

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MEETING
STATE LANDS COMMISSION

STATE CAPITOL
ROOM 2170
SACRAMENTO, CALIFORNIA

ORIGINAL

WEDNESDAY, SEPTEMBER 24, 1980

10:10 A.M.

DELORES I. DALTON, CSR
License No. 4691

PETERS SHORTHAND REPORTING CORPORATION

7707 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3801

MEMBERS PRESENT

Hon. Kenneth Cory, State Controller, Chairman
Mr. David Ackerman, for Lt. Governor Mike Curb
Ms. Susanne Morgan, for Director of Finance,
Mary Ann Coaves

STAFF PRESENT

William Northrop, Executive Officer
Robert Hight, Legal Counsel
W. M. Thompson
Diane Jones

ALSO PRESENT

Jan Stevens, Attorney General's Office

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

	<u>Page</u>
1	
2	
3	1
4	1
5	
6	1
7	
8	2
9	2
10	3
11	3
12	4
13	
14	6
15	8
16	8
17	8
18	9
19	12
20	13
21	13
22	13
23	14
24	14
25	16
	16

I N D E X (Cont'd.)

	<u>Page</u>
1	
2	
3 C-28	17
4 C-29	17
5 C-30	18
6 C-31	18
7 Executive Officer Northrop	18
8 C-32	19
9 C-33	20
10 Al Maulorico	20
11 Harry Schreiman	21
12 C-9	26
13 Executive Officer Northrop	26
14 Katherine Stone, Attorney, City of Oceanside	28
15	
16 Adjournment	31
17 Certificate of Reporter	32
18	
19	
20	
21	
22	
23	
24	
25	

---000---

P R O C E E D I N G S

---o0o---

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHAIRPERSON CORY: We will call the meeting to order and try to deal with some of the less controversial items while we wait for our other member to arrive.

Are there any corrections or additions to the minutes of the meeting of the 26th and 28th of August?

Without objection, we will affirm the minutes as presented.

The Executive Officer's Report is always controversial and informational, so we will wait for a full -- the Executive Officer doesn't have a report? Neither does the assisting -- neither does the Coastal.

We could have saved paper then, if you had organized your time correctly.

(Laughter.)

CHAIRPERSON CORY: There is no report then from the Executive Officer or from the State Coastal Commission.

The Consent Calendar items are the items with the prefix C before the number, C-1 through C-13, excluding C-9, which will be taken up on the Regular Calendar.

Is there anybody in the audience who disagrees with the proposed staff recommended disposition of any of those items, C-1 through 13, excluding 9? If you have any objection, please state it now, and we will remove the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

item. If not, we will approve all of these items in one motion.

Without objection, the Consent Calendar will be approved as presented.

C-9 has some questions on it, so we will let that ride. We will also let some of the other items ride until everybody gets here.

14 - United States Fish and Wildlife Service. This is approval to execute a Declaration of Intent between State Lands, the Humboldt Bay Harbor Recreation and Conservation District concerning U.S. Fish and Wildlife Service's management of 117 acres.

Anybody in the audience on this item?

Without objection, 14 will be approved as presented.

Item 15 - Compromise Title Settlement with American Protective Services, Inc.

Does somebody want to tell me about this one?

EXECUTIVE OFFICER NORTHROP: Mr. Hight will give you that one.

MR. HIGHT: Yes, Mr. Chairman, this is a compromise title settlement in which the State will receive 6.6 acres and will relinquish title to an area that is presently filled. The area that the State will receive will be a portion of the land bank parcel that we currently have.

1 CHAIRPERSON CORY: Anybody in the audience on
2 Item 15?

3 Questions from Commission?

4 MR. ACKERMAN: No.

5 CHAIRPERSON CORY: Without objection, Item 15
6 is approved as presented.

7 Item 16 - Scenic Lands Properties, Inc., the
8 rescission of Commission action of November 20, 1979.

9 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
10 Scenic Properties had some title problems with the --

11 CHAIRPERSON CORY: You cannot slow us down,
12 Mr. Northrop. We understand what it is.

13 (Laughter.)

14 CHAIRPERSON CORY: Is there anybody in the
15 audience on this item?

16 Without objection, Item 16 is approved as presented.

17 Item 17 - This is a request of PG&E to authorize
18 acceptance of \$500 worth of land in Land Bank for a title
19 dispute on an item that they had.

20 Is there anybody in the audience on this item?

21 Any questions from the Commissioners?

22 Without objection, Item 17 will be approved as
23 presented.

24 (Ms. Morgan present.)

