

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

DEPARTMENT OF EMPLOYMENT DEVELOPMENT
ROOM 4061
722 CAPITOL MALL
SACRAMENTO, CALIFORNIA

ORIGINAL

WEDNESDAY, JUNE 24, 1981
2:00 P. M.

Nadine J. Parks
Shorthand Reporter

MEMBERS PRESENT

- 2 Kenneth Cory, Chairperson, State Controller
- 3 Susanne Morgan, representing Mary Ann Graves,
Director of Finance, Commissioner
- 4 David Ackerman, representing Mike Curb, Lieutenant
5 Governor, Commissioner

STAFF PRESENT

- 7 William Northrop, Executive Officer
- 8 R. S. Golden
- 9 James Trout
- 10 Robert Hight
- 11 Diane Jones, Secretary

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	2
11	3
12	3
13	4
14	4
15	4
16	5
17	
18	5
19	15
20	16
21	16
22	16
23	17
24	17
25	21

PETERS SHORTHAND REPORTING CORPORATION

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

	<u>Page</u>
1	
2 Item 35	21
3 Item 36	21
4 Item 37	22
5 Item 38	23
6 Item 39	23
7 Item 40	23
8 Item 41	24
9 Item 42	24
10 Item 43	24
11 Item 44	24
12 Adjournment	25
13 Certificate of Shorthand Reporter	26
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

P R O C E E D I N G S

---oOo---

CHAIRPERSON CORY: Call the meeting to order.

Are there any corrections or additions to the minutes of the meeting of May 28th?

Without objection, the minutes will be confirmed as presented.

Executive Officer?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman and members, on June 4th on behalf of the Chairman and the Commission I attended ceremonies dedicating approximately 700 acres of open space wetlands adjacent to Suisun Bay near Martinez known as the Point Edith Wildlife Area.

This area will be used as a wildlife habitat under the management of the Department of Fish and Game and was the culmination of a land bank agreement between the Commission and the trust for public lands. I'd like to extend my special thanks to Tosco's staff, including its president Morton Winston, its Avon refinery plant manager, C.E. Forbes, and its security chief, Mr. Joseph Grindstaff for not only providing us with the use of their facilities, but for the pleasant good neighbor cooperation afforded our staff in its arrangements for the dedication.

This completes our report, Mr. Chairman.

CHAIRPERSON CORY: Do you want to explain that to

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3001

1 the Coastal Commission? Comments on the Coastal Commission?

2 EXECUTIVE OFFICER NORTHROP: They may be under
3 or overwhelmed. I don't know which.

4 MR. GOLDEN: Mr. Chairman, I can only report that
5 there is a great deal of distress in that particular area
6 because they're going through a reorganization. There are
7 six regional commissions and the sixth regional commission
8 is now being overwhelmed with work. We're continuing to
9 cooperate with them at a staff level, but I didn't feel there
10 was anything of this --

11 CHAIRPERSON CORY: But they are there.

12 MR. GOLDEN: They are there.

13 CHAIRPERSON CORY: All right.

14 MR. GOLDEN: They have about 1500 permits coming
15 before them.

16 CHAIRPERSON CORY: The next item on the agenda
17 is the consent calendar for people in the audience which can
18 be taken up in one motion. Are there any objections to the
19 recommendations of the staff, which are reflected by the
20 letter C-1 through 19 inclusive. Is there anyone in the
21 audience that has any trouble with this proposed staff
22 recommendation on those items?

23 Without objection, the consent calendar will be
24 approved as presented.

25 Item 20, approval of a 40-year general lease. This
is the airport club property in Seal Beach?

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3001

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

EXECUTIVE OFFICER NORTHROP: That's correct,
Mr. Chairman.

CHAIRPERSON CORY: Is there anybody in the
audience on Item 20? Any questions from the Commissioners?

MR. ACKERMAN: None.

MS. MORGAN: No.

