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MEETING
STATE LANDS COMMISSION

STATE CAPITOL
ROOM 2170
SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, MAY 28, 1981

10:00 A. M.

Nadine J. Parks
Shorthand Reporter

PETERS SHORTHAND REPORTING CORPORATION

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TELEPHONE (916) 383-3601

MEMBERS PRESENT

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- Carl J. D'Agostino, Chairperson
- Susanne Morgan, representing Mary Ann Graves,
Director of Finance, Commissioner
- David Ackerman, representing Mike Curb, Lieutenant
Governor, Commissioner

STAFF PRESENT

- William Northrop, Executive Officer
- James F. Trout, Assistant Executive Officer
- R. C. Hight, Chief Counsel
- W. M. Thompson
- Diane Jones, Secretary
- R. S. Golden
- N. Gregory Taylor, Assistant Attorney General
- Gene Shaefer
- D. J. Everitts
- Les Grimes
- Rick Ludlow

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P R O C E E D I N G S

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CHAIRPERSON D'AGOSTINO: We can begin by confirming the minutes of the last meeting.

EXECUTIVE OFFICER NORTHROP: Yes. Before we start, for the record, Mr. Chairman, it's my understanding that you will be acting as Chairman in a nonvoting capacity and the voting members will be Mr. Ackerman and Miss Morgan.

CHAIRPERSON D'AGOSTINO: The minutes of the last meeting, without objection, stand approved. Report of the Executive Officer?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, members, the first item on my report deals with a letter of permission for Pacific Gas and Electric Company.

Pacific Gas and Electric Company has requested permission from the Commission to install a 12 kilovolt powerline across the old bed of the Sacramento River in Butte County to serve an irrigation pump on an island owned and farmed by Mr. Chand. The powerline is needed immediately in order to avoid a potential crop loss in this location, and PG & E requests a letter of permission in order to install this powerline.

The company has applied for a standard right-of-way lease for this facility. The staff requests the Commission's authorization to issue a letter of

1 permission for the installation of this powerline pending
2 the normal processing of the application by PG & E for a
3 formal lease.

4 They have also applied to the U.S. Army Corps
5 of Engineers and the State Reclamation Board for permits.
6 Staff assures me that the Department of Fish & Game and
7 Butte County have no problems with this application.

8 With your permission, we will issue a temporary
9 permit until we can get to the regular one.

10 MS. MORGAN: Fine.

11 MR. ACKERMAN: Yes.

12 EXECUTIVE OFFICER NORTHROP: Thank you.

13 The next item is the Western States Land
14 Commissioners.

15 On May 6th and 7th, the Legislative Committee,
16 of which the Executive Officer is the Chairman of the
17 Western States Land Commissioners, met with Secretary of
18 Interior James Watt, BLM Director Bob Burford, and various
19 congressional representatives. Some of the issues
20 discussed included royalty accounting for FLPMA, the
21 windfall profits tax, bonus bid, and one-eighth royalty
22 and in lieu selections.

23 With regard to the in lieu selections, the
24 Secretary and others felt that the equal mineral value
25 problem, which is the problem that has kept us from
exchanging lands, because it was impossible to determine

1 what the alternate mineral value was or is on a piece of
2 property. It's suggested that on all properties we trade
3 we retain 50 percent mineral interest; the federal
4 government retain 50 percent mineral interest on the lands
5 so that the lands we received will be held at fifty and
6 the ones we gave up we hold the fifty.

7 And under the lands acquired by the feds,
8 FLPMA, the Federal Leasing Policy Management Act, we are
9 entitled to half of the revenue. So, in effect, we would
10 not only be entitled to our 50 percent half of revenue,
11 but 25 percent of revenue. And it seemed to be the feeling
12 there that the locals then could proceed -- the States then
13 could proceed with the leasing.

14 In addition, we were encouraged by the fact
15 that Director Burford indicated that he firmly believes in
16 the blockup concept of federal and state lands, which we
17 have brought before this Commission for the last six or
18 seven years and have done several reports on. They now
19 agree that may be the better way to go.

20 MS. MORGAN: What do you call it?

21 EXECUTIVE OFFICER NORTHROP: Blocking up.
22 In other words, taking the scattered parcels we have and
23 blocking them into a usable piece. And then we can do
24 forestry or some other things with it.

25 MS. MORGAN: I hadn't heard the term before.

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1 EXECUTIVE OFFICER NORTHROP: He also
2 agreed that the 50 percent mineral concept was something
3 that we should progress with.

4 And overall, the consensus from the delegation
5 of the five Western States that attended was very positive.

6 MR. ACKERMAN: Did they indicate that BLM
7 has made any changes in their budget to provide adequate
8 staff to do the survey work?

9 EXECUTIVE OFFICER NORTHROP: No. There was
10 no indication that they had made any budgetary changes.
11 There was an indication that they had reduced some staff
12 and that money may well be directed to this program. But
13 there was no commitment on budgets in that area.

14 But we are following the BLM budget and plan,
15 at the proper time, to encourage Congress to keep enough
16 adequate funds in the budget to handle this program. These
17 programs were discussed.

18 MR. ACKERMAN: Okay.

19 EXECUTIVE OFFICER NORTHROP: Yesterday --
20 Tuesday, when I was in Washington, I met with the staff
21 of the California congressional delegation on the windfall
22 profits tax legislation strategy. We discussed largely the
23 tax legislation and the timing. The congressional staff
24 felt -- particularly the staff of the Senate side -- felt
25 the opportune time to press the resolution would be as soon

1 as the current budget and tax cut problems have been
2 resolved. And they felt this would be the next order of
3 business to direct their -- as a natural followup to the
4 tax program -- would be to correct the windfall profits tax
5 that is the problem we have been suffering with.

6 And I also had some discussions with the
7 Department of Energy and our Washington counsel on the
8 notice of probable violation on property definitions for
9 the Long Beach Unit. I've been advised, as I have been on
10 two other occasions, that it is under study by the
11 decision-making authority and the resolution should be
12 forthcoming. The amount involved here is just short of a
13 million dollars.

14 Mr. Chairman, members, that completes my
15 report.

16 CHAIRPERSON D'AGOSTINO: Thank you.
17 Staff report on the Coastal Commission?

18 MR. GOLDEN: Mr. Chairman, members of the
19 Commission, there are several brief items to report this
20 morning.

21 Under the State Coastal Commission, the
22 Commission approved the joint risk management plans for the
23 Ports of Los Angeles and Long Beach on May 19th. The
24 development of the risk management plans for hazardous
25 substances was undertaken in response to the development

1 of the port master plans under the Coastal Act. This
2 cooperative planning undertaken by these competing ports
3 was a milestone and should provide greater safety to
4 adjacent homeowners, port workers, and the environment.

5 And then under the San Francisco Bay
6 Conservation & Development Commission, the Bay Commission
7 reviewed and discussed our Land Bank Bill, AB 1418, and
8 with some minimal amendments have approved a support
9 position by a vote of 16 to 3.

10 That completes my report, Mr. Chairman.

11 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, on
12 Item C-17, would you kindly take that -- remove that from
13 the calendar? And would you kindly take C-18 and move it
14 from consent to the regular calendar. I am informed there
15 is an appearance on Item C-18, so that would be the first
16 one you would want to consider after the consent calendar.

17 CHAIRPERSON D'AGOSTINO: With those changes,
18 without objection, the consent calendar will be deemed
19 approved. And the regular calendar, shall we take Item C-18
20 first?

21 EXECUTIVE OFFICER NORTHROP: Yes, sir. Mr.
22 Les Grimes from our staff will give you a rundown on Item
23 C-18.

24 MR. GRIMES: Mr. Chairman and Commissioners,
25 I've just been informed that Mr. McCabe is in the audience

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1 and wants to talk about the Item C-18, which is a
2 small marina down in the Mokelumne River down by Andrus
3 Island.

4 Mr. McCabe has been in to see the staff about
5 this. The rental is based on an appraisal. And Mr. McCabe
6 and the staff have not been able to come to an agreement.
7 We're talking about a prime -- probably the prime area in
8 the Delta for marina use. And we're talking about \$100
9 a month for six-tenths of an acre, which is about \$25,000
10 in market value, on which the rent is based, which doesn't
11 seem out of line to me nor has it seemed out of line to
12 the staff.

13 Perhaps Mr. McCabe has something else that
14 he'd like to bring up and we could respond after knowing
15 what his problem is.

16 CHAIRPERSON D'AGOSTINO: Is Mr. McCabe in
17 the audience?

18 Mr. McCabe, would you care to come forward.

19 MR. MC CABE: Yes, sir. I don't want to take
20 up too much of your time, because I can see this is a much
21 more important meeting --

22 EXECUTIVE OFFICER NORTHROP: Would you please
23 give your name for the record.

24 MR. MC CABE: Oh. My name is Harold McCabe.
25 I own and operate Rancho Marina with my wife and three

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1 children.

2 I've been there 15 years and this man is
3 telling me that's prime property. It's never been prime
4 property because it faces the river and there's wave
5 damage continuously on it. And we can never get any boats
6 to stay there or anything like that.

7 It is adjacent to a small mobile park we have
8 for the convenience of people to go up there and fish. We've
9 been before them and asked them to look at this a little
10 closer, because before we was \$432 -- \$432 a year, which
11 sounds very reasonable to everybody, but not to us. They
12 want to jack it up all the way to 1500 in a five-year period.
13 And that's inflation -- you can take inflation at 10 percent
14 a year, that only comes up to about \$700.