25 CHAIRPERSON CORY: Susanne, we have taken up

1 Items C-1 through 13 of the Consent Calendar, not counting
2 C-9, which we put on the Regular Calendar and have not
3 taken up yet. We have approved 14, 15, 16 and 17, and
4 we will get back to the controversial items. We do not
5 take up items that do not have unanimity among the various
6 people until we have everybody here so that full objections
7 can be dealt with.

8 With that in mind, is Mr. Roy Bell here?

9 Mr. Bell.

10 (Applause.)

11 CHAIRPERSON CORY: Come on up here, Roy.

12 It is honestly with a great deal of sadness,
13 as lovable as I thought you were and as long as I have
14 served with you, we have a token of our esteem at State
15 Lands for all you have done for us in being here.

16 Do you have a piece of property that you can
17 mount this on?

18 (Laughter.)

19 MR. BELL: That's a valuable survey marker.

20 CHAIRPERSON CORY: We figure you won't be moving
21 much in retirement.

22 But we appreciate all that you have done for
23 the State and for those of us who have served on the
24 Commission. Thank you.

25 MR. BELL: I appreciate that very much. I will

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 say that I never attended a meeting that took this long
2 to start.

3 (Laughter.)

4 CHAIRPERSON CORY: That's because we wouldn't
5 wait for you.

6 (Laughter.)

7 MR. BELL: That's true.

8 I think that the Commission likes other Directors
9 of Finance better than I in that they get things like
10 hard hats with their names on them. I get an old beat-up
11 plaque.

12 (Laughter.)

13 MR. BELL: No, actually, I really appreciate this.
14 I'm going to consider this a very unique gift and put it
15 in a place of honor with the other 27 plaques that I have
16 received from the other boards and commissions with which
17 I have served. I don't think any of them have gone to
18 this amount of work.

19 CHAIRPERSON CORY: It's tidelands funds, so it's
20 okay.

21 (Laughter.)

22 MR. BELL: Just one last thing. I didn't get a
23 chance when I retired to say the things I would have liked
24 to the last month at the Board meetings. When you retire,
25 you don't miss the work, but you sure miss the people.

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95828
TELEPHONE (916) 383-3801

1 And not only the Commissioners whom I have missed and
2 made friends with, but also Bill Northrop and the staff
3 of the Lands Division without which you people couldn't
4 operate, whether you know it or not.

5 (Laughter.)

6 MR. BELL: I want to express my deep gratitude,
7 and I will miss you all. Thank you.

8 CHAIRPERSON CORY: Thank you.

9 (Applause.)

10 MR. BELL: That goes for the press, too.

11 (Laughter.)

12 EXECUTIVE OFFICER NORTHROP: B-e-l-l. Spell it
13 right, Bob.

14 (Laughter.)

15 MR. BELL: I could go now?

16 (Laughter.)

17 CHAIRPERSON CORY: Your lease agreement will be
18 forwarded to you, Mr. Bell, on the State property you
19 are taking with you.

20 (Laughter.)

21 CHAIRPERSON CORY: Thank you, Roy.

22 Item 18. This is approval of resumption of
23 drilling operations, Santa Barbara Channel.

24 I would like to request, if possible, that we
25 not take action on this. We have an item that we are

1 probably going to have to take action on on October 8th.

2 EXECUTIVE OFFICER NORTHROP: Right.

3 Hopefully, Mr. Chairman -- Long Beach is in
4 the audience -- they will have the document to us in
5 proper condition that we can work in that time frame.

6 CHAIRPERSON CORY: We would like to have the
7 meeting the 8th. I would like to get this approval done,
8 but I think there are some housekeeping things that we
9 are better served -- because of this and some other
10 lease problems with this contract, we are better off not
11 getting into this one at this point and try to get some
12 questions answered rather than try to do it here on
13 Commission time. So if that is agreeable with everyone,
14 we will deal with it on the 8th.

15 MR. ACKERMAN: Does that recommended action take
16 into account the time consideration?

17 EXECUTIVE OFFICER NORTHROP: Yes. Within the
18 19th is the time frame.

19 CHAIRPERSON CORY: I just wanted to get it done
20 beforehand. There were a series of problems, one of which
21 people had a fog problem and we couldn't get a meeting.
22 I think that would be beneficial to all concerned if we
23 did it this way.

24 Without objection, 18 will be put over until the
25 meeting on the 8th.

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95828
TELEPHONE (916) 383-3801

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. ACKERMAN: I would think that this item should be acted upon whether or not Long Beach gets their information --

EXECUTIVE OFFICER NORTHROP: Yes. We are committed to a meeting on the 8th.

MR. ACKERMAN: Okay.

CHAIRPERSON CORY: Item 19 - Approval of resumption of drilling operations from onshore. This is slant drilling or whip socking for energy development.