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

Item 21, Great Western Cities, approval of a
one-year core drilling permit from June 24th, '81 to June
24, 1982. That's actually a year and a day, it seems like
to me, rather than a year. But go ahead. This is to
ascertain --

EXECUTIVE OFFICER NORTHROP: This is to ascertain
geological information within the first 500 feet --

CHAIRPERSON CORY: Anybody in the audience have
any comments?

Any questions from the Commissioners? Without
objection, Item 21 will be approved as presented.

Item 22, approval of 30 year commercial lease,
Sacramento River, Isleton, Sacramento County. Anybody
in the audience on this item?

Questions from the Commissioners?

Without objection, Item 22 is approved as
presented.

1 Item 23, approval of a 30-year replacement
2 general lease, industrial use of tide and submerged land.
3 Anybody in the audience on this item?

4 Questions from the Commissioners?

5 Without objection, Item 23 is approved as
6 presented.

7 Item 24, I will give Mr. Ackerman the gavel on
8 that one and let him deal with it. I would like to absent
9 myself from consideration on this item.

10 MR. ACKERMAN: Item 24 is an application for
11 River View Marina for approval of a 30-year lease.
12 Mr. Northrop, any explanation?

13 EXECUTIVE OFFICER NORTHROP: Mr. Hight?

14 MR. HIGHT: Yes, Mr. Ackerman, this is a lease
15 for a commercial marina on the Sacramento River. The
16 consideration will be \$3500 a year plus or five percent of
17 the gross. The applicant now has in possession all
18 necessary permits and applications.

19 MR. ACKERMAN: Is there anyone in the audience
20 on Item 24 on the agenda?

21 Without objection --

22 MS. MORGAN: That's fine.

23 MR. ACKERMAN: -- it will be approved. You can
24 have the gavel back.

25 CHAIRPERSON CORY: Item 25, Leslie Salt,

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 203
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 termination of existing lease and approval of a 30-year
2 lease for right-of-way located at Ravenswood Slough,
3 San Mateo County.

4 Anybody in the audience on this item?

5 Any questions from Commissioners?

6 Without objection, approved as presented.

7 Item 26 is an amendment of authorizing approval
8 to issue a lease to Crocker Bank as lender, for Wickland
9 Marine Terminal. Anybody in the audience on this item?

10 Any questions from the Commissioners?

11 Without objection, approved as presented.

12 Item 27, which is an authorization to enter into
13 an agreement selling 416,000 board feet of mature and
14 overmature timber on a school land parcel in Modoc County
15 to Fibreboard Corporation for \$134,770. It's my
16 understanding that this is a result of competitive bidding.

17 EXECUTIVE OFFICER NORTHROP: It's a result of
18 sealed bids, Mr. Chairman.

19 CHAIRPERSON CORY: Okay. We have a person who'd --

20 EXECUTIVE OFFICER NORTHROP: In fact, there were
21 six of them.

22 EXECUTIVE OFFICER NORTHROP: Mr. Hanna.

23 MR. HANNA: Yes, sir. This sale was advertised
24 in the Modoc County Record of May the 21st of 1981, which
25 left approximately nine working days for people interested in

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95823
TELEPHONE (916) 383-3601

1 this sale to view the sale area to work up cruise data and
2 enter a sealed bid.

3 The sealed bids were over a wide range. And
4 because of the lack of time and the inequitable nature of the
5 sealed bids, we feel that the State and the people of
6 California did not receive as much as they could have for this
7 asset.

8 CHAIRPERSON CORY: I see.

9 MR. HANNA: We're prepared to offer by written
10 cashier's check at least 1.0 percent in excess of the high
11 sealed bid and would request that the State, rather than
12 give the sale to the Fibreboard Corporation, to reject
13 all the bids in this sale and readvertise and offer for
14 sale the Horse Springs parcel at an oral auction.