15 They say they appraised the area and we're
16 in the prime area. We're not. Because there's many in
17 that area that are worth a lot of money and they're judging
18 us by the other million dollar operation. They've got our
19 value appraised at \$33,000, whereas the county only
20 appraises us at about \$8,000 at the most.

21 I just feel it's very unfair to have to pay
22 these kind of prices. If I'm successful, I'd be more than
23 glad to pay the amount of money. But in the 15 years I've
24 been there, I've never seen any great amount of money. I
25 make less than \$10,000 a year off of this thing. And if I

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1 end up paying \$1200 a year just to the State, I think it's
2 a little unfair.

3 I went before them before. I went up there
4 to see if we could reason something out. And finally I
5 found out that they were charging me for almost six-tenths
6 of an acre. And I said, "Go look at your records and look
7 at this again." And I got it down to .47 acres.

8 You know, so they dropped it from 1520 down
9 to 1240. I think there's still too much acres in there,
10 because, you know, I have shown them pictures. They've
11 seen the condition of the marina.

12 CHAIRPERSON D'AGOSTINO: Mr. Grimes.

13 MR. GRIMES: If there is an argument over the
14 area, certainly that is something we should look at. If
15 you only have three or four boats in there as an
16 accommodation for your trailer park or something, perhaps
17 you could find a way to cut the area down significantly.

18 I understood one of the reasons -- apparently
19 you're rebuilding the marina somewhat at this time?

20 MR. MC CABE: Yes, I am.

21 MR. GRIMES: And you're looking towards a
22 sale.

23 MR. MC CABE: Pardon me?

24 MR. GRIMES: The staff indicated that you
25 were looking towards an ultimate sale of the property and

1 if somebody comes in there and sees a half-acre of stuff
2 under lease for a nominal value, that could just push our
3 problems down the road. But if you do have an area problem,
4 we'd be glad to talk to you about that or if you want to
5 cut back on your area, we can certainly cut back.

6 MR. MC CABE: There must have been a
7 misconception. I don't have any plans to sell. I never
8 have. I've been there 15 years. I was going under this
9 assumption that in our area there's been about four other
10 resorts that have sold -- in the 15 years I've been there
11 there have been about four or five of them that have sold
12 four or five times.

13 It's a very speculative area for land values.
14 So, one person comes in and hangs in there, and he finds
15 out he can't make a living or he makes improvements and he
16 turns around and sells to somebody else. So, me and my
17 wife just continue on. You know, we don't have no plans to
18 sell.

19 CHAIRPERSON D'AGOSTINO: Are the leases
20 transferable on sale or do they have to be renewed?

21 MR. GRIMES: The leases have to -- they have to
22 come back to the Commission for approval. But usually the
23 rent clauses are not negotiated at that time.

24 MS. MORGAN: When is the lease up?

25 MR. GRIMES: This is just a rent review. The

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1 lease continues for 15 years from July 8, 1976, to '91.

2 MS. MORGAN: This gentleman has been there
3 for 15 years. Has he had a lease with us for 15 years?

4 MR. MC CABE: Yes, ma'am.

5 MR. GRIMES: Yes.

6 MS. MORGAN: And the basis for the price in
7 prior years has been what?

8 MR. GRIMES: It's changed over the years. The
9 regulations changed from six percent of market value to
10 eight percent. Of course, the market value has gone up,
11 as has all market values.

12 This is in the area, I believe, that suffered
13 some damage from the levee break down at Andrus Island.

14 MR. MC CABE: It was inundated.

15 MR. GRIMES: And we do have a number of leases
16 coming up for rent review. Some of them are being hung up
17 because of the problems associated with that levee break.

18 MS. MORGAN: Okay. That prior lease was based
19 on six percent or eight percent of market value?

20 MR. GRIMES: It would have been six percent,
21 I believe.

22 MS. MORGAN: So, we're not only increasing
23 the rate, but we're increasing the basis -- we're increasing
24 the rent based on inflation and we're also increasing it
25 based on our policy change from six percent to eight percent?

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1 MR. GRIMES: That's true.

2 MS. MORGAN: I see.

3 MR. GRIMES: Both changes are probably a
4 reflection of inflation.

5 MS. MORGAN: Have you seen the appraisal?
6 He mentioned there was a different appraisal from the
7 county.

8 MR. GRIMES: Well, he mentioned that the rent
9 was 1500 and if you work backwards on that, you would get
10 thirty-three grand an acre, I suppose. But I used the
11 actual rent working backwards, and I get 26,000 an acre.

12 MR. MC CABE: They come up with these in the
13 office and -- go ahead. I'm sorry.

14 EXECUTIVE OFFICER NORTHROP: The difference
15 between us and the county is that the county is, of course,
16 working under Prop 9, which holds the value of some time ago.
17 We're operating under a current market value on
18 reappraising.

19 CHAIRPERSON D'AGOSTINO: Is there some
20 question on the amount of acreage? Our report shows
21 .584 acres.

22 MR. MC CABE: That was corrected to .470
23 acres by the staff.

24 CHAIRPERSON D'AGOSTINO: That's .470?

25 MR. MC CABE: Uh-huh.

1 MR. GRIMES: That isn't indicated in the
2 calendar item. And I can't say that the staff has made
3 that correction or not. I would assume that the .584
4 is what the rent was calculated on.

5 CHAIRPERSON D'AGOSTINO: Are you still
6 operating on the assumption that it's a .584 acre
7 parcel?

8 MR. GRIMES: Yes, sir.

9 CHAIRPERSON D'AGOSTINO: If Mr. McCabe is
10 correct, that would have -- that would be about 20 percent.

11 MR. MC CABE: When he said 26,000 -- I got
12 this information from their staff. If they go by .470
13 times 33,000 an acre -- that's what they said the values
14 of the marinas in the area were.

15 CHAIRPERSON D'AGOSTINO: Les, if you come to
16 an agreement on the acreage, would that reduce the proposed
17 annual rental charge?

18 MR. GRIMES: If the acreage went down, it
19 would. It's the function of value, acres, and rate.

20 MR. ACKERMAN: So the \$1240 is based upon
21 .58 acres?

22 MR. GRIMES: Yes. .584 acres. About six-
23 tenths.

24 CHAIRPERSON D'AGOSTINO: Mr. McCabe, if
25 you're correct that the acreage is .470, that would be

1 about a 20 percent change downward.

2 MR. MC CABE: Uh-huh.

3 CHAIRPERSON D'AGOSTINO: I guess it would
4 be roughly about a thousand dollars a year.

5 MR. ACKERMAN: Les, are there other marinas
6 along the area, roughly in the same geographical area?

7 MR. GRIMES: Yes. It's a whole string of
8 marinas along there. Where Mr. McCabe is at are smaller
9 type marinas, but they're right in the immediate vicinity
10 Court's, Moore's, and Willowbern, and that sort of thing.

11 MR. ACKERMAN: What basis do you use for
12 rental of the other adjacent marinas?

13 MR. GRIMES: The small ones we use eight
14 percent of appraised value. The larger ones we use
15 a percentage of gross income generated.

16 MR. ACKERMAN: So, for similar types of
17 marinas to Mr. McCabe's, you use the eight percent of
18 appraised value?

19 MR. GRIMES: Yes, sir.

20 MR. MC CABE: Sir, may I reiterate again
21 he's indicating a marina that's a \$5 million operation
22 and right down the road is -- a thousand feet down the
23 road is a million and a half operation -- Lighthouse. And
24 there are several very rich ones in the area. But I
25 indicate once again, I'm on open river. I do not have a

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1 berm in front of me to protect.

2 The other places can put up covered sheds.
3 They have complete boat protection. They have no wakes,
4 no damage from the elements or by large boats. I am
5 sitting out in the opening. I'm only open eight months of
6 the year. Four months I have to shut down because of the
7 elements.

8 I am subjected to daily breakup of my docks
9 by cruisers. I don't have the protection. What's why I
10 say I'm unique in that he's judging by the other marinas
11 in the area. They have berms behind -- rock things --
12 and everything. They're protected. I'm not. I think
13 I'm a unique --

14 MR. ACKERMAN: Is that fact reflected in
15 the assessed value of your parcel?

16 MR. MC CABE: No, sir. I don't think so.

17 MR. ACKERMAN: Les?

18 MR. GRIMES: I haven't seen the actual
19 appraisal on this. If Mr. McCabe would like and if the
20 Commission please, I'd be glad to go back and look at the
21 appraisal and make an appointment next week to talk --

22 CHAIRPERSON D'AGOSTINO: I think it would be
23 a good idea for you to do that. And also try and resolve
24 the question of the acreage.

25 MR. GRIMES: Yes, sir.

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1 MS. MORGAN: Is it possible for us to move
2 so he doesn't have to come back? Mr. McCabe, it's a big
3 jump, I know, going from 400-some dollars to a thousand,
4 but the review period is what? Every four years, five
5 years? So, basically, you've had a good deal for the last
6 four years. It probably was a valid rent during the first
7 year that you had it. And for four out of the five years
8 it's been lower than it should have been. The trouble is
9 that we held off making the increase until now.

10 But if there is a problem in the appraisal,
11 number one, or a problem in the acreage, those should be
12 adjusted. I, for one, think that the rental rate should be
13 based on the proper acreage on a market value appraisal
14 at an eight percent rate.

15 Now, is it possible to do that and do something
16 that seems reasonable?

17 MR. ACKERMAN: There might be another
18 alternative. If you are shut down four months out of the
19 year, or whatever, you may want to go for a gross profits
20 lease that more accurately reflects the type of business
21 that you do in your marina.