Anybody in the audience on Item 19?

Any questions from the Commissioners?

MS. MORGAN: No.

CHAIRPERSON CORY: Without objection, it will be approved as presented.

Item 20 is M-S-R which is --

EXECUTIVE OFFICER NORTHROP: Santa Rosa, Redding and Modesto.

CHAIRPERSON CORY: Approval of award of a resource lease, geothermal, The Geysers, 40 acres, Sonoma County.

Is there anybody in the audience on this item? Commissioners?

MR. ACKERMAN: No.

CHAIRPERSON CORY: Without objection, Item 20 will be approved as presented.

Item 21 - Denial of geothermal prospecting permit applications that are listed for Seghesio, Prati, Sink,

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95825
TELEPHONE (916) 383-3801

1 Flood, Wall and Glebe.

2 Is there anybody in the audience on ~~this~~ item?

3 Would you like to come forward. Do you have
4 something you would like to discuss with the Commission?

5 Yes, Ma'am. Would you identify yourself, please.

6 MS. GLEBE: I am Ruby Glebe. We would like to
7 be informed as to your procedure when you put these up
8 for lease, and we would be fully informed of everything
9 that is done on our property.

10 CHAIRPERSON CORY: Mr. Northrop, is that part of
11 our procedure?

12 EXECUTIVE OFFICER NORTHROP: Yes, that is the
13 procedure. They are the property owners. Yes. We
14 certainly will.

15 MS. GLEBE: All right. Is this going to be in
16 the very near future?

17 EXECUTIVE OFFICER NORTHROP: Well, we have an
18 environmental document. You understand the environmental
19 document, the time constraints on that.

20 MS. GLEBE: Yes, I do.

21 EXECUTIVE OFFICER NORTHROP: I would hope that
22 we would have it within a year. That is a number. Largely
23 because we have not started on the environmental document
24 yet.

25 MS. GLEBE: We were denied our permit, and we just

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95828
TELEPHONE (916) 383-3601

1 knew that you were going to go ahead and we just wanted to
2 be informed and kept posted.

3 CHAIRPERSON CORY: You will keep them posted of
4 all of the hearings and also on the EIR and EIS?

5 EXECUTIVE OFFICER NORTHROP: We will add them
6 as a part of the program.

7 MS. GLEBE: Thank you.

8 EXECUTIVE OFFICER NORTHROP: We normally do that
9 with property owners.

10 MS. MORGAN: Is there a specific problem that
11 you have had?

12 MS. GLEBE: No. The only problem we have had
13 on our property is to keep our gates up. We finally
14 have just bulldozed out the roads, which they will find
15 when they come up. We would just kind of like to have
16 our property protected as they go along, mostly from
17 outside intruders.

18 MS. MORGAN: You just want to be aware of what
19 is happening?

20 MS. GLEBE: Yes. Because we have had a great
21 deal of problem with poachers. Thank you.

22 MR. ACKERMAN: Mrs. Glebe, one other question.
23 Since we are talking about private property and leasing
24 and geothermal rights and all, does the private property
25 owner have any decisionmaking authority as far as -- if

1 we lease mineral rights and all to a private company coming
2 in, do we have to put certain conditions on it as to the
3 private property owner --

4 EXECUTIVE OFFICER NORTHROP: I will defer to
5 counsel on that.

6 MR. ACKERMAN: What relationship exists here?

7 MR. EVERITTS: The surface owner has the right
8 to match the highest bid prior to award.

9 MS. GLEBE: That ten days has not been changed,
10 has it?

11 MR. HIGHT: No.

12 MS. GLEBE: We have been asking for 60.

13 MR. HIGHT: We are in the process of holding
14 new administrative hearings to change that.

15 MS. GLEBE: Because we were wanting the additional
16 time.

17 MR. HIGHT: I'm sorry. That is on the notice.
18 Excuse me. The statute states ten days, and we are stuck
19 with that.

20 MS. GLEBE: Yes, but we were just trying to
21 negotiate for a longer time.

22 EXECUTIVE OFFICER NORTHROP: We will do everything
23 we can to make that time as fruitful as possible.

24 MR. ACKERMAN: Do you currently live on that
25 property?

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95828
TELEPHONE (916) 363-3601

1 MS. GLEBB: No, we do not.

2 MR. ACKERMAN: If someone is in residence on
3 the property, does that change the relationship at all?

4 MR. HIGHT: No.

5 EXECUTIVE OFFICER NORTHROP: No, I don't think so.

6 CHAIRPERSON CORY: Thank you.

7 Anyone else in the audience on Item 21?

8 Any questions from the Commissioners?

9 Without objection, Item 22 (sic.) will be approved
10 as presented.

11 Item 22 is Kaiser Steel Corporation. They are
12 requesting an additional increment in their preferential
13 lease because of a landlocked parcel.