15 CHAIRPERSON CORY: Did not Calandor Pines receive
16 a solicitation by mail prior to the advertising?

17 MR. HANNA: No, sir. It did not.

18 CHAIRPERSON CORY: Staff? You're telling me it
19 did?

20 MR. HIGHT: Yes, Mr. Chairman. My records indicate
21 that Calandor Pines as well as, I think, ten or twelve other
22 corporations received on May 5th a communication from the
23 Commission staff indicating that area would be put out to
24 bid.

25 CHAIRPERSON CORY: Go ahead.

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209

SACRAMENTO, CALIFORNIA 95826

TELEPHONE (916) 383-3601

1 MS. MORGAN: With respect to the timing, staff,
2 what is the legal requirement for notice?

3 You referred to 12 days?

4 MR. HIGHT: It's adequate notice.

5 MS. MORGAN: Is 12 days normally what we'd do?

6 MR. HIGHT: We try to give as much as possible.
7 Sometimes it's more than 12 days.

8 EXECUTIVE OFFICER NORTHROP: It was May 5th?

9 MR. HIGHT: Yes. The original communication was
10 May 5th, which is naturally more than 12 days.

11 MS. MORGAN: What did you distribute on May 5th?

12 MR. ACKERMAN: It's here (displaying document).

13 MS. MORGAN: This is a form letter that went to
14 everybody?

15 MR. HIGHT: To everybody on the attached mailing
16 list.

17 MS. MORGAN: I assume this went out in the regular
18 mail. It was not a registered letter or anything like that?

19 MR. HIGHT: Regular mail.

20 MS. MORGAN: So, at any rate, your company, as far
21 as you know, didn't receive one of these?

22 MR. HANNA: That's correct.

23 MS. MORGAN: But you noticed something two weeks
24 later?

25 MR. HANNA: In the Modoc County Record, which is the

PETERS SHORTHAND REPORTING CORPORATION

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

1 local paper.

2 MS. MORGAN: So, you're saying basically that,
3 it would have been different if you had had sufficient time?

4 MR. HANNA: Yes. I also find that sealed bids
5 do not guarantee the person who has submitted the bid on the
6 asset for sale will necessarily receive the same asset.

7 CHAIRPERSON CORY: You would, to accomplish your
8 purposes, you would like us to go to a public auction as
9 opposed to a sealed bid?

10 MR. HANNA: Yes, sir. That is the normal practice
11 of the United States Forest Service in our area. They seem
12 to be quite satisfied with those results.

13 EXECUTIVE OFFICER NORTHROP: The results are not
14 nearly as good.

15 CHAIRPERSON CORY: Nobody is leaving any money on
16 the table that way. Basically you are arguing that you
17 could maximize the State's position and the question of
18 equity is whether or not you had adequate notice. And,
19 if you --

20 MS. MORGAN: I have a question on your second
21 point, the inequitable nature of the sealed bids. I
22 believe that's what you said?

23 MR. HANNA: That's correct.

24 MS. MORGAN: Are you referring again to the timing?

25 MR. HANNA: The timing is part of it. It's very

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3801

1 difficult to get an accurate cruise to figure it out in
2 nine working days, particularly if one relies on the
3 whims of the United States Postal Service in which to get
4 one's bid.

5 MR. ACKERMAN: What is your correct mailing
6 address? Is it correct on the list?

7 MR. HANNA: Yes.

8 Besides more money, we also feel that other
9 bidders would offer the State more money, not just the
10 Calandor Pines Corporation, for that matter, at an oral
11 auction and to the highest bidder.

12 EXECUTIVE OFFICER NORTHROP: That's another point
13 that should be considered, and that's the timing itself.
14 Given the balance of the year left adequate for harvesting --
15 excuse me -- because the timber is overripe, it's subject
16 to infestation. We think time is of the essence on
17 harvesting as well.