22 MR. MC CABE: Yes. I suggested that. But
23 what I've been trying to tell you is that there is no
24 profit.

25 MS. MORGAN: I don't think it's worth it to us

1 to have to do that. It would cost us more to audit than
2 to --

3 MR. ACKERMAN: If you've got unique
4 circumstances, I really think those should be taken into
5 account in the provisions of the rental agreement.

6 MS. MORGAN: I mean, the fact that he's shut
7 down would affect the appraised value also.

8 MR. GRIMES: Well, the appraisal -- if the
9 comparable sales are appropriate, it would reflect whatever
10 conditions exist there, including the four-month closedown
11 and other disabilities of the property.

12 To go on to a percentage of the profits, or
13 gross, or something when there is no gross or profits,
14 might be also misleading the guy down the road who --

15 MS. MORGAN: Well, I just think it's time
16 for the rate to go up. But it should be based on things
17 that you agree with that are reasonable.

18 (Okay. You will bring it back?)

19 MR. GRIMES: Yes.

20 MR. ACKERMAN: That's the only way to do it
21 is to bring it back.

22 MR. GRIMES: Yes, sir.

23 MR. NORTHROP: We'll bring it back. And if
24 there's any problem -- if we reach agreement, we'll put it
25 back on the consent calendar.

1 CHAIRPERSON D'AGOSTINO: Mr. McCabe?

2 MR. MC CABE: Yes, sir.

3 CHAIRPERSON D'AGOSTINO: Are you aware of
4 what we're going to do? Mr. Grimes is going to look at the
5 appraisal and at the acreage. If you reach agreement, it
6 will go back on the consent calendar.

7 If you don't have agreement, you will have an
8 opportunity to come back and argue the case before the
9 Commission.

10 MR. MC CABE: I'm sure we can work this out
11 some way.

12 MR. ACKERMAN: I would encourage you to explain
13 any unique circumstances to Mr. Grimes.

14 MR. MC CABE: Yes.

15 MR. ACKERMAN: Try to convince him to adjust
16 the appraisal.

17 MR. MC CABE: If I can talk to Mr. Grimes, I
18 can.

19 Thank you very much.

20 MS. MORGAN: Thank you.

21 CHAIRPERSON D'AGOSTINO: The next calendar
22 item is Item 23.

23 EXECUTIVE OFFICER NORTHROP: Item 23 is a
24 result of a task force and some legislation and we have
25 before us a contract. We're putting before the Commission

1 today a contract with Westec Services for experimenting --
2 testing for the dust storm abatement.

3 Don Everitts from our staff has been a member
4 of Westec -- of the Owens Dry Lake study group, and you
5 have before you letters from other members of the study
6 group indicating that they are in support of this proposal
7 before us for Westec Services, Inc.'s contract.

8 Mr. Everitts may care to go into a little more
9 detail with the scope of the contract and what's involved.

10 MR. EVERITTS: Well, this thing started back
11 in 1979 when Mr. Fryxell of the Great Basin Unified
12 Air Pollution Control District wrote a letter to the
13 Commission stating there were problems with fugitive
14 dust emissions on the lake and since we were the surface
15 owners, that it was our legal responsibility to solve the
16 problem.

17 A task force was set up. And over a year's
18 time a number of meetings were held and many proposals
19 were developed, including just leaving it as was, which
20 wasn't acceptable.

21 Eventually we got some legislation. Senator
22 Stiern and Wyman sponsored the legislation and got us
23 \$250,000 -- got the task force \$250,000 to do some
24 experimental work. And the bill specifically stated that
25 we have to match official soil types and geomorphic patterns

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1 on the lake, establish test plots, and conduct field
2 demonstration studies. And we have to take soil and water
3 samples.

4 We've put together a request for proposals.
5 We got a number of proposals. A special group of the
6 task force was set up: Mr. Fryxell from the Great Basin
7 Air Pollution Control District, Mr. Kuebler from the
8 Los Angeles Department of Water and Power, and a member
9 of our staff. And with the assistance of some of the
10 members of the group, analyzed and determined that Westec
11 was the only or was the best proposal that we had.

12 Now, they had proposed a number of items that
13 we didn't have the money for. So obviously, we had to
14 knock out some items. But, in our opinion, there's a good
15 proposal. Again, as Mr. Northrop has stated, the task force
16 has backed us up and said that's it.

17 EXECUTIVE OFFICER NORTHROP: Who are the
18 members of the task force?

19 MR. EVERITTS: The members of the task force
20 that are here -- Mr. Fryxell is here, Dr. Pierre St. Amand
21 from the Naval Weapons Station is here. I believe
22 Mr. Kuebler was going to be here. He hasn't shown up as yet.
23 And they're prepared to answer any particular questions you
24 have on this matter.

25 CHAIRPERSON D'AGOSTINO: We also have a

1 Mr. Angelillo who is here to testify on this matter.

2 Mr. Angelillo?

3 MR. ANGELILLO: Gentlemen, my name is
4 Peter Angelillo. I represent SRA/EIP, bidders on this
5 project. If I may read from my prepared statement?

6 I believe that this contract should be denied to
7 Westec on the following basis: Both the request for
8 proposal -- the RFP -- and the contract violate both the
9 intent and spirit of the Stiern's Senate Bill 1591.

10 Westec was a nonresponsive bidder because
11 their initial bid before private conferences with the
12 State Lands staff was in excess of the amount of \$250,000
13 allocated by the Senate Bill No. 1591.

14 The sealed bids were altered and changed.
15 Evidence suggests that the apparent unseemly approach among
16 State Lands Commission staff, Westec, and Lake
17 Minerals has totally nullified the purpose of the project.

18 We believe that SRA and EPI was the only
19 totally responsive bidder under the section that stated
20 ". . .at the discretion of the offerer, other test sites
21 are solicited." This was reinforced in a meeting with
22 Mr. Shaefer and Mr. Willard of the State Lands Commission
23 staff in the Long Beach office. This SRA and EPI proposed
24 to perform to obtain significant information that could
25 lead to an economically feasible program with a reasonable

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1 chance of success to mitigate the fugitive dust problem
2 of Owens Dry Lake.

3 The RFP was ill-conceived and misleading,
4 and failed completely to implement the legislation --
5 the legislative purpose of Bill -- Senate Bill 1591.

6 To be specific, under Vegetation Section,
7 SCL (sic), 1001-80, Section III, Soils: The soil and
8 water samples taken by the Department of Water and Power
9 all contained higher parts per million of boron and other
10 alkalines than the U. S. Salinity Laboratory, Department
11 of Agriculture, Riverside, California believes suitable for
12 the possible propagation of almost any known species.

13 The expending of funds on a three-acre plot
14 before microplot or greenhouse tests and laboratory
15 toxicity tests of any vegetation which could have a
16 possibility of germination, given the related soil and
17 water conditions referred to in the Los Angeles Department
18 of Water and Power analyses, is a complete waste of money.

19 The University of California Farm and Home
20 Advisor for the Counties of Inyo and Mono feel that any
21 native vegetation, if it is not growing on the soil of
22 the lake at this time, would be highly unlikely to
23 propagate without extensive soil building and nutrient
24 modifications.

25 The vegetation called out in the RFP, Section VI,

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1 A, I.b., are notable examples for the lack of scientific
2 observation and methodology approach. To quote the
3 California Plant and Soil Conference held January 28,
4 1930 -- January 28 through 30, 1981, Sacramento,
5 California, sponsored by California Chapter of the American
6 Society of Agronomy, in a paper presented by E. V. Maas,
7 entitled "Salinity and Crop Productivity," the following
8 quote is excerpted:

9 "Even if optimal growing
10 conditions were known and attainable
11 for various crops, absolute
12 tolerances could not be predicted."

13 Before test plots are established, a complete
14 soil nutrient and water profile must be completed.

15 The question is what would a reasonable person
16 do? And the answer is test before expending funds.

17 Nonvegetation Section, SLC 1002-80,
18 Section II, states the scope of work is one-acre crushed
19 dolomite bed cover, a partial snow fence to test wind
20 erosion, one-eighth section test site to leach salts by
21 dikes and ditches.

22 Analyzing this provision in its respective
23 parts: crushed dolomite. Dolomite is water soluble.
24 Which means over a period of time it will increase the
25 crystalline matter ablated.

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1 The dolomite or any rock surface in the
2 daytime collect and hold more heat than the surrounding
3 surface. This would generate a thermal condition during
4 the day, pulling into its rising column ablated material,
5 not only from the one-acre site, but from surrounding areas.
6 This would give greater lifting to the particles and
7 creates more unhealthy conditions.

8 Also, this could generate dust devils and place
9 more material into the atmosphere.

10 This phenomenon is well known and is discussed
11 in the Department of Transportation publication, Aviation
12 Weather, page 113.

13 In fact, they call out a procedure "never
14 approach this type of condition at an altitude of less than
15 500 feet as a minimum."

16 At night this rock cover phenomena would
17 reverse, causing a higher amount of cooling and moisture
18 to accumulate on the surface of the rocks, depositing
19 any mineral content thereon. So that on the following day,
20 it would be in an ideal position to be launched into the
21 atmosphere.

22 This phenomena is well documented by Dr. James
23 G. Edingerger, Professor of Metereology, UCLA publication,
24 Watching for the Wind.

25 The purpose of the project is to try to

1 mitigate the dust problem, not enhance the activity.

2 On the "One-Acre Test Site - Woodchip Bed
3 Cover," the woodchip bed cover is so unrealistic, even if
4 the material were available at a partially economically
5 viable price, I can only fantasize what would happen in
6 a 40 mile per hour wind.