14 EXECUTIVE OFFICER NORTHROP: Right.

15 CHAIRPERSON CORY: We get royalties for what
16 they --

17 EXECUTIVE OFFICER NORTHROP: We get royalties
18 for what they extract; right.

19 CHAIRPERSON CORY: Is there anybody in the audience
20 on this item?

21 FROM THE AUDIENCE: Only in the event there
22 are questions.

23 CHAIRPERSON CORY: Any questions from the
24 Commissioners?

25 Without objection, Item 22 is approved as presented.

1 Item 23 - Martin Trost Association. They want
2 a prospecting permit for two years for Kern County school
3 lands for uranium.

4 Any questions from anyone in the audience?
5 Commissioners?

6 Without objection, Item 23 is approved as presented.

7 Item 24 - Prospecting permit requested by
8 Harold Pierce for feldspathic blow sand.

9 EXECUTIVE OFFICER NORTHROP: That is correct.

10 CHAIRPERSON CORY: Amazing.

11 Anybody in the audience on -- and if I can
12 explain my knowledge, they tell me that is something you
13 use to make glass; right?

14 EXECUTIVE OFFICER NORTHROP: Yes, used in glass
15 production. Yes, sir.

16 CHAIRPERSON CORY: I was afraid I wasn't going
17 to learn anything today.

18 Questions from Commissioners?

19 Without objection, Item 24 will be approved as
20 presented.

21 Item 25 - Duval Corporation is requesting a
22 prospecting permit for geothermal, oil and gas on school
23 lands in San Bernardino County.

24 Anybody in the audience on this item?

25 Questions from Commissioners?

1 MS. MORGAN: No.

2 CHAIRPERSON CORY: Without objection, Item 25
3 is approved as presented.

4 Item 26 --

5 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, now
6 you are really going to learn something, because Mr.
7 Thompson is here, and Ms. Morgan has indicated --

8 MS. MORGAN: Who is Mr. Thompson? Oh, Moose.

9 EXECUTIVE OFFICER NORTHROP: Mr. Thompson is
10 going to present this item to the Commission.

11 (Thereupon a discussion was held off the
12 record.)

13 MR. THOMPSON: Item 26 is merely a closing for
14 the '79-80 planning budget.

15 I am open to questions.

16 (Laughter.)

17 MS. MORGAN: I have no questions.

18 CHAIRPERSON CORY: Any questions from anybody
19 in the audience?

20 Seriously, we have got time.

21 EXECUTIVE OFFICER NORTHROP: Show them what you
22 are carrying out and carrying in.

23 MR. THOMPSON: This is mostly just a closing.
24 Probably the biggest item here, some of the projects that
25 we augmented late in the year, we have to carry out \$20 million.

1 This is merely a procedure to keep projects going because
2 we have commitments in one year. We have long-time
3 delivery problems and construction, so we are carrying
4 \$20 million out which goes into this year's budget.

5 CHAIRPERSON CORY: So what you are saying is
6 that the 20 million that you planned on spending last year,
7 you didn't get it all completed, so --

8 MR. THOMPSON: Right. We have to get authoriza-
9 tions to start with and we get the projects started. And
10 also the field contractor and the unit, of course, have
11 to have commitments to go from year to year. We can't
12 stop at any calendar year and just shut a project down
13 and pay the contractor off and start over again. It has
14 to have continuity through the years. That is the reason
15 for the size of that particular carryout, which is
16 considerable -- \$20 million. But that is for cellars
17 and drilling rigs and various projects that take a long
18 time.

19 MS. MORGAN: My question was how his experiment
20 is going.

21 CHAIRPERSON CORY: The mycellar?

22 MS. MORGAN: The one where we are pouring money
23 into the ground.

24 CHAIRPERSON CORY: We do that in several of the
25 cases.

1 (Laughter.)

2 MR. THOMPSON: Mycellar is not in the Long Beach
3 unit, so it doesn't come under this particular project here.

4 MS. MORGAN: When do I ask you about it then?

5 MR. THOMPSON: I think we have a quarterly report
6 coming up in the next one or two meetings.

7 MS. MORGAN: Okay.

8 Do we have to approve this or is it a report?

9 CHAIRPERSON CORY: We have to approve.

10 Without objection, the report will be approved
11 as presented.

12 27 - Capital improvement project beach
13 renourishment.