18 CHAIRPERSON CORY: What is the shortest time you
19 could be back, if it were to be rejected?

20 EXECUTIVE OFFICER NORTHROP: I'm told 60 days.

21 So, it would be from 75 to 90 days, depending on
22 how the Commission meeting --

23 MS. MORGAN: My personal feeling is that
24 unfortunately you feel that there was insufficient time;
25 however, I don't really see any basis for rejecting the

1 bids. They were legally done and they were accepted.
2 And the fact that a person who was interested entered a
3 bid that would have been different had you had more time,
4 I don't feel is sufficient grounds to throw out the bids
5 and call for a new bid.

6 MR. HANNA: I recommend that they carry out
7 oral auctions.

8 MS. MORGAN: That's an area we've gone into. The
9 information that the staff has received is that oral
10 auctions really don't result in that much additional money
11 going to the party.

12 CHAIRPERSON CORY: Could I have a staff report
13 prepared on comparative price per board foot that the
14 Forest Department is getting compared to sealed bids?

15 EXECUTIVE OFFICER NORTHROP: We can do --

16 MR. HANNA: I was informed by Mr. Northrop of the
17 State Lands Commission that the State of California not only
18 does sealed bids but oral bids as well. Perhaps he was
19 mistaken.

20 EXECUTIVE OFFICER NORTHROP: I'm Northrop, and I
21 don't remember ever giving you that information.

22 CHAIRPERSON CORY: We should find out what it is
23 for future policy.

24 MS. MORGAN: Oral bids? You mean auction bids; is
25 that what you mean?

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-2601

1 I know that the State does auction off certain
2 items.

3 EXECUTIVE OFFICER NORTHROP: We have never done it.

4 MS. MORGAN: If it looks like you could make more
5 money, you should look into it.

6 EXECUTIVE OFFICER NORTHROP: We will take a look
7 at it.

8 MR. HANNA: Thank you for your courtesy.

9 MS. MORGAN: Thank you.

10 MR. ACKERMAN: Just one comment. When you
11 advertise or put notices in the paper, whatever, is this
12 the normal time frame that's used, nine or ten days before
13 the bid is to be submitted?

14 EXECUTIVE OFFICER NORTHROP: Not normally on the
15 property side, but on the timber side -- Jim, what is the
16 normal time?

17 MR. TROUT: Well, we'd like to give more time, but
18 we wanted to get the bid in, so that there would be ample
19 time to cut. So, the time was a little tight. It would
20 have been preferable to have more.

21 MR. ACKERMAN: If they had received the letter in
22 the same amount of time, that would have given them a little
23 less than a month in order to do a survey of the property.
24 I assume all the other bidders had equal time. Were there
25 any bidders who were notified prior to May 5th of the intent?

PETERS SHORTHAND REPORTING CORPORATION

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

1 EXECUTIVE OFFICER NORTHROP: Bob?

2 MR. HIGHT: I believe there was a letter sent
3 out a month or so prior to this.

4 EXECUTIVE OFFICER NORTHROP: To whom?

5 MR. HIGHT: It was a letter --

6 CHAIRPERSON CORY: Was the newspaper ad put out
7 at the same time you put out the letter?

8 MR. SHIMER: I'm Bob Shimer. I am responsible
9 for the timing of the advertising. Last fall, because this
10 area is in high elevation, I was afraid that it wouldn't
11 open up early enough in the spring to allow for advertising
12 and bidding in order to get the timber cut.

13 Last fall I sent a letter to about six or eight
14 operators in the area. Calandor Pine was not one of
15 them, but this letter said merely that we intended to offer
16 timber for sale in the area. I don't recall it having a map
17 or any legal description. It was just a general letter.
18 I talked to all the other bidders in this sale and none of
19 them objected to the short time. They all had plenty of time.

20 CHAIRPERSON CORY: If the staff could do a report
21 on the oral bid versus the sealed bid proposal to see
22 about it. The other thing is, I would feel more comfortable
23 if we sent out a letter on May 5th, somebody should have
24 placed an ad in the newspaper.

