONG BEACH COMMENTED THAT ARCO DESIRED TO PARTITION ITS INTERESTS SO THEY IN TURN COULD ASSIGN THEIR INTEREST TO AN INDEPENDENT, CENTURY RESOURCES DEVELOPMENT, INC.

THE CURRENT SITUATION IS THAT ATLANTIC RICHFIELD COMPANY, WHICH IS THE TRACT 2 CONTRACTOR AND THE HOLDER WITH CHEVRON, U.S.A. OF NON-OPERATING INTERESTS IN TRACT 1 OF THE LONG BEACH UNIT, IS PROPOSING TO ASSIGN ITS INTERESTS IN BOTH THE TRACT 2 AGREEMENT AND THE CONTRACTORS' AGREEMENT FOR TRACT 1. THE PROPOSAL INCLUDES SPLITTING THE INTERESTS HELD JOINTLY WITH CHEVRON IN TRACT 1 AND THEN AN ASSIGNMENT OF THAT SEVERED INTEREST AND THE ENTIRE TRACT 2 INTEREST TO CENTURY RESOURCES DEVELOPMENT. CENTURY WOULD THEN ASSIGN ALL OF ITS INTERESTS IN TRACTS 1 AND 2 TO PETRO-LEWIS CORPORATION IN RETURN FOR THE RIGHT TO PURCHASE THE CRUDE OIL ALLOCATED TO THESE INTERESTS.

REPRESENTATIVES FROM ATLANTIC RICHFIELD, CENTURY AND PETRO-LEWIS HAVE MET WITH THE COMMISSION'S STAFF, AND THEY HAVE DISCUSSED THE VARIOUS ASSIGNMENT PROPOSALS WITH RESPECT TO TRACT 2. I AM INFORMED THAT THEY ARE MEETING WITH REPRESENTATIVES

OF THE CITY OF LONG BEACH WITH RESPECT TO THE TRACT 1 ASSIGNMENT PROPOSALS. TO BE EFFECTIVE, BOTH THE TRACT 1 AND TRACT 2 ASSIGNMENTS MUST BE APPROVED BY THE COMMISSION. ATLANTIC RICHFIELD HAS MADE A PREREQUISITE TO ALL ASSIGNMENTS TO CENTURY THAT THE STATE WITH RESPECT TO TRACT 2 AND THE STATE AND THE CITY OF LONG BEACH WITH RESPECT TO TRACT 1 RELEASE ATLANTIC RICHFIELD FROM ALL LIABILITY FOR THE FUTURE PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE TWO CONTRACTS.

THE THREE COMPANIES INVOLVED HAVE REQUESTED THAT THIS MATTER BE ON THE COMMISSION'S AGENDA AT ITS SEPTEMBER MEETING, AND REPRESENTATIVES ARE EXPECTED TO BE IN THE AUDIENCE TODAY. BECAUSE OF THEIR TIGHT TIME SCHEDULE AND THE NEED TO FIRM UP FINANCIAL COMMITMENTS, IT IS HIGHLY DESIRABLE AT THIS TIME TO OBTAIN ANY DIRECTION BY THE COMMISSION AS TO YOUR FEELING REGARDING SUCH ASSIGNMENTS.

EXHIBIT "B"

ASSISTANT EXECUTIVE OFFICER'S REPORT

AUGUST 31, 1978

IN THIS REPORT I WILL DETAIL SEVERAL PROBLEMS THAT HAVE CONFRONTED STATE LANDS STAFF AS A RESULT OF CURRENT PERMIT APPLICATIONS BEFORE THE SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION AND THE STATE COASTAL COMMISSION. ALSO, ANOTHER LAND USE PROBLEM TANGENTIAL TO STATE LANDS INTEREST WILL BE MENTIONED FOR YOUR INFORMATION.

S.F.B.C.D.C.

W 21858

PICKLEWEED ASSOCIATES, A JOINT VENTURE PARTNERSHIP, IS PROPOSING TO BUILD 92 HOUSING UNITS ON ABOUT A 7-ACRE SITE ON THE NORTH SIDE OF MILLER AVENUE, BETWEEN THE REDWOODS RETIREMENT CENTER AND THE NORTHWESTERN PACIFIC RAILROAD RIGHT-OF-WAY, IN THE CITY OF MILL VALLEY, MARIN COUNTY.

ONE OF THE REQUIREMENTS OF THE McATEER-PETRIS ACT, WHICH BCDC ADMINISTERS, IS THAT THE PROPOSED DEVELOPER MUST PRESENT EVIDENCE OF TITLE TO THE PROPERTY BEFORE HIS PERMIT CAN BE CONSIDERED.

A TITLE STATUS DETERMINATION MADE BY OUR TITLE UNIT INDICATED THAT THE PARCEL APPEARED TO HAVE SIGNIFICANT STATE TITLE CLAIMS. OUR TITLE SETTLEMENTS SECTION IS IN CONTACT WITH THE APPLICANT AND A TITLE EVIDENCE STUDY IS IN PROGRESS.

THIS PROJECT HAS BEEN UNDER CONSIDERATION FOR A LONG PERIOD OF TIME AT THE CITY LEVEL GETTING THE NECESSARY PERMITS. OUR FIRST NOTICE OF THE DEVELOPER'S INTENTIONS WERE WHEN HE REQUESTED THE BCDC PERMIT. THIS PUTS THE STATE LANDS STAFF IN AN

UNCOMFORTABLE POSITION OF DELAYING A PROJECT AT A RATHER LATE STAGE IN ITS DEVELOPMENT. WE ARE WORKING DILIGENTLY TO OUTLINE THE DEGREE TO WHICH OUR CONCERNS AFFECT THE TOTAL PROJECT.