14 MR. THOMPSON: This again is a project in which
15 the main finding that the Commission has to make is that
16 the city can spend their particular title money for this
17 particular thing. They have a beach erosion problem there.
18 They are trying to stop it by bringing in some extra sand
19 and coarse materials and fines that they are dredging
20 there. The Commission has to make a finding whether this
21 is allowable under Chapter 138, Sections 6(a) through (f).
22 Specifically, this talks about Section (d) which has to
23 do with the reconstruction, repair and operation, and names
24 lots of things, to include beaches.

25 So the staff recommends that the Commission make

1 a finding that this is covered under Sections 6(d) and (f).

2 CHAIRPERSON CORY: Any questions from Commissioners?
3 Anybody in the audience?

4 Without objection, Item 27, the determination
5 is made as staff has recommended.

6 -- Item 28 -- legal?

7 MR. HIGHT: Yes, Mr. Chairman. Item 28 is an
8 authorization to file a Disclaimer for land the Commission
9 has no interest in.

10 CHAIRPERSON CORY: Any questions from anybody
11 in the audience?

12 Commissioners?

13 MS. MORGAN: No.

14 CHAIRPERSON CORY: Without objection, Item 28,
15 authorization to file a Disclaimer, is approved as
16 requested.

17 Item 29 - This is a Disclaimer on 47.73 acres
18 of land, Ventura County, federal government, Casitas
19 Reservoir.

20 MR. HIGHT: Yes, Mr. Chairman. We do not have
21 any interest there.

22 CHAIRPERSON CORY: Anybody in the audience on
23 this item?

24 Commissioners?

25 Without objection, Item 29, authorization is

1 granted as requested.

2 Item 30 - Bullard versus United States of America,
3 State of California, City of Los Angeles, a boundary line
4 agreement as a result of litigation or settlement.

5 MR. HIGHT: Yes. The settlement is a result of
6 litigation and it will allow the private party to acquire
7 title insurance and do any development that he desires.

8 CHAIRPERSON CORY: No major issues involved in
9 this case?

10 MR. HIGHT: No.

11 CHAIRPERSON CORY: Questions from anybody in the
12 audience?

13 Without objection, Item 30 will be approved as
14 presented.

15 Item 31 - The Executive Officer wants to augment
16 and amend the Peat, Marwick, Mitchell contract for the
17 hotel cases.

18 MR. HIGHT: Right.

19 EXECUTIVE OFFICER NORTHROP: We had hoped at
20 this time, Mr. Chairman, to have some completed documents
21 from the city, executed documents from the city regarding
22 the hotel contract. To date we have not received the
23 executed documents. We are hopeful -- the city has told
24 us on a daily basis they expect them tomorrow. We sometimes
25 wonder if manana hasn't taken over in Long Beach. We would

1 like \$3,500 to augment the contract with Peat, Marwick and
2 Mitchell to allow us to evaluate that information when
3 it arrives, if it does.

4 MR. ACKERMAN: This is for the October 8th
5 meeting?

6 EXECUTIVE OFFICER NORTHROP: Yes. This will
7 be the basis for our recommendation at the October 8th
8 meeting. Without this information, the staff really has
9 serious problems making any recommendation.

10 CHAIRPERSON CORY: Without objection --
11 Anybody from the audience?

12 Item 31 is approved as presented.

13 I just noticed something on here. I thought
14 this person wanted to speak on C-9, but after C-9, he had
15 Item 27.

16 John Habel. You wished to address yourself to
17 the Commission on Item 27?

18 MR. HABEL: No.

19 CHAIRPERSON CORY: Item 32 - Approval of report
20 to State Controller for '80-81 on subventions attributable
21 to revenues received from oil and gas leases.

22 Any questions from the Commissioners?

23 Anybody in the audience have anything about this
24 one?

25 If not, we will approve the report. I'm glad you

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 received it.

2 Item 32 is approved as presented.

3 Item 33 - We have an audit contract for the
4 performance audit of the Long Beach unit.

5 EXECUTIVE OFFICER NORTHROP: Right.

6 Mr. Chairman, Al Maulorico and Harry Schreiman
7 will make a presentation on that. And Bob Faber from the
8 Staff Counsel's Office.

9 Al, could you tell them the role you have played
10 and the role the other two have played.

11 MR. MAULORICO: At the Commission's request, the
12 staff prepared an RFP and sent it out to various C.P.A.
13 firms. Initially, we had made contact with eight of the
14 C.P.A. firms, the so-called Big Eight -- I'm just trying
15 to get this in sequence. From that initial contact, we
16 determined that four were interested in perhaps submitting
17 a proposal. These proposals were submitted on August 15th,
18 and then analyzed by staff. The analysis procedure was
19 effected by an evaluation procedure established within
20 the Commission staff. These were comprised of three
21 separate areas of the division. One is the administrative
22 area, another the legal area and another is the operational
23 area.