25 MR. SHIMER: The letter went to the newspaper the

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 203
SACRAMENTO, CALIFORNIA 95820
TELEPHONE (916) 383-3601

1 same day it went out to the operators.

2 MR. HIGHT: The newspaper is a weekly.

3 MR. ACKERMAN: One other question.

4 EXECUTIVE OFFICER NORTHROP: It takes a week to
5 compose and a week to publish.

6 MS. MORGAN: Published on the 21st?

7 MR. ACKERMAN: Normally, do you maintain a mailing
8 list of all companies who are interested in receiving the
9 circulars?

10 EXECUTIVE OFFICER NORTHROP: Yes. We encourage
11 companies that are interested, not only in timber, to submit
12 the name and then we put them on a list. Sometimes the list
13 gets very long and very expensive to mail, but we do it all.

14 MR. ACKERMAN: Was Calandor on that list?

15 EXECUTIVE OFFICER NORTHROP: If they received a
16 letter on May 5th, they had to be on it.

17 MR. ACKERMAN: Why didn't they receive the
18 previous letter that was mailed?

19 EXECUTIVE OFFICER NORTHROP: I really don't know.

20 MS. MORGAN: Mr. Shimer?

21 MR. SHIMER: I can answer that. We have had a
22 number of people inquire over the last three or four years
23 indicating they were interested in timber. And the letter
24 I sent out last fall was to the people that already
25 indicated interest in it. I knew that the --

PETERS SHORTHAND REPORTING CORPORATION

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

1 MR. ACKERMAN: They were the ones that indicated
2 they were interested in that particular parcel, otherwise,
3 they would just receive the mailing along with everyone
4 else on your list?

5 MR. SHIMER: That's right. I might add that the
6 high bidder at the sale was not listed in the original
7 list for that letter that went out last fall.

8 CHAIRPERSON CORY: Are we ready?

9 MS. MORGAN: One more question. Do we have
10 the authority for small business preference, to give a
11 small business preference in a bid situation?

12 EXECUTIVE OFFICER NORTHROP: I think that's a
13 mandate, isn't it?

14 MS. MORGAN: You would have to have legal
15 authority in order to give a small business preference.

16 MR. TROUT: I didn't work on this transaction
17 and I'm not aware of the small business story. It would have
18 to be expressed by statutory authority. I can't think of
19 any right now.

20 It's an interesting question because of the
21 trust nature of the -- I think Bob and Jan will have to look
22 into it.

23 MR. HANNA: Calandor Corporation is a small
24 business.

25 MS. MORGAN: This company is a small business. If

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3611

1 we had authority for small business preference, it would
2 have been stated in the bid, I'm sure, but --

3 CHAIRPERSON CORY: Calandor is a holding company
4 for Weyerhaeuser.

5 (Laughter.)

6 CHAIRPERSON CORY: No.

7 MR. HANNA: I wouldn't be here if we were.

8 MS. MORGAN: As a side issue, I'd like to look
9 into the possibility of having the small business preference
10 in our bids.

11 MR. ACKERMAN: Is that in the bids for the State
12 Department of Forestry?

13 MS. MORGAN: I don't think so. I think there are
14 only two agencies that have the authority right now to
15 grant small businesses preference. I think it's a five
16 percent differential. Okay.

17 I prefer to move the item according to the staff
18 recommendations.

19 CHAIRPERSON CORY: Is there a second?

20 MR. ACKERMAN: Second.

21 CHAIRPERSON CORY: All in favor say aye.

22 (Ayes.)

23 CHAIRPERSON CORY: Opposed? Authorization for
24 Item 27, agreement as presented, is approved.

25 Item 28 is approval of amendment to Title Settlement

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 309
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 Agreement BLA 150, between the State Lands Commission
2 and Novato Center, Incorporated, which is to increase
3 the size of the pond as shown in the final mitigation
4 plan. Anybody in the audience on this item?