7 This section was one of the areas negotiated
8 out of Westec's bid proposal so that their bid would be
9 within the \$250,000 limitation. This shows that even
10 the State Lands' staff could visualize that the woodchips
11 could become flying missiles or floating objects.
12 Furthermore, the Westec bid should have become invalid,
13 null and void.

14 Snow Fence: The effect sought to be
15 accomplished by the expenditures allotted for hundreds of
16 feet of snow fence to stop ablation of any particulate
17 matter is thoughtless.

18 NOAA's photographic evidence has established
19 the presence of particulate matter at heights above seven
20 to ten thousand feet above the Owens Dry Lake surface.

21 The Leaching of Soils by Means of Dikes and
22 Ditches: The soil characteristics from the laboratory
23 analyses of Los Angeles Department of Water and Power,
24 confirmed by our field analysis, submitted to the bidders
25 by the State Lands as a basis for bidding confirms the fact

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1 that the RFP totally ignored the meaningful results of
2 the Department of Water and Power findings.

3 Two main things must be present to leach
4 soils: A, water with less mineral components than the
5 soil to be leached; and, B, a soil with sufficient
6 permeability and porosity to allow water migration, both
7 laterally and vertically.

8 If, in this case, we had a source of water
9 in the State Lands' proposed site area with less than
10 100 parts per million undissolved salts and a pH in the
11 acid radical, the odds of leaching clays with high mineral
12 salts content are infinite.

13 The waters in the proposed test site area
14 are better suited for deposition than leaching. For, as
15 it is well documented in many books and pamphlets, clays
16 do not leach. Clays swell, blocking all capillary passages.

17 But even more importantly, any standing water
18 on the proposed area could draw more mineral from the
19 soil and launch them with greater energy into the atmosphere
20 through the process of efflorescence and the shallow pan
21 evaporative process.

22 Air Quality/Meteorological Bid - SLC 1003-80,
23 Section II, Paragraph 3: Paragraph 3 states:

24 ". . .specific air monitoring from
25 noncrystalline areas of the lake bed."

1 Let us remember "noncrystalline" and let
2 us go to Section III, Specific Air Monitoring, No. 5,
3 which calls for a particulate sampler.

4 How can a particulate sampler define where
5 any particulate matter originated? It can only tell you
6 what was in the air at that time, but whence it came, never.

7 What part of some 200 square miles was that
8 particle launched? The mathematical odds of this method
9 giving data of any substance are astronomical. To put it
10 into perspective, out of a harvest of wheat from an acre,
11 tell me which plant a specific kernel of wheat came from.

12 This task can only be accomplished with
13 numerous ablation and collection plates at selected and
14 diverse locations.

15 I referred to an apparent unseemly approach
16 at the beginning. Now, let us ask these three questions:

17 Is it not a fact that the State Lands
18 Commission lease at Owens Dry Lake, covering the area being
19 mined and worked by Lake Minerals, permitting Lake Minerals'
20 operations in the leased area, is a source of one of
21 the highest contributors to the fugitive dust problem of
22 Owens Dry Lake? The answer need not be conjecture.

23 The photographic evidence of the facts are
24 available.

25 And why did the air quality request state,

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1 ". . .not to monitor in the crystalline area"? Is this not
2 where Lake Minerals' operation is?

3 If this is a wet operation, in toto, why
4 are there the verifiable evidence of tractors and gang disk
5 plows in use?

6 What is the rationale for Mr. Shaefer's
7 statement that Westec was the most qualified for this
8 civil engineering problem that requires heavy equipment
9 readily available and know how to build roads? Whose
10 equipment? Lake Minerals, maybe?

11 And what roads are required by Senate Bill
12 No. 1591?

13 Does this statement, "Do not monitor the
14 crystalline area," also include the dumpsite south of
15 Keeler? Does it also include a dumpsite -- a toxic waste
16 dumpsite -- as defined by the Health Code?

17 Does it not include a State Lands' site and
18 the LADWP site with no monitoring, a site where the
19 grab samples analysis show 70 to 150 times the allowable
20 amounts of arsenic?

21 Does this site not have some type of
22 arrangement with the trucks which deliver the material and
23 the generator of this toxic material?

24 Does this statement intend to preclude a study
25 of the possibility of large quantities of bluestone and

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1 its efflorescent capabilities?

2 Could it be possible that this is the source
3 of the seven times higher than EPA standard of arsenic
4 in the Keeler water wells?

5 Is it only the private sector that can
6 violate State toxic and hazardous waste laws and be subject
7 to criminal penalties?

8 What liquidous material was dumped at 5:45
9 p.m. on May 21, 1981 at the dumpsite south of Keeler?

10 Why is there such a high incidence of
11 pulmonary disease, blood and tissue cancers in the Owens
12 Lake affected area?

13 Why are the people --

14 MS. MORGAN: Can I interrupt, sir?

15 MR. ANGELILLO: Yes.

16 MS. MORGAN: How much more do you have?

17 MR. ANGELILLO: One page here.

18 MS. MORGAN: All right. Because you're asking
19 us basically technical questions which I assume you have
20 addressed to the staff previously.

21 MR. ANGELILLO: Most of them, yes.

22 MS. MORGAN: And you've received answers for
23 them.

24 MR. ANGELILLO: No, ma'am.

25 MS. MORGAN: Well, why don't you go ahead and

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1 finish and then we'll talk to the staff.

2 MR. ANGELILLO: Why are the people on the
3 Indian reservation in Lone Pine affected by skin rashes?
4 Why are many members of the medical profession asking what
5 the interrelation may be between the crystalline dust and
6 the high incidence of the above-mentioned health disease?

7 We began to work on this project six months
8 ago to obtain a contract. We studied. We made field
9 trips. We found possible vegetation varieties, performed
10 analyses, talked to many knowledgeable people, sampled
11 and tested waters and soils, and installed weather stations
12 for a limited time.

13 At this time, if you asked me what would solve
14 the problem and when could this program proceed, we would
15 be forced to say we don't know. We haven't enough data
16 of the lake area to make a realistic judgment.

17 We only have enough data to ask intelligent
18 and germane questions, and that is the first step on the
19 road to a solution.

20 May I please ask this honorable and
21 distinguished body of jurisdiction to thoughtfully consider
22 the health of the people affected by this project, people
23 within an area of one-sixth of the State of California.
24 To do otherwise is to squander the \$250,000 appropriated
25 specifically to protect the people's health.

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1 Thank you very much for your time.

2 CHAIRPERSON D'AGOSTINO: Thank you.

3 EXECUTIVE OFFICER NORTHROP: Mr. Chairman.

4 MS. MORGAN: Go ahead.

5 EXECUTIVE OFFICER NORTHROP: Several questions
6 have been raised on the legal side. I think counsel would
7 like to address himself to those.

8 MR. HIGHT: Yes. As I was listening to
9 Mr. Angelillo -- he had a number of problems, but I think the
10 first one is the bidding procedures.

11 I think we can clear that up and then we can
12 go to the rest of his problem, which appears to be that he
13 does not agree with the plan that the task force approved.

14 And perhaps I'd ask Rick Ludlow, Staff
15 Counsel, to address the bidding procedures.

16 MR. LUDLOW: Mr. Chairman, members of the
17 Commission, my name is Rick Ludlow. I'm Staff Counsel with
18 the State Lands Commission. And I have been assigned to
19 handle the legal aspects of this project.

20 The procedure used to select a contract, or
21 the request for proposal procedure, which, as you are aware,
22 is quite different from a bid procedure. We sent out
23 three specific requests for proposals covering three
24 separate phases of the problem as we saw it and as it
25 existed -- vegetative, nonvegetative, and air quality --

1 monitoring specifically to check the results of the test
2 plots that we had intended to establish.

3 Two contractors responded to all three of the
4 proposals, or the request for proposals. One was Westec.
5 One was Mr. Angelillo's group, Stinson Research group.

6 In each request for proposal we said, "These
7 are the ideas that we have. We recognize that there are
8 other approaches. We are looking for answers. Please give
9 us your ideas," which is the essence of a request for
10 proposal, asking for ideas and describing the problem.

11 Westec submitted their proposal, which was
12 evaluated by a committee from the task force. And I am
13 informed that this committee felt that Westec's proposal
14 was by far superior to anything else that was submitted
15 from its technical standpoint, the competence and background
16 of the people, their ability to handle this project over a --
17 this is a program of a multi-year period. They were able
18 to supervise it and coordinate the phases.

19 This was the first criteria evaluated -- their
20 ability to do the work, the ideas that they submitted. They
21 did, in fact, go over the amount of money that we have
22 available.

23 Mr. Shaefer of our staff discussed this with
24 Westec, discussed their ideas, discussed the ideas that we
25 had in the RFP, discussed this with the task force, discussed

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1 it with the members of the evaluation committee. He went
2 back to Westec and said, "We would like you to give us a
3 price for these various things which we included in our
4 request for proposal," and one or two of their ideas.

5 Well, they did. And we had the money for
6 that. And on that basis we feel that the contract should
7 be awarded to Westec. This is not a bid situation. This
8 was not negotiated down. We did not ask them to cut their
9 consulting per-hour fee or anything like that.

10 It was more like going into a store or
11 something and selecting the various items that we felt
12 would be appropriate to solve the problems -- the very
13 important problem. The people out there are very anxious
14 for us to get going on it. We have the complete support
15 of the task force, from the counties out there, from
16 Senator Stiern's office. And I have discussed this
17 contract procedure with General Services, with the attorney
18 over there who handles our contracts and reviews them.
19 And he feels that -- well, he hasn't seen the contract
20 yet. But I described to him basically what I described to
21 you and I don't think we'll have any problem there.