24 Two of the members of that evaluation committee
25 are here -- Harry Schreiman and Bob Faber.

1 From the deliberations, they selected Haskins
2 and Sells to conduct the proposed audit.

3 Harry, would you like to fill in, please.

4 MR. SCHREIMAN: The committee felt that Haskins
5 and Sells had a good team and a good plan. Therefore, we
6 suggested to the Commission that they select Haskins and
7 Sells, even though it was an extremely close point count.

8 CHAIRPERSON CORY: In terms of your point count,
9 you say they had a good team and a good plan. You had a
10 certain number of points you allocated for various increments
11 -- price, plan, personnel, experience, I guess, in the team.

12 MR. SCHREIMAN: Yes.

13 CHAIRPERSON CORY: Can you just give us a brief
14 explanation of how the subjective values got translated to
15 actual numbers, because the two top seemed relatively
16 close. What is the difference between 36 and 40? I mean,
17 that's a perfect 40. Some accountants have been looking
18 for a perfect 40 for years.

19 (Laughter.)

20 MR. SCHREIMAN: The 40 points was on the team.
21 The committee decided that the team would have the greatest
22 evaluation. We reviewed the teams on the four C.P.A.
23 firms that submitted their proposals, and the committee
24 determined which was the best team, and the best team got
25 the 40. From that point on, we dropped, I think, in four

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 point intervals. The second best team got 36 --

2 CHAIRPERSON CORY: As you went through the
3 evaluation, in each category, the best had to get the
4 highest ranking?

5 MR. SCHREIMAN: Yes. And if there were two best,
6 we gave the highest ranking to both.

7 On the 40 point score, we dropped four points
8 for the second and four points more for the third and
9 four points more for the fourth. So the high was 40, and
10 I believe the low was 28. So if we felt two teams were
11 equal, we would probably have given them both the maximum
12 score.

13 MR. ACKERMAN: In the program side, where was
14 the split? A six point drop?

15 MR. SCHREIMAN: What do you mean in the program
16 side?

17 MR. ACKERMAN: The project proposal itself. How
18 were the points dropped there?

19 MR. SCHREIMAN: I think the plan was 20. On the
20 20 points that we allowed for the plan, we then dropped
21 the best to 20, the next best to 18 and the next to 16
22 and the last got 14.

23 The cost calculation, the lowest price got 25?

24 MR. FABER: Yes.

25 MR. SCHREIMAN: Then 25 became the 100 percent

PETERS SHORTHAND REPORTING CORPORATION

1700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95828
TELEPHONE (916) 383-3801

1 figure and a dollar less then got a fraction less than the
2 25 percent.

3 CHAIRPERSON CORY: Was the committee recommendation
4 unanimous?

5 MR. SCHREIMAN: It was extremely close between
6 the two top firms.

7 CHAIRPERSON CORY: But was it unanimous that
8 Haskins and Sells was the recommendation for all members
9 of the committee or was it a split vote within the committee?

10 MR. SCHREIMAN: The committee as a group decided
11 that it would be Haskins and Sells. It was unanimous at
12 the end. The initial vote was not. We split, and then
13 we discussed it further and then came up with a unanimous
14 vote.

15 MR. ACKERMAN: I guess here when you are dealing
16 with the Big Eight firms and then probably the cream of
17 the crop of the Big Eight, it would be close.

18 MR. SCHREIMAN: Yes. It was extremely close
19 between two. The third one, which we would also recommend,
20 was not as close as the top two, and the fourth one we would
21 not recommend to the Commission.

22 CHAIRPERSON CORY: For this project?

23 MR. SCHREIMAN: For this project; that is correct.

24 MR. ACKERMAN: I guess my only concern is one we
25 talked about briefly yesterday. Maybe it's ironic, but in

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 one case here you have got a firm coming in second who
2 seemingly has the best experience and the best staff,
3 but not necessarily the best program. And the team that
4 was selected didn't come out on top with the best staff
5 or the best experience, but they came through with the
6 best plan. I'm assuming that it is a subjective decision,
7 based upon your evaluation team, that it is more important
8 probably to weight the plan, dealing with companies, again,
9 that are the cream of the crop anyway.

10 MR. SCHREIMAN: No, we actually gave more weight
11 not to the plan, but we gave more weight to the team. We
12 gave twice the weight to the team as we did to the plan,
13 because we felt the team was essential. The plan could
14 be altered by the Commission.

15 MR. ACKERMAN: You gave more weight to the team,
16 but the one that had the best team didn't get the audit
17 contract.