5 Any questions from the Commissioners?

6 If there's no objection, Item 28 will be approved
7 as presented.

8 Item 29, royalty oil sales to Beacon Oil at
9 \$1.28 over base price, 620 barrels per day. Anybody in the
10 audience on this item?

11 Any questions from the Commissioners?

12 No objections, Item 29 will be approved as
13 presented.

14 Item 30 is Sunland's high bid of \$1.126 over
15 posted for 27 degree gravity, 700 barrels per day. Anybody
16 in the audience on this item?

17 Any questions from the Commissioners?

18 Without objection, Item 30 will be approved as
19 presented.

20 Item 31, 18 degree gravity 700 barrels a day;
21 the high bid was USA Petroleum at \$1.066 over posted.
22 Anybody in the audience on this item?

23 Any questions from the Commissioners?

24 Without objection, Item 31 will be approved as
25 presented.

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3671

1 Item 32, Tidewater Sand and Gravel. This is --
2 EXECUTIVE OFFICER NORTHROP: They bid on the wrong
3 parcel.

4 CHAIRPERSON CORY: This is to return their bid
5 money. When they submitted the bid, it wasn't what they
6 thought they were buying.

7 MS. MORGAN: Ordinarily I wouldn't go along with
8 a bid return, but in this particular instance the staff
9 contributed to the confusion and I would recommend that we
10 return the deposit.

11 CHAIRPERSON CORY: I never noticed that.

12 MR. ACKERMAN: I don't believe that.

13 (Laughter.)

14 CHAIRPERSON CORY: Anybody in the audience on
15 this item?

16 Any questions?

17 Without objection, Item 32 -- approval will be
18 granted.

19 MR. ACKERMAN: Just to show we do have heart?

20 CHAIRPERSON CORY: We won't grant this humanitarian
21 action ever again.

22 Item 33, authorize the competitive bid for the
23 geothermal lease program in the Geysers.

24 EXECUTIVE OFFICER NORTHROP: Item No. 33 is on
25 today's calendar and seeks certification of an environmental

PETERS SHORTHAND REPORTING CORPORATION

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

1 impact report for proposed competitive leasing of
2 geothermal resources from reserved mineral lands at the
3 Geysers in Lake, Sonoma, and Mendocino Counties. This is
4 the first document produced under contract using a \$100,000
5 special appropriation received from the Legislature in the
6 1980-81 budget.

7 We proposed to do one EIR with that funding, but
8 staff has managed to stretch that money so that we were able
9 to contract for two EIR's.

10 The document before you today covers approximately
11 1,484 acres and the second EIR, the draft of which just
12 started circulating this week, covers approximately 349 acres.

13 We anticipate we will have that document before you
14 for certification by August and hope to conduct lease sales
15 for these tracts in August and October.

16 The Legislature this year, in 1981-82, gave us an
17 additional \$200,000 for EIR preparation at the Geysers.

18 Shortly after July 1, staff will be sending out a
19 request for proposals for preparation of an EIR covering
20 approximately 2,320 acres in Lake and Mendocino Counties.

21 Our new leasing program has generated a lot of
22 interest among potential bidders as well as among consultants
23 who will be bidding on contracts to prepare these EIR's.
24 We hope this interest will lead to some sharp competition
25 among the contractors so that we will be able to secure at

PETERS SHORTHAND REPORTING CORPORATION

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

1 least two EIR's from the present funding.

2 I might add here that all of the costs for EIR
3 preparation are toally refundable to the State once a
4 lessee has been selected through the competitive bidding
5 process.

6 CHAIRPERSON CORY: Now, Mr. Northrop, this item
7 has established several things we should make note of.
8 The first one is that you do, in fact, practice reading on
9 the other statements, because this one you obviously read
10 so poorly you hadn't had time to practice. It's been going
11 around the staff for weeks now, months, that you've been
12 practicing reading your statements with the doors closed.
13 I can now assure you that I am now convinced you do practice
14 them.

15 (Laughter.)