22 The procedure was appropriate. And I think
23 I can turn over the technical aspects, if there are no
24 questions, to members of our staff and members of the task
25 force that are here.

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1 CHAIRPERSON D'AGOSTINO: Are any members of
2 the task force here that would like to comment on the
3 proposal?

4 MR. LUDLOW: Would you like to comment, Doctor?

5 DR. ST. AMAND: My name is Pierre St. Amand.
6 I'm employed at the Naval Weapons Center. And I am a member
7 of the task force to look out for the interests of the
8 United States Navy in this particular case.

9 The request for proposal was given very, very
10 considerable thought. All the members of the task force
11 had an opportunity to state their views. A great deal of
12 research had been done previously on the surface of the lake
13 by ourselves and by others.

14 The State Lands Commission took a series of
15 borings around the surface of the lake with labor supplied
16 by the CETA organization, some logistics support from the
17 Navy. These things were analyzed -- the materials taken
18 were analyzed by the Department of Water and Power, and
19 the information brought together.

20 We prepared a map of the lake surface showing
21 where the critical areas of ablation were. And then we
22 looked through the literature and talked to people who
23 were experts on deserts and the process of desertification
24 and got suggestions from them and from ourselves as to
25 methods to be tried. These methods are not novel, not

1 entirely, at any rate. And they have been effective in
2 other circumstances elsewhere. Some of them are methods
3 that happen in the desert anyway.

4 The thing, from my point of view, was a very
5 sound approach to the problem. Moreover, it's limited to
6 some extent -- because a complete study of the water, soil,
7 and mineral contents of Owens Lake done in the detail
8 necessary to satisfy people whose sole interest is research
9 would cost more than the budget of the State of California
10 could ever supply. It's a variable area and there's a hell
11 of a lot of it. There's a hundred or so square miles that
12 have to be considered.

13 We took the sounds in what we thought were the
14 sensible places, and we collected enough information for
15 decision-making. And that was the basis on which we put
16 together this request.

17 Having read the approaches to the problem
18 that Mr. Angezillo's group was interested in doing, they
19 were the very things we had already done on somewhat of a
20 grander scale, a scale in perhaps in excess of that necessary
21 for decision-making.

22 Now in scientific research, the academic
23 community is never satisfied with the information at hand.
24 They always want more. People who have to do something and
25 are faced with a problem can be satisfied with less

1 information to begin with. And in actively attacking the
2 problem, they developed some more information that they
3 will need to be able to deal with effectively. And that
4 was the way we thought about this.

5 A number of the arguments presented by
6 Mr. Angelillo are not indicative of a great deal of
7 experience in the desert and under conditions of the sort
8 that one finds around Owens Lake. I don't want to challenge
9 each of the statements in there, but just take, for example,
10 one or two -- adding or dumping dolomite on the lake.
11 Small, flat rocks in the desert are blown by the wind and
12 they turn over and they eventually lodge in position
13 from which they cannot be removed because not enough of the
14 rock is sticking up. This is called desert pavement.

15 Surfaces have been armored in the desert by
16 nature and also by people who wish to stop ablation. They
17 simply spread the stuff around and let the wind, after a
18 year or so, arrange this. It takes about three years for
19 a desert pavement to form.

20 A large test plot of that sort would see if
21 the material would armor the surface. Dolomite was chosen
22 because it's cheap. It's readily available in large
23 quantities in just about the right size in the local area.

24 Another kind of rock might be satisfactory,
25 but would require sizing and so forth. Another point is the

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1 carbonate ion in the dolomite will prevent the material
2 from going into solution because the lake is already
3 saturated with carbonate ion. A solution of dolomite is
4 going to be trivial.

5 But what does dissolve out of it will
6 recrystallize during dry periods and form a hard layer
7 between the pebbles even more. So there is good reason
8 to think that.

9 Now clays can be coagulated by adding acid
10 materials. One of the cheapest sources of acid materials
11 is decaying wood. Putting woodchips on the surface releases
12 humic acid. And as I said, humic acid coagulates the clay.

13 Large areas of very similar clays in other
14 parts of the world have been stabilized by adding sulfate
15 ion to it. It's a great deal cheaper to add the woodchips.
16 Ultimately, if this does prove successful, and the clay
17 does coagulate, it makes it harder to blow and it opens the
18 option for us to come and get the calcium sulfate and
19 other materials that have been taken out of smelter stacks
20 in the L. A. area by air pollution devices and use those
21 to armor the surface to coagulate the clays.

22 I think that, in my opinion, there's nothing
23 to be gained by researching the work the Lands Commission
24 has done, the Department of Water & Power has done, and the
25 U.S. Navy has done. And to do it in such a scale as to

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1 encompass the whole of the lake, I think that's meaningless.

2 I think that the options we selected were the
3 best options available in the present state of the
4 knowledge. I think if we go ahead and carry these out,
5 we'll learn more than we will by protracted research which,
6 to my mind, was not the intent of the bill in the first
7 place.

8 Thank you.

9 CHAIRPERSON D'AGOSTINO: Thank you.

10 Is there anyone else in the audience who
11 wishes to address this item?

12 MR. FRYXBELL: I'm Charles Fryxwell,
13 Air Pollution Control Officer at Great Basin Air
14 Pollution Control District, and I feel sort of responsible
15 for this, seeing that I got it going.

16 I've been working on this project for two and
17 a half years and have looked at data, photographic evidence,
18 and so forth surrounding the lake and its problems dating
19 back to the early 1970's.

20 First, I guess I'll say a little bit about the
21 request for proposals and how we determined that Westec was
22 the best proposal that we saw.

23 I was a member of the evaluation committee.
24 And three of us separately took all seven proposals that were
25 received and evaluated them first on a technical basis, not

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1 even looking at the cost. And independently we came up
2 with Westec as the best. But, of course, their cost was a
3 little excessive in relationship to the funds that were
4 appropriate.

5 After looking at some of the nonessential
6 things that they were doing, things that did not really
7 contribute to the program -- and they were kind of fringe
8 benefits -- we were able to get a program that was still
9 the best at the most reasonable cost.

10 And I believe that the evaluation committee
11 and the task force, as a whole, will stand behind that.

12 I'd like to say a couple of things about the
13 statements that Mr. Angelillo said -- especially about the
14 air quality and indicating that the Lake Minerals mining
15 operation is the most substantial air quality problem at
16 the lake.

17 It's just absolutely untrue. We have evidence
18 prior to the operation of Lake Minerals that indicates
19 that there was a considerable amount of dust being generated
20 from other parts of the lake. And also in recent
21 photographs we can see where the dust comes from other
22 places than the mining operation.

23 The last thing I'd like to address is the
24 toxic substance, because in this whole process I got
25 involved with that particular dumpsite that was alluded to.

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1 Some of the citizens were concerned around the
2 area that there was cyanide coming out of these -- it's a
3 mining operation in Northern Inyo County that is using
4 that facility under lease from the Department of Water and
5 Power. Myself and the State's Solid Waste Board staff
6 members investigated these. They took soil samples and
7 found no adverse -- anything toxic. And our investigation
8 concluded that there was no airborne particulates or anything
9 coming off of that particular dumpsite.

10 That's all I have.

11 CHAIRPERSON D'AGOSTINO: Thank you.

12 MR. KUEBLER: Good morning. My name is
13 Bruce Kuebler. I'm a senior hydrologic engineer with the
14 Los Angeles Department of Water and Power. I'm also one of
15 the members of the evaluation team to select the proposal
16 that has been discussed today. And I have been involved
17 with all kinds of activities in the Owens Valley for the
18 past 12 years, including environmental studies of soil,
19 water, air quality, and various other things.

20 I'll make my comments very brief. I believe
21 that the proposal that Westec had was the very best one that
22 we could go with at this time. The need is for experiments
23 as Westec is proposing and as the task force has proposed,
24 not for additional research. Although that may be desirable,
25 I don't think it's practical.

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1 We carefully evaluated -- myself and the
2 two engineers who work for me -- each of the proposals
3 and came up with the same conclusion that Westec's
4 proposal was by far the best.

5 I might just add that in the original
6 proposal EIP/SRA submitted did not even include a cost
7 estimate. That was submitted after the original proposal
8 was selected.

9 I think that based with my experience with
10 contractors, I have more confidence in Westec being able to
11 do a good, credible job than I do with EIP/SRA.

12 Thank you.

13 CHAIRPERSON D'AGOSTINO: Thank you.

14 MR. MATTHEWS: My name is Larry Matthews with
15 the United States Navy. I work in the research department
16 at China Lake.

17 Mr. -- I forget his name -- Mr. Angelillo said
18 something about arsenic being in the air. Well, we ran
19 an analysis of the dust in 1975 and '76 and we ran a
20 mineral analysis. And we never did find any arsenic. It's
21 a heavy metal and the method of analysis would definitely
22 have showed it up.

23 Also the nuclear lab at the University of
24 California at Davis ran an analysis on this dust as well
25 at different locations in the valley and around the lake and

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1 down near our area. And they never did find arsenic in the
2 analysis.