18 MR. SCHREIMAN: Right, in the staff's opinion.
19 There was a split vote on that.

20 CHAIRPERSON CORY: The thing was decided, I would
21 guess, inadvertently when they went to the arithmetic
22 mechanism of a maximum -- you know, a 40 point must, a 20
23 point must -- either fighting a five to ten point must,
24 you have got a different fight than --

25 MR. SCHREIMAN: The firm that had the best team

1 had the lowest score on the plan. That's why they didn't
2 make it.

3 EXECUTIVE OFFICER NONIROP: And a slightly
4 higher price.

5 MR. SCHREIMAN: Slightly, but the price had
6 something like a three-quarter point difference. Actually,
7 as you complete things out, they lost because they were
8 off on the price.

9 CHAIRPERSON CORY: Anybody in the audience on
10 this item?

11 Commissioners?

12 FROM THE AUDIENCE: Only if there are questions.

13 MR. ACKERMAN: I don't have any further questions.

14 CHAIRPERSON CORY: Are you prepared to go to a
15 decision?

16 MS. MORGAN: Yes.

17 MR. ACKERMAN: I will so move the item.

18 CHAIRPERSON CORY: Without objection, it will be
19 approval of the staff recommendation, Haskins and Sells.

20 (Thereupon there was a discussion held
21 off the record.)

22 CHAIRPERSON CORY: We will acknowledge that I
23 made an error in stating that we had approved Item 22
24 instead of Item 21. So the record, apparently, to this
25 point would have stated that we approved Item 22 twice.

PEYERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 Item C-9 is a request for the City of Oceanside
2 for a dredging permit for 700,000 cubic yards of sand.
3 We have some people who wish to speak to it.

4 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, may
5 I give some background on it, please.

6 Last evening, I received a call from David
7 Nuckles who alleges to be the registered lobbyist for
8 the Western Surfers' Association. He was in Chicago and
9 claimed that his wife had read the newspaper account in
10 the local paper that we were considering this process this
11 morning. Mr. Nuckles alleges that the City of Oceanside
12 had done two things, among others. First, he claims that
13 he was excluded from the process. Secondly, he claims
14 the sand that is to be dredged and located on the beach
15 is contaminated from various upstream sources. He asked
16 that the agenda item be put over.

17 At that time, I called the City of Oceanside and
18 indicated that the Commission in the past had looked
19 favorably on such requests where it was not possible for
20 one of the concerned parties to make a statement to the
21 Commission -- that they had in the past put such items over.
22 If it did not create any hardship on the City, that I
23 would recommend at least to the Commission that this happen,
24 that we put it over.

25 I talked to the attorney for it, Ms. Kathy Stone,

1 who was attorney for the City of Oceanside.

2 In addition to that, this morning, Mr. Chairman
3 and members, I have had communications from Mr. Revelett
4 who is the City Attorney, Mayor Bagley from Oceanside,
5 Assemblyman Frazee, Senator Burgenson's office. Also, I
6 have had communication from Mr. Peter Brand of the
7 Coastal Conservancy urging that the matter be considered
8 today. The Coastal Conservancy has pushed through a
9 funding bill as an urgency measure. He states that it is
10 urgent that the project proceed as scheduled in tandem
11 with the Corps of Engineers' projects before the winter
12 storms come.

13 Mr. Brand also advises that this matter is on
14 the Coastal Commission's Consent Calendar as a non-
15 substantive issue with appeal of the Regional Commission.
16

17 So, Mr. Chairman, that is the background I have
18 on this project.

19 CHAIRPERSON CORY: Any questions from Commissioners?

20 MR. ACKERMAN: I have one.

21 Mr. Northrop, has Mr. Nuckles made a formal appeal
22 on the decision of the Regional Coastal Commission?

23 EXECUTIVE OFFICER NORTHROP: I believe he has.
24 I think Oceanside can address that. I believe that is how
25 it got to the local commission. It was on Mr. Nuckles'
motion and then it moved to the State Commission.

1 CHAIRPERSON CORY: Do legal ethics allow you to
2 represent people before us?

3 (Laughter.)

4 MS. STONE: I checked with the Attorney General's
5 Office. I was hesitant to do it, but it turns out that
6 the City Council is meeting today and they couldn't send
7 anyone themselves. So Mr. Habel from Boating and Waterways
8 and I are here.

9 I'm Katherine Stone from the law offices of
10 Burke, Williams & Sorensen.

11 Mr. Nuckles submitted a letter to the Regional
12 Commission at the time of the hearing there. He did not
13 appear at the hearing. He subsequently appealed the
14 matter to the State Commission. The State Commission will
15 be considering that next Wednesday in San Francisco on
16 the question of whether there is a substantial issue, and
17 if there is, they will hear the entire appeal.