16 CHAIRPERSON CORY: And the other item I think that
17 has to be commented on is that this was some kind of filler
18 to make sure that --

19 (Laughter.)

20 EXECUTIVE OFFICER NORTHROP: Now, if you have a
21 serious question --

22 MS. MORGAN: I have a serious question. The
23 Legislature gave you \$200,000. What's the funding source?

24 EXECUTIVE OFFICER NORTHROP: Pardon?

25 MS. MORGAN: What's the funding source?

PETERS SHORTHAND REPORTING CORPORATION

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

1 EXECUTIVE OFFICER NORTHROP: It's put into a
2 pool if it's paid back.

3 MS. MORGAN: Well --

4 EXECUTIVE OFFICER NORTHROP: It's a revolving
5 fund.

6 MS. MORGAN: Working capital?

7 EXECUTIVE OFFICER NORTHROP: Yes. It's working
8 capital to start with.

9 MS. MORGAN: When do we get it back?

10 CHAIRPERSON CORY: As soon as the double zero --
11 you keep putting the double zero, and it doesn't come up.

12 EXECUTIVE OFFICER NORTHROP: What we're just doing
13 is just speeding up the process. If we waited to get a
14 bidder and started with an EIR, we lengthen the process out
15 by maybe a year. But if we get the ball rolling, when we
16 get ready, we don't have to put somebody to work on the EIR,
17 we've already done that.

18 CHAIRPERSON CORY: Why didn't you just say that?

19 EXECUTIVE OFFICER NORTHROP: I didn't know what the
20 thing was about.

21 CHAIRPERSON CORY: If you didn't know what it was
22 about, how did it get on the calendar?

23 EXECUTIVE OFFICER NORTHROP: I have no idea.

24 CHAIRPERSON CORY: Is there anybody in the
25 audience on Item 33? Without objection, we will authorize

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 363-3601

1 the staff to proceed with the competitive bid leasing
2 of the parcels. Without objection, such will be the order.

3 Item 34 is approval of award of a geothermal
4 lease of reserved mineral interest near Geysers Steam Field,
5 Lake County, 120 acres, at 30.6 percent profit plus
6 12 and a half percent, rather than 125 percent. Right?

7 I thought they had done well with that one.

8 Is there anybody in the audience on this item?
9 Any questions from the Commissioners?

10 Without objection, Item 34 is approved as
11 presented.

12 Item 35, requesting approval of the Commission to
13 hold a public hearing on pollution and subsidence control
14 plan on the San Joaquin River at False River and Jersey
15 Island, Contra Costa and Sacramento Counties. Anybody in
16 the audience on this item?

17 Questions from the Commissioners?

18 Without objection, approval to hold a hearing is
19 granted.

20 Item 36 is Subsidence Remedial Project, maintenance
21 and repair studies. Approve proposed expenditures.

22 EXECUTIVE OFFICER NORTHROP: This is an expenditure
23 of \$50,000, initial expenditure for the 81-82 fiscal year.

24 CHAIRPERSON CORY: Anybody in the audience on this
25 item? Questions from the Commissioners?

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 363-3811

1 MS. MORGAN: Yes. When do we reach the end of
2 this?

3 CHAIRPERSON CORY: Long Beach hopes never.

4 EXECUTIVE OFFICER NORTHROP: There will be
5 extensive litigation when we reach the end of this.

6 MS. MORGAN: Okay.

7 EXECUTIVE OFFICER NORTHROP: We've got a real
8 problem.

9 CHAIRPERSON CORY: We're putting up
10 2 million a year?

11 EXECUTIVE OFFICER NORTHROP: That's the subsidence.
12 City subsidence. And the issue is whether after the
13 properties are filled, that it go out in the marketplace
14 and buy property, and we're saying, no, you can't do that.
15 That's -- that's not the intent or what the subsidence
16 program is all about.

17 CHAIRPERSON CORY: They're getting nervous about
18 getting more oil out of the ground; therefore, more
19 subsidence, and they need more money and on, and on, and
20 on.