3 And the method they used would have definitely
4 showed up the arsenic. That's about all I want to say.

5 CHAIRPERSON D'AGOSTINO: Thank you.

6 Mr. Angelillo, do you have a brief rebuttal?

7 MR. ANGELILLO: It's very tough, but I'll start
8 with Larry and work backwards.

9 I have right here in front of me the analysis
10 that came through as of this morning. I took it over the
11 phone.

12 A soil sample now, right? They ran it on an
13 A.A. spectrometer 500 with a basic background connection
14 and the percentage is .03, three hundred parts per million
15 of arsenic. It's very hard for me to --

16 CHAIRPERSON D'AGOSTINO: This was soil?

17 MR. ANGELILLO: This was soil. This was in
18 the soil itself. Now, what percentage is going to be
19 airborne, I would defer to those two sitting there --

20 DR. ST. AMAND: Was it soil sitting in the
21 middle of the lake or soil sitting in the middle of the
22 dump?

23 MR. ANGELILLO: In the middle of the dump, sir.

24 It's very hard for me to have any rebuttal
25 to Pierre St. Amand, because I respect his knowledge. In

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1 fact, a lot of the basis of what we propose was to fill in
2 the holes of what Dr. St. Amand had done. And I disagree
3 with him a little on desert pavement with dolomite, but
4 that's scientific argument and can go on for the next 20
5 years.

6 But as far as Mr. Fryxell saying that Lake
7 Minerals is not a major contributor, I did not say it was
8 the only contributor. I said it was a major contributor.
9 We do have over 80 slides of the ablatement from Owens Lake
10 Lake Minerals site in wind conditions ranging from five
11 miles an hour to forty miles an hour. And those slides
12 are available. And I've already offered to send them to
13 Larry Matthews, because I think they are necessary.

14 I have made my statements and I have to live
15 by them. I do not believe that the contract was done in
16 good faith. I don't believe the contract fulfills the
17 wording of the State Senate bill. As far as the test
18 plot area, Dr. Pierre St. Amand -- I have to bite my
19 tongue because of my respect for the man -- the analysis
20 from the DWP, I have a copy here. If you want, I'll put it
21 in the record.

22 The best water, at over 38 parts per million of
23 boron -- that is pretty hard to grow anything in. But when
24 you get 300 parts per million, it's impossible.

25 The high calcifications, the calciums, and

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1 the sodiums, and the other minerals in it, according to
2 Salinity Labs, they doubt if anything would grow in it.

3 Now, I have made my point, gentlemen and lady,
4 and that's all I can do. It's up to you. We could rebut
5 for the next 20 years, but we would be scientifically
6 playing. Thank you.

7 CHAIRPERSON D'AGOSTINO: Thank you.

8 MS. MORGAN: Well, it doesn't surprise me in
9 the least that people will disagree over the technically
10 best way to do something that we've never done before.

11 It's something that's been a problem. It
12 makes sense that there would be different ideas on how
13 to deal with it. That's what we were trying to do when we
14 put out the RFP. It was to get as many ideas as possible.
15 And I'm satisfied with what the staff has told me that the
16 people who reviewed the proposals are really competent
17 and they selected the ones that they thought, from the
18 technical point of view, would be the most acceptable.

19 This is an experiment. And maybe it will work
20 and maybe it won't. Mr. Angelillo feels that his ideas will
21 work better, but that's a question of judgment.

22 And I just wanted to ask if there were any
23 minority reports from the task force. Was there general
24 agreement?

25 MR. NORTHROP: It was unanimous. I was

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1 informed that Mr. Angelillo had indicated there was
2 dissension in the group. And we polled the group and we
3 found no dissension.

4 MS. MORGAN: As far as the process goes,
5 those are technical questions of a different nature about
6 how the State conducts its business. If we already knew
7 what the answers were, if we had a described procedure
8 with scientific solutions already developed, then it makes
9 sense to me that we might have gone out with that kind of a
10 package to be bid on specific parts. When you're looking
11 for a solution and you don't really know the answers, then
12 that kind of a bid is not appropriate.

13 It makes sense to me to use the proposal
14 approach where you look at possible alternatives and select
15 those that are best rather than using the bid approach
16 where you already know what you want and you're looking for
17 the best price available.

18 Unless there's something else, for example,
19 if the RFP was misleading, then I think we'd probably have
20 a problem. But I did not hear anything except that
21 statement. I would like to know how the RFP was misleading.

22 MR. ANGELILLO: It stated that these tasks
23 would be performed, already presupposing that the answers
24 were available. We will put dolomite down; we will leach.
25 The maps were issued, the site proposed in that site, in

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1 that area.

2 MS. MORGAN: Do you have any response?

3 MR. SHAEFER: Ladies and gentlemen, my name
4 is Gene Shaefer. I'm an Associate Mineral Resources
5 Engineer with the State Lands Commission in the Long
6 Beach office.

7 I'd like to just answer what Mr. Angellilo had
8 said with respect to the guidelines of his comment; namely,
9 No. 5 on page 5 -- page 1, which states that "The RFP was
10 ill-conceived, misleading, and failed completely to
11 implement the legislative purpose of Senate Bill No. 1591."

12 Senate Bill 1591 first of all asks for
13 mapping of soil types and geomorphic patterns on Owens
14 Dry Lake. This was already accomplished by construction of
15 a soils and geomorphic map by Dr. Pierre St. Amand.
16 We have it in our possession.

17 The other point, according to the spirit of
18 the bill, it asked that -- it would establish test plots
19 and conduct field demonstration studies. This will be
20 accomplished by the contractor. It was the design of the
21 RFP.

22 Thirdly, taking of soil and water samples,
23 their analysis: This was already accomplished by myself
24 and Mr. Bill McClung in June of 1980. We have those
25 samples still on file. And we included the analysis of those

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1 samples and samples that were taken at a later date and
2 included that as an addendum to the RFP for the knowledge
3 of the proposers.

4 The fourth point that the bill has asked was
5 the writing of the final report covering all phases of the
6 dust control program, including mapping, observations,
7 verification, and recommendations. These are all written
8 requirements of the RFP and will be supplied by the
9 contractor.

10 So, I'm saying here that item for item the
11 spirit of the bill was not violated. The integrity of the
12 program has remained as such and we hope that we can continue
13 as soon as possible.

14 MS. MORGAN: Maybe I didn't understand,
15 Mr. Angellillo, when you said the RFP was misleading, I took
16 that to mean that if it had not been misleading, you would
17 have submitted a different proposal.

18 MR. ANGELILLO: I don't think we would have
19 submitted it different. After conversations with Mr.
20 Shaefer -- and you mentioned the whatcha-ma-call-it -- I
21 have the copies of the addendum here. We could start a
22 whole hurrah, and I don't wish to do that. We could bring
23 in 20 experts right from Cal State at Davis that the water
24 samples and the soil samples are zero growth. They were
25 submitted for the vegetation. The plot that was in the map,

1 laid out, you've got five test sites. Nothing is going to
2 grow with the water available. It's submitted. You've got
3 a jury here. Ask them.

4 MS. MORGAN: Okay.

5 MR. ACKERMAN: Wasn't the task force
6 technically competent drafting the RFP in that manner?
7 Wasn't the task force selected from technically competent
8 individuals?

9 EXECUTIVE OFFICER NORTHROP: That's the way
10 the task force was made up. And I think the competency
11 of the task force has been attested to by all that are
12 here, even Mr. Angelillo, the opponent of the proposal.

13 MS. MORGAN: Right.

14 MR. ACKERMAN: Then there's no reason not to
15 lean upon the task force's recommendations very strongly.

16 EXECUTIVE OFFICER NORTHROP: Right.

17 MS. MORGAN: My only question was if there
18 were some words and phrases in the RFP that would
19 lead the contractor or a bidder to submit something when,
20 if it read in a different manner, they would have submitted
21 something else. Mr. Angelillo says no, that after getting
22 a proper reading of the RFP, he still would have submitted
23 the same proposal.

24 MR. ANGELILLO: We feel we would not change it,
25 because we feel we have the answer. The whole thing boils

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1 down to one thing. We've got one-sixth of the area of the
2 State of California affected. Nobody, none of us sitting
3 here, not one of us have the answers.

4 MS. MORGAN: Okay.

5 MR. ANGELILLO: We go to Dr. St. Amand's
6 map and it's got a lot of holes in it. I think
7 Dr. St. Amand will attest that it has a lot of holes in it.
8 We have a copy of it. He was kind enough to give it to us.
9 It has a lot of holes in it. We think they should be
10 filled in.

11 MS. MORGAN: I understand. Okay. I'm
12 prepared to move for a recommendation.

13 MR. SHAEFER: May I make one more comment,
14 please?

15 MS. MORGAN: If you have to.

16 CHAIRPERSON D'AGOSTINO: Do we have a motion?

17 MR. ACKERMAN: I move to approve the staff
18 recommendation.

19 MS. MORGAN: Fine.

20 CHAIRPERSON D'AGOSTINO: Item 24 is
21 approved.

22 EXECUTIVE OFFICER NORTHROP: 23.

23 CHAIRPERSON D'AGOSTINO: Item 23. I'm sorry.
24 Item 23 is approved. Item 24 is off calendar.

25 Item 25?

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1 EXECUTIVE OFFICER NORTHROP: Item 25 is an
2 application by Independent Valley Energy Company
3 to install and maintain a 10-inch crude oil pipeline. This
4 is for about 200 feet of a 28-mile pipeline.

5 MS. MORGAN: Okay.

6 MR. ACKERMAN: No problem.

7 CHAIRPERSON D'AGOSTINO: Without objection,
8 approved. Item 26?

9 EXECUTIVE OFFICER NORTHROP: Item 26 is a
10 volumetric rental by San Diego Gas & Electric Company.
11 Gerry Horn of our staff has done a great deal in putting
12 this together. As Executive Officer, I want to compliment
13 him on his actions in this.