STATE COASTAL COMMISSION

W 9601

THE STATE COASTAL COMMISSION HAS STRUGGLED WITH THE PROBLEM OF PROTECTIVE SHORELINE STRUCTURES AS THESE PROBLEMS ARISE IN PERMIT ACTIONS CONFRONTING THEM. RECENTLY DUE TO THE SEVERE WINTER STORMS ON THE COAST, THIS TYPE OF DEVELOPMENT HAS BECOME AN INCREASING PROBLEM. THE COASTAL COMMISSION HAS ADOPTED INTERPRETIVE GUIDELINES FOR SOME REGIONS (E.G., SAN DIEGO REGION) WHICH DEAL WITH SEAWALLS; HOWEVER, THERE IS CURRENTLY NO GOVERNMENTAL ENTITY WHICH HAS PROMULGATED POLICIES DEALING WITH THIS PROBLEM ON A COMPREHENSIVE BASIS.

THERE IS CURRENTLY MUCH EXPERT OPINION (GEOLOGISTS, ENGINEERS, AND OCEANOGRAPHERS) THAT WOULD INDICATE THAT PROTECTIVE MEASURES FROM HIGH STORM WAVES ARE ONLY SHORT-TERM BAND-AID SOLUTIONS. THE HOMEOWNERS IMMEDIATELY ADJACENT TO ERODING BLUFFS OR BEACHES, HOWEVER, ARE CONCERNED ONLY WITH PROTECTING THEIR INVESTMENTS.

THOUGH HINDSIGHT MIGHT INDICATE THAT CERTAIN COASTAL DEVELOPMENTS INITIALLY SHOULD NOT HAVE BEEN ALLOWED, WE ARE, NEVERTHELESS, CONFRONTED WITH A SITUATION OF PRIVATE PROPERTY PROTECTION VERSUS LONG-TERM USEFULNESS. IN FACT, GROUPS OF PROPERTY OWNERS ARE COMBINING FINANCIAL RESOURCES WITH THE INTENTION OF BUILDING MASSIVE SEAWALLS AND BULKHEADS. THOUGH IN MANY

INSTANCES THESE STRUCTURES MAY ENCROACH UPON STATE-OWNED LANDS, THE STATE LANDS COMMISSION IS NOT OBLIGATED TO ENDORSE SUCH PROJECTS AUTOMATICALLY.

THE COMMISSION SHOULD EXAMINE THE PROBLEM IN A COMPREHENSIVE, IN-DEPTH MANNER (NOT CASE-BY-CASE) TO ASCERTAIN THE MOST APPROPRIATE TYPE AND LOCATION OF PROTECTIVE SHORELINE STRUCTURES. THIS EFFORT WILL HAVE TO BE CLOSELY COORDINATED WITH THE COASTAL COMMISSION.

EAGLE LAKE BASIN COMPREHENSIVE PLAN

W 30006

THE STATE LANDS COMMISSION IS CURRENTLY ENGAGED IN A MULTI-AGENCY EFFORT TO PREPARE MANAGEMENT GUIDELINES FOR THE EAGLE LAKE WATERSHED BASIN IN LASSEN COUNTY. THE COMMISSION HAS FINANCIALLY CONTRIBUTED TO THIS EFFORT (\$3,000.00) TO ENLIST THE SERVICES OF A PLANNING CONSULTANT. TO THE DISMAY OF STATE LANDS STAFF AND THE THREE OTHER MEMBER AGENCIES (U.S. FOREST SERVICE, U.S. BUREAU OF LAND MANAGEMENT, RESOURCES AGENCY, ACTING THROUGH THE STATE DEPARTMENT OF FISH AND GAME), THE COUNTY IS PROCEEDING WITH A MAJOR DEVELOPMENT PROJECT WHICH MAY JEOPARDIZE AND PRECLUDE FUTURE OPTIONS FOR THE MANAGEMENT PLAN. THE COUNTY HAS PROPOSED THE USE OF A NEGATIVE DECLARATION FOR A RESIDENTIAL SUBDIVISION PROJECT INVOLVING 540 HOMES TO BE BUILT ON A 900+ ACRE TRACT IN THE LAKE BASIN. STRONG OBJECTIONS HAVE BEEN PRESENTED BY THE STATE AND FEDERAL AGENCIES. THE RESPECTIVE SPOKESMEN FOR THE FIVE AGENCIES RECOMMENDED THAT THIS PROJECT BE WITHHELD FROM CONSIDERATION UNTIL FEBRUARY 1979 AT WHICH TIME THE INTERIM MANAGEMENT PLAN IS SCHEDULED FOR

COMPLETION AND THAT A FULL ENVIRONMENTAL IMPACT REPORT SHOULD BE PREPARED.

THE COUNTY HAS AGREED, AT THIS POINT, TO REVIEW ITS EARLIER POSITION. IF, HOWEVER, THE COUNTY SHOULD PERSIST, ACTION BY THE OFFICE OF ATTORNEY GENERAL WILL BE SOUGHT BY THE RESOURCES AGENCY.

RECORD OF ACTION TAKEN BY THE
STATE LANDS COMMISSION
AT ITS MEETING OF AUGUST 31, 1978

During the meeting, the recommendations of the staff relative to Calendar Items C3, C5, C6, C7, C8, C9, C11, C12, C13, C14, C15, C16, C17, C18, C19, C20, C21, C22, C23, C24, 27, 28, 29, 30, 33, 34, 35, 36, 38, 40, 43, 44, 45 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items 2, 4, 25, 26, 31, 32, and 41, is set forth on pages 1315, 1334, 1449, 1453, 1536, 1615, and 1682 respectively.

Calendar Items 1, 10, 39, 42, and 46 were withdrawn from the agenda prior to the meeting.

Calendar Item 37 is an informational item only; no action was taken.