21 Is there anybody in the audience on this item?
22 Questions from the Commissioners?

23 Without objection, we'll approve the 50,000
24 expenditure.

25 Item 37 is for approval to close accounts of

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3801

1 Tideland Oil Revenue expended pursuant to Chapter 138/64
2 and filling West Town Lot with determination the allowable
3 cost -- subsidence cost is \$23,995.37.

4 Anybody in the audience on that item?

5 Any questions from the Commissioners?

6 Without objection, Item 37 is approved as presented.

7 Item 38 is 1840 acres, more or less, in the Counties
8 of Merced and Mariposa. There's a lawsuit going on with
9 the United States. Mr. Hight, do you think we have an
10 interest in it?

11 MR. HIGHT: No, sir.

12 CHAIRPERSON CORY: Any questions?

13 MR. ACKERMAN: No problem.

14 CHAIRPERSON CORY: Anybody in the audience? Without
15 objection, 38 is approved as presented.

16 Item 39 is 13.08 acres, more or less, in El Dorado
17 County and Mr. Hight also doesn't think we have an interest
18 in it, correct?

19 MR. HIGHT: Correct, Mr. Chairman.

20 CHAIRPERSON CORY: Anybody in the audience on
21 this item? Questions from the Commissioners?

22 Without objection, Item 39 is approved as presented.

23 Item 40; this is a rescission of prior boundary
24 approvals and approval of new, correct boundaries for LAFCO.
25 Anybody in the audience on this item? Questions from the

PETERS SHORTHAND REPORTING CORPORATION

7700 COLLEGE TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95836
TELEPHONE (916) 383-3601

1 Commissioners? Without objection, Item 40 is approved as
2 presented.

3 The administration calendar. The first item
4 is authorization of execution of a contract with Atlas
5 Blueprint Company, which I presume is the low bidder?

6 EXECUTIVE OFFICER NORTHROP: Yes, it was,
7 Mr. Chairman.

8 CHAIRPERSON CORY: See how quick we change to
9 low bidder from high bidder.

10 \$30,625. Are there any questions from anybody in
11 the audience? Without objection, Item 41 is approved as
12 presented.

13 Item 42, authorize an interagency agreement with
14 the Department of Justice for legal services for Long Beach
15 operations and Los Alamitos Bay litigation for the
16 fiscal year 1981-82 for a quarter of a million dollars.
17 Any questions from the Commissioners? Anybody in the
18 audience on this item?

19 Without objection, Item 42 is approved as presented.

20 Item 43 is a contract with the law firm of
21 Lobel, Novins, and Lamont for legal consulting services
22 not to exceed \$100,000. Anybody in the audience on this
23 item? Any questions from the Commissioners?

24 Without objection, Item 43 is approved as presented.

25 Item 44 is National Helicopter and Engineer Company

1 to authorize execution of a contract with them for \$16,560
2 maximum for year 81-82. Any questions from the audience on
3 this item? Questions?

4 Without objection, Item 44 is approved as
5 presented.

6 All right. Is there anything else?

7 MS. MORGAN: We have a closed executive session?

8 EXECUTIVE OFFICER NORTHROP: Yes. We have an
9 executive session.

10 CHAIRPERSON CORY: We will adjourn and go into
11 the executive session. We will ask you to please leave
12 so we may discuss items pursuant to litigation. Is that
13 correct?

14 MR. HIGHT: That's correct, Mr. Chairman.

15 (Thereupon the meeting of the State Lands
16 Commission was concluded at 2:34 p.m.)

17 ---oOo---

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

---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

I, Nadine J. Parks, a shorthand reporter of the State of California, do hereby certify.

That I am a disinterested person herein; that the foregoing State Lands Commission meeting was reported in shorthand by me, Nadine J. Parks, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of July, 1981.

Nadine J. Parks
Nadine J. Parks
Shorthand Reporter