14 MS. MORGAN: Where is he?

15 Way up in the back corner? Well, stand up and
16 take a bow.

17 MR. ACKERMAN: I understand this is the last --

18 EXECUTIVE OFFICER NORTHROP: This is the last
19 of the volumetric rentals. We have them all where they
20 should be.

21 MS. MORGAN: Move for approval.

22 MR. ACKERMAN: No problem.

23 CHAIRPERSON D'AGOSTINO: Without objection.
24 Item 27?

25 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,

1 Item 27 is a final solution for the City of Newport Beach.
2 It is the termination of the public trust in a relatively
3 small portion and the receiving in the public trust of
4 some new property of approximately six acres in the upper
5 Newport Bay. This ends a very complicated transaction
6 with the homeowners and the ownership of property in which
7 their homes are located.

8 MR. ACKERMAN: And this was --

9 EXECUTIVE OFFICER NORTHROP: A representative
10 from Newport Beach is sitting in the audience and he is
11 shaking his head in the affirmative.

12 MR. ACKERMAN: Good.

13 EXECUTIVE OFFICER NORTHROP: I believe this
14 is a good solution --

15 MS. MORGAN: Fine.

16 MR. ACKERMAN: No problem.

17 CHAIRPERSON D'AGOSTINO: Fine. Without
18 objection. Item 28?

19 EXECUTIVE OFFICER NORTHROP: Item 28 is a
20 boundary line agreement. It covers about 85 percent of
21 our area in the Davis Lake --

22 MS. MORGAN: Okay. So this takes care of the
23 last one or the first one or --

24 EXECUTIVE OFFICER NORTHROP: This takes care
25 of a good part of Davis Lake. We were very successful --

1 MS. MORGAN: Where's that, Blythe?

EXECUTIVE OFFICER NORTHROP: Blythe.

3 MR. ACKERMAN: You have two more to go then.

4 Two more major areas?

5 EXECUTIVE OFFICER NORTHROP: Yes.

6 There are other activities in the Blythe
7 area, but this takes care of the major part of the Blythe
8 area.

9 MS. MORGAN: Okay.

10 CHAIRPERSON D'AGOSTINO: Without objection.

11 Item 29?

12 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
13 Item 29 is a demonstration project on about 26 acres of
14 school land in Summit in Shasta County.

15 MS. MORGAN: A forest experiment?

16 MR. ACKERMAN: Planting some trees?

17 EXECUTIVE OFFICER NORTHROP: Boy, I'll tell
18 you. It's the only way we can get the budget out. When
19 he says, "It's work for my kids, it gets out."

20 MS. MORGAN: Move approval.

21 CHAIRPERSON D'AGOSTINO: Without objection.

22 Item 30?

23 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
24 item 30 is the sell-off contract on 21,000 -- approximately
25 21,000 barrels a month of Huntington Beach crude. The

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1 high bid was Newhall Refining at \$1.59. USA bid a \$1.47,
2 and \$1.36 for Beacon. We're recommending we accept --
3 there were 13 other bids in addition to those three.
4 We're recommending that Newhall be approved as the
5 purchaser at \$1.59.

6 MS. MORGAN: Okay.

7 MR. ACKERMAN: That's per barrel base price?

8 EXECUTIVE OFFICER NORTHROP: Right. Over
9 post.

10 MR. ACKERMAN: Okay. Get them while the bids
11 are still there.

12 EXECUTIVE OFFICER NORTHROP: We had some
13 bids yesterday that reflect prices -- we had some bids last
14 week that were not as good. We had some bids yesterday that
15 reflect almost the same area, within 15 to 20¢.

16 MR. ACKERMAN: I'll be interested to see what
17 you get in about a month from now.

18 MS. MORGAN: We have some sell-offs coming
19 in July.

20 EXECUTIVE OFFICER NORTHROP: About seven or
21 eight coming in July and August.

22 MS. MORGAN: We'll have to keep an eye on it.

23 MR. ACKERMAN: See what those produce.

24 MS. MORGAN: And we're going to do a revenue
25 update in August?

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1 EXECUTIVE OFFICER NORTHROP: Yes, as soon as
2 we get some concept of where we're going.

3 MS. MORGAN: It's not going to be good though.

4 CHAIRPERSON D'AGOSTINO: Without objection.

5 Item 31?

6 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
7 Item 31 is an agreement with Aminoil to allow us a granting
8 of a variance in a drilling unit which allows us if we're
9 unable to put or work out a program with the federal
10 government, if we're --

11 MR. ACKERMAN: These are trespass wells, right?

12 EXECUTIVE OFFICER NORTHROP: Right. If the
13 federal leases -- Mr. Chairman, I'm receiving double
14 signals from a guy with no notes on his paper.

15 Item 31 and 32 are connected. Are you ready?

16 MR. HIGHT: I will leave it alone.

17 EXECUTIVE OFFICER NORTHROP: Don Everitts,
18 would you explain 31?

19 MR. EVERITTS: This is an approval for
20 application by Aminoil for a variance in the boundaries of
21 a restricted area on the lease they had. The old lease,
22 which originally had a bunch of trespass wells in it back
23 in the early thirties, and at that time they protected it.
24 All of those old wells are abandoned and are part of --

25 MS. MORGAN: And we don't care any more.

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1 MR. EVERITTS: -- a unit, and we don't care
2 any more and we need to drill some new wells in there.

3 MR. ACKERMAN: Is there any objection at all
4 from any local people?

5 MR. EVERITTS: We have had no objections.

6 EXECUTIVE OFFICER NORTHROP: All right. No.
7 32 is -- excuse me.

8 MS. MORGAN: That's fine.

9 CHAIRPERSON D'AGOSTINO: Without objection.
10 No. 32?

11 EXECUTIVE OFFICER NORTHROP: No. 32 is --
12 we are attempting to work out an arrangement with the
13 federal government on trespass and we have an agreement with
14 Union Oil Company that if we are unable to get such an
15 agreement, that we have three slots on their platform --

16 MS. MORGAN: Okay.

17 EXECUTIVE OFFICER NORTHROP: -- which will
18 allow us to drill in that area.

19 MS. MORGAN: That's good.

20 MR. ACKERMAN: No problem there.

21 CHAIRPERSON D'AGOSTINO: No objection.

22 Item 33?

23 EXECUTIVE OFFICER NORTHROP: This is the --

24 MS. MORGAN: I want to interrupt a minute.

25 Did anyone see the debate between the Governor and someone

1 from Chevron last night?

2 EXECUTIVE OFFICER NORTHROP: No. I didn't even
3 know about it.

4 MS. MORGAN: It was on late, late, late. I
5 didn't see it either, but I understand it was quite good.
6 They couldn't get Watt to come, but there was a debate on
7 that. I understand the Governor did a good job.

8 EXECUTIVE OFFICER NORTHROP: And Watt was
9 represented by the oil companies?

10 MS. MORGAN: I don't know. Some might say.

11 EXECUTIVE OFFICER NORTHROP: Now, now.
12 There was a question.

13 MS. MORGAN: It was on the approved watching
14 list.

15 (Laughter.)

16 MS. MORGAN: Okay. Sorry. We're on Item 33?

17 EXECUTIVE OFFICER NORTHROP: The geothermal
18 area has been nominated for bid. We'd like your approval
19 of those.

20 MS. MORGAN: These are where there are
21 surface owners -- private parties, surface owners?

22 EXECUTIVE OFFICER NORTHROP: Right.

23 MR. ACKERMAN: I have no problem with that.

24 MS. MORGAN: Approval, yes.

25 CHAIRPERSON D'AGOSTINO: Without objection.

1 Item 34?

2 EXECUTIVE OFFICER NORTHROP: Do you want to
3 talk about this Don?

4 MR. SHAEFER: This is a report on the status
5 of several hundred thousand dollars of budgeted funds that
6 are dedicated in our own exploration program in Point
7 Conception in the same general area as Lease Sale 53, which
8 is in trouble right now.

9 We're simply reporting that we have issued
10 one contract --

11 EXECUTIVE OFFICER NORTHROP: This area is
12 not in trouble. This isn't in the northern basin.

13 MR. SHAEFER: No. This is offsetting some
14 very high bonus parcels that the feds had a year or so back.
15 And we had entered into contracts to buy geophysical
16 data. We're entering into contracts to get resource data
17 and seismic hazard studies, cultural studies. We're running
18 into contracts or deals to write EIR's. We're spending the
19 money. We're going to get it all before the fiscal year
20 is over.

21 EXECUTIVE OFFICER NORTHROP: I'm going to send
22 you back to charm school.

23 (Laughter.)

24 MS. MORGAN: When will the project be
25 completed?

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MR. SHAEFER: The overall project is like 1984 or '85.

EXECUTIVE OFFICER NORTHROP: We periodically report to the Legislature on the progress before we --

MS. MORGAN: Okay. The next report, do we --

EXECUTIVE OFFICER NORTHROP: November of this year, I believe, we report back to the Legislature.

MS. MORGAN: This is informational.

EXECUTIVE OFFICER NORTHROP: Yes.

CHAIRPERSON D'AGOSTINO: Item 35.

EXECUTIVE OFFICER NORTHROP: The status of the seep study. Mr. Everitts.

MR. EVERITTS: Okay. We have requested an augmentation from the -- we have proposed the request on augmentation to a current CEIP grant to do some submarine work on oil seeps, natural oil seeps in the Santa Barbara Channel. We're asking for permission to request an augmentation. We have spent approximately 65,000, \$67,000 to date. We need some more money to finish it.