18 The staff recommendation is that there is no
19 substantial issue. The City has offered to fly Mr. Nuckles
20 to San Francisco to that hearing if he wishes to go to it.
21 He has indicated he doesn't want to go.

22 CHAIRPERSON CORY: What did he say in the letter?

23 MS. STONE: The issues he raises in the Coastal
24 Commission appeal are widespread -- a shotgun approach.
25 We have addressed them specifically, and we have provided

1 your staff -- or the City has addressed specifically those
2 issues. The issues that mostly have to do with surfing
3 is that during the time the dredging is occurring, there
4 will be some disturbance in the area, naturally. We
5 believe it will be minimal, but it is inevitable. The
6 City believes, after extensive work with many agencies on
7 the balance, restoring two and a half acres of beach down
8 coast and protecting public roads, parking lots, rest rooms
9 and so forth, it is worth it to disturb the surfing interest
10 for a little while.

11 MR. ACKERMAN: Just one more question. In order
12 for this project to go ahead, doesn't it have to have the
13 approval of the Coastal Commission and the Lands Commission?

14 MS. STONE: And the Corps of Engineers and
15 Boating and Waterways and the Coastal Conservancy.

16 MR. ACKERMAN: So all have to be in line for the
17 project to --

18 MS. STONE: Yes.

19 MR. ACKERMAN: So if anyone does not approve it,
20 that nixes the project?

21 MS. STONE: That is correct.

22 MR. ACKERMAN: What if we were to go ahead and
23 approve this item today, pending his appeal before the
24 Coastal Commission. If that appeal is successful, then it
25 really doesn't matter what we do today. But I don't want

1 to be in the position where, if the appeal doesn't go
2 through, we hold up the timing of the project. Winter
3 is beginning to onset us and everything else. What if
4 we went ahead and approved it today, would this cause any
5 problems? If his appeal was successful before the Coastal
6 Commission, that would really negate our action anyway.

7 EXECUTIVE OFFICER NORTHROP: Subject to the
8 appeal or just --

9 MR. ACKERMAN: Does it make any difference which
10 way our action went? If we just went ahead and approved
11 it, and the Coastal Commission granted his appeal, wouldn't
12 that negate our action anyway?

13 MS. STONE: That would kill the project, yes.
14 That is correct.

15 It's perfectly acceptable to the City. It
16 doesn't really make any difference.

17 MR. ACKERMAN: Would our approval of this item
18 today have any influence on the Coastal Commission
19 considering the appeal?

20 EXECUTIVE OFFICER NORTHROP: Certainly it would
21 be in the package. And Mr. Nuckles made that point, it
22 would allow them that much argument.

23 CHAIRPERSON CORY: To put that in the most
24 neutral position possible, why don't we make it subject
25 to the approval of the Coastal Commission and grant approval.

1 MS. STONE: That would be fine. That would
2 take care of any concerns --

3 CHAIRPERSON CORY: Anybody else in the audience
4 on this item?

5 Further questions of the Commissioners?

6 Without objection, Item C-9 is approved with
7 that amendment.

8 Any other business to come before the Commission?
9 If not, we stand adjourned.

10 (Thereupon the State Lands Commission
11 Meeting adjourned at 10:55 a.m.)

12 ---oOo---

13

14

15

16

17

18

19

20

21

22

23

24

25

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

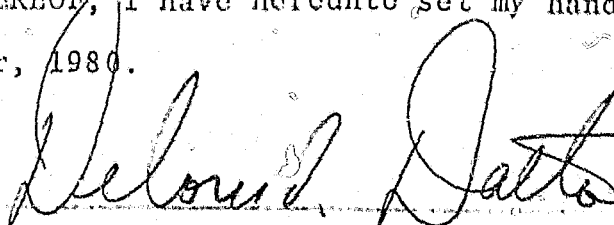
CERTIFICATE OF SHORTHAND REPORTER

1
2
3 I, DELORES I. DALTON, a Certified Shorthand
4 Reporter of the State of California, do hereby certify:

5 That I am a disinterested person herein; that
6 the foregoing State Lands Commission Meeting was reported
7 in shorthand by me, DELORES I. DALTON, and thereafter
8 transcribed into typewriting.

9 I further certify that I am not of counsel
10 or attorney for any of the parties to said hearing, nor
11 in any way interested in the outcome of said hearing.

12 IN WITNESS WHEREOF, I have hereunto set my hand
13 this 23rd day of October, 1980.

14
15 

16 DELORES I. DALTON
17 Certified Shorthand Reporter
18 License No. 4691

19
20
21
22
23
24
25
PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE SUITE 212
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601