MS. MORGAN: What exactly is before us?

MR. EVERITTS: We're asking for you to authorize the Executive Officer to accept the augmentation of \$36,000 to the grant to be considered by the Coastal Commission.

EXECUTIVE OFFICER NORTHROP: It's from the feds.

1 MS. MORGAN: Okay.

2 MR. ACKERMAN: Haven't the funds already expended
3 resulted in Arco doing substantial recementing work and
4 things like that?

5 MR. EVERITTS: This -- not really. What we
6 have spent so far has encouraged them to continue with
7 their engineering design for a tent to collect this huge
8 seep, which probably makes 40 to 50 barrels a day.

9 EXECUTIVE OFFICER NORTHROP: The problem on
10 this is that when we originally got into this, we felt that
11 we would be able to use this trade-off with the oil
12 companies, or other people felt that they would be able to
13 use the seep trade-off offshore for onshore problems. And
14 that has not been as clear as we hoped it would be. We've
15 been working on that problem.

16 MR. EVERITTS: This has been the latest
17 development. But it seems that they're really proposing
18 something, because Arco called me the other day and wanted
19 to know when we were going to be doing the subwork. They
20 want to join us and perhaps spend another --

21 MR. ACKERMAN: Good. Good.

22 MS. MORGAN: Thank you.

23 EXECUTIVE OFFICER NORTHROP: It probably will
24 be resolved.

25 MS. MORGAN: Good. That's fine.

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1 CHAIRPERSON D'AGOSTINO: Item 36, 37, and 38,
2 EXECUTIVE OFFICER NORTHROP: That will be
3 explained by Mr. Thompson.

4 MR. THOMPSON: We've combined the 10th and 12th
5 modification together. They're out of sequence. It is
6 a request for modification and augmentation, and as of
7 the end of --

8 MS. MORGAN: Where it says the tenth
9 modification, those are actually the numbers that are in
10 there?

11 MR. THOMPSON: Yes.

12 MS. MORGAN: All right.

13 MR. THOMPSON: The budget augmentation, the
14 total will be \$11,238,000 as proposed, which is
15 \$2,115,000 in investment, \$8.7 million in expense, and
16 \$403,000 for administrative overhead. With this
17 augmentation, the total revised budget would be
18 \$189,336,000, so the estimated carry-over for the fiscal
19 year would be \$30 million over the \$160 million in this
20 budget year.

21 CHAIRPERSON D'AGOSTINO: Any questions?

22 MS. MORGAN: We went through this yesterday,
23 because he always advises me on budget items. I've
24 embarrassed him in public enough.

25 (Laughter.)

1 MS. MORGAN: I just don't like getting into
2 expansion work which is too expensive right now, of course,
3 you don't know what future augmentations will be later on.
4 And we may look very carefully at this during the time of
5 a world-wide glut. This may be the time to slow up the
6 expansion effort.

7 MR. THOMPSON: This would complete the funding
8 for the additional wells, and what might be needed in the
9 future if justified by the reservoir studies --

10 MS. MORGAN: Okay. I have no problem with
11 this.

12 MR. ACKERMAN: OPEC's contributions to the oil
13 glut will be to keep cutting back as it is right now. I
14 don't have any problem. Thank you.

15 MR. THOMPSON: 39 is an informative item
16 on the caustic study. This is a project where we intend
17 to recover additional oil by the emulsification process
18 in the reservoir. It's a long-range project. The results
19 will be very slow in coming about. We would like to
20 suggest that we're reporting on two projects semi-annually,
21 and mainly for the convenience of the Commission. We
22 have about seven tertiary in the field. If you would like,
23 maybe we can report maybe once a year or twice a year on the
24 projects and cut down on some of the paper load.

25 MS. MORGAN: That's fine.

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1 MR. ACKERMAN: Yes.

2 MR. THOMPSON: All right. This next calendar
3 item's for a prior approval for -- to do some study by the
4 City of Long Beach. They have submitted a proposal to us
5 asking for your approval of \$133,000 out of a million dollar
6 sewer project. Our staff, in reviewing, think that there
7 is some subsidence damage in the project, but some that may
8 not be associated with subsidence. All we are doing is
9 asking you to give prior approval so they can do additional
10 studies and submit this to us for a later consideration.

11 MR. ACKERMAN: No problem with that.

12 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
13 items 40 through 43 are legal -- through 45 are legal.
14 And I will turn it over to Mr. Hight and Mr. Stevens. I
15 understand that Mr. Stevens has two items that he'd like
16 to report on that are not on the calendar.

17 MS. MORGAN: Okay.

18 MR. HIGHT: Item 40, Mr. Chairman, is the
19 approval of the legal sufficiency of the boundaries of
20 incorporation of the City of Rodeo.

21 MR. ACKERMAN: No problem

22 MS. MORGAN: No problem.

23 CHAIRPERSON D'AGOSTINO: No objection. 41?

24 MR. HIGHT: Item 41 is a disclaimer for the
25 Castaic Reservoir project. The Commission has no land -- has

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1 no interest in the particular condemnation.

2 MS. MORGAN: Okay.

3 CHAIRPERSON D'AGOSTINO: 42?

4 MR. HIGHT: 42 is, Mr. Chairman, the settlement
5 of a lawsuit involving a dredger cut in Webb Tract. The
6 Commission will stipulate that no public access or rights
7 will be terminated or hindered as a result of this quiet
8 title action.

9 MS. MORGAN: Okay.

10 MR. ACKERMAN: I have a question. It's just
11 on the Delta and general policy. If an island floods down
12 there, like when Frank's Tract flooded way back when, does
13 that then become a public navigable waterway?

14 EXECUTIVE OFFICER NORTHROP: Mr. Ackerman,
15 I think Mr. Stevens or Mr. Taylor in the audience may be
16 able to address that.

17 MR. ACKERMAN: Isn't what we're saying is
18 that the public has a right to access --

19 MR. STEVENS: That's what the state of the
20 law is, as an easement over those flooded areas, and has
21 a right to pass over.

22 MR. ACKERMAN: So what we're really approving
23 with this item is, even though a private entrepreneur made
24 the cut, the public has the right-of-way to use that because
25 it is now a navigable waterway?

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1 MR. STEVENS: The public may follow the
2 water.

3 MR. TAYLOR: That's not the case. This is
4 a cut that was put in for navigational purposes and has
5 been maintained by the federal government is my understanding,
6 and is shown on navigational charts as a waterway.

7 And it's been that way for more than the
8 turn of the century. So, this is different than Frank's
9 Tract which broke. And if they could have saved the tract,
10 they could have reclaimed it by taking the water away,
11 denied the public ability to boat on it.

12 But this one has been there for many, many
13 years. It's beyond the prescriptive period for
14 reclamation. They want it. The people there want it as a
15 waterway. It has been used for commercial navigation for
16 a period of time since that occurred. So, that's different
17 than when you get a break and you get, you know, a period
18 of time to reclaim. So this is a different thing.

19 But because of the existence of water on it,
20 there needs to be a definition of rights so that the
21 private party can proceed and so that the public interest is
22 protected. And both of them are done by this settlement.

23 MS. MORGAN: Okay.

24 MR. ACKERMAN: Okay.

25 MR. HIGHT: 43, Mr. Chairman, is another

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1 disclaimer. The Lands Commission has no interest in the
2 project.

3 MS. MORGAN: Okay.

4 MR. ACKERMAN: No problem.

5 MR. HIGHT: Same thing with 44 and 45.

6 MS. MORGAN: Okay.

7 MR. ACKERMAN: No problem with them.

8 MS. MORGAN: What about --

9 MR. STEVENS: There are two additional
10 items. First of all, concerning the public trust, you know
11 that the California Supreme Court has issued two very
12 significant public trust decisions over the last two years --
13 the City of Berkeley and the last decision involving Lake
14 Tahoe and Clear Lake. And now they appear to be on the verge
15 of making a third one because they granted hearing to Los
16 Angeles vs. Venice Properties. And the issue is whether
17 the public trust lies within an old Mexican rancho grant.
18 It could be an extremely significant case.

19 The second thing is that on Tuesday we filed
20 an action against Secretary Watt for an accounting for
21 underpayment of mineral royalties from the federal onshore
22 lands. We have reason to believe that there has been
23 underpayment by the Department of Interior to the State of
24 its 50 percent share anywhere from 10 percent up each year.
25 And as the value of the crude goes up, the value of the

1 State's share becomes more and more important.

2 We expect a number of Western States to join
3 us. We filed Tuesday.

4 EXECUTIVE OFFICER NORTHROP: The last item
5 is an informative item, Mr. Chairman. On June 1st the
6 Commission members will conduct a field trip and a fact-
7 finding investigation of the tide and submerged leased land
8 granted around Santa Catalina.

9 The idea of this is preliminary to the
10 application by the Island Company for renewal of their lease.

11 There is no closed session, Mr. Chairman.
12 We have no items for that.

13 CHAIRPERSON D'AGOSTINO: If there are no
14 further items on the agenda, this meeting stands adjourned.

15 (Thereupon this meeting of the State
16 Lands Commission was adjourned at
17 11:49 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

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2
3 I, Nadine J. Parks, a shorthand reporter of the
4 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, Nadine J. Parks, and thereafter
8 transcribed into typewriting.

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

12 IN WITNESS WHEREOF, I have hereunto set my
13 hand this 21st day of June, 1981.

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16 Nadine J. Parks
17 Shorthand Reporter
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