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BUSINESS MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

CITY HALL
COUNCIL CHAMBERS
SACRAMENTO, CALIFORNIA

ORIGINAL

FRIDAY, OCTOBER 30, 1981
10:00 A.M.

RONALD J. PETERS, CSR
License No. 2780

MEMBERS PRESENT

1
2 Kenneth Cory, Chairman, State Controller
3 Susanne Morgan, representing Mary Ann Graves,
4 Director of Finance, Commissioner
5 David Ackerman, representing Mike Curb, Lieutenant
6 Governor, Commissioner

STAFF PRESENT

7
8 Mr. William Northrop, Executive Officer
9 Mr. James Trout, Assistant Executive Officer
10 Mr. R. C. Hight, Staff Counsel
11 Ms. Diane Jones, Secretary
12 Ms. Jane Smith, Secretary
13 Mr. R. S. Golder
14 Mr. Les Grimes
15 Mr. W. M. Thompson
16 Mr. David M. Hadley, Staff Counsel
17 Ms. Jane Mochon, Staff Counsel
18 Ms. Betty Louie

ALSO PRESENT

19
20
21 Mr. Jan S. Stevens, Deputy Attorney General
22 Mr. N. Gregory Taylor, Assistant Attorney General
23
24
25

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P R O C E E D I N G S

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CHAIRMAN CORY: " We will call the meeting to order. And in terms of some housekeeping items before we get together, there are forms that I think have been passed out, like this, for anybody who wishes to say anything at this meeting. I particularly have some indication that there are some people who wish to speak on Item 54, which is the Catalina item.

We have had a public hearing in the area on the matter, and so we are not looking for a great deal of lengthy discussion this morning. We will make available an amount of time if those of you who wish to speak could please fill out the forms so we can try to figure out how to allocate so that each of you have at least some time of the available time to speak.

We plan on concluding the agenda here this morning and we plan on proceeding with some alacrity. So, to the extent that you can get together to avoid duplication amongst yourselves, that would be helpful. If that can't be done, we will arbitrarily allocate the time available to the number of people and each person will be given an equal amount of time. And that's the way we will proceed.

We will go ahead and proceed with our business as per the Calendar.

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1 There are certain items that have been taken
2 off calendar. Calendar Item 32, Calendar Item 53, and
3 Calendar Item 48 have been removed from the calendar, so if
4 there is anybody here on those items, they are no longer on
5 the Calendar.

6 Are there any corrections or additions to the
7 minutes of the meeting of September 29?

8 Without objection, the minutes will be approved as
9 presented.

10 The report of the Executive Officer, Mr. Northrop.

11 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, thank
12 you. Mr. Chairman and Members, today I would like to
13 introduce Mr. George Wakayama. George, would you stand up?

14 George is retiring from the Commission after more
15 than 25 years of being on the Long Beach staff.

16 George is the Commission's Senior Subsidence
17 Engineer. He has played a large role in the compromise
18 settlement with the City of Long Beach, reached in 1976.
19 That settlement included \$7.6 million in claims for 36
20 Expenditure Projects. Twelve such projects are now under
21 consideration, under construction or awaiting final review
22 by Long Beach or the State. The potential deduction from
23 tideland oil revenue is measured in many millions of dollars.

24 George, you have earned the respect of all those
25 with whom you have worked, including the Attorney General's

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1 Office, and surprisingly, the Long Beach City Attorney's
2 Office, and the Long Beach City Engineer's Office and the
3 Harbor Department.

4 The Commission staff will miss your smile and
5 your cheefulness and the cooperative input that you have put
6 in for the last 25 years. I want to express my personal
7 gratitude and wish you best wishes for a long and happy
8 retirement. Thanks, George.

9 MR. WAKAYAMA: Thank you.

10 (Applause.)

11 CHAIRMAN CORY: We appreciate the kind of work
12 you did, particularly with making sure that there was a fair,
13 just and equitable settlement on the Grand Prix parking lot.

14 (Laughter.)

15 EXECUTIVE OFFICER NORTHROP: That concludes my
16 report, Mr. Chairman.

17 CHAIRMAN CORY: Okay. The next item is the
18 staff report on the State Coastal Commission. Mr. Golden.

19 MR. GOLDEN: Mr. Chairman and Members of the
20 Commission, I am going to be very brief this morning because
21 of the length of the agenda.

22 You have in front of you my staff report. I am
23 going to just briefly summarize it. There have been some
24 changes in the membership. Quite a few new members have
25 come on the State Coastal Commission and the Legislature has

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1 changed some of the charges and has taken off some of the
2 real controversial items.

3 We have been working primarily in the area of
4 acquainting those new members with public trust considera-
5 tions, primarily in the areas of Malibu and Redondo Beach.

6 Also, we have been working on some questions
7 relative to the sand mining operations in Monterey, which
8 have come to the commissioners. Thank you, Mr. Chairman.

9 CHAIRMAN CORY: Thank you. Any questions from
10 Commissioners?

11 ACTING COMMISSIONER ACKERMAN: No.

12 ACTING COMMISSIONER MORGAN: No.

13 CHAIRMAN CORY: The next item is the Consent
14 Calendar items, which are prefixed by the letter C1 through
15 C19, and they will be taken up in one motion unless there is
16 someone in the audience who has an objection to the proposed
17 staff recommendations on that item. Is there anybody that
18 has any objection to any Consent Calendar items?

19 Without objection?

20 ACTING COMMISSIONER MORGAN: I approve.

21 ACTING COMMISSIONER ACKERMAN: None.

22 CHAIRMAN CORY: The Consent Calendar will be
23 approved as presented. These are items C1 through C19.

24 Item 20. This is the Wickland Oil Terminals.
25 This is a ratification of the Executive Officer's approval

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1 of a security agreement for the lenders on Wickland Oil
2 terminals.

3 And this morning, as that was explained to me,
4 there is a relatively short time fuse of notice that, if
5 there is default, we are given 24 hours, given a list of
6 proposed bidders, and we have to either reject any of the
7 proposed bidders that are unacceptable to us within 24 hours
8 of them telling us. And then, after they have opened the
9 bids and decided on who is the winning bidder, when they
10 are cutting their losses at the bank, we have one hour to
11 approve them.

12 I have some serious problems whether or not the
13 State Government, given our holidays and the like, can in
14 fact conform to, in essence, a 25-hour time frame on
15 approval of a new lessee.

16 And I don't know where we are with this problem,
17 but I just can't in good conscience agree to that. I
18 understand that the bank wants a quick and rapid decision on
19 that, but I don't see how anything short of probably two
20 working days of the State is realistic.

21 EXECUTIVE OFFICER NORTROP: Mr. Chairman, that
22 was negotiated by Mr. Dave Hadly. Perhaps he could fill
23 us in.

24 MR. HADLY: Mr. Chairman, we did discuss at
25 length, with attorneys from both Wickland Oil and the lender

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1 in this case, Crocker Bank. There are three banks involved
2 in this agreement. There are two possibilities.

3 What we have given the oil company is, we have
4 allowed a security interest in the lease issued by the
5 State. Now, if the lessee defaults on the loan to the
6 lender, doesn't make the payment, then the lender is faced --
7 well, they have to decide what to do and they have to
8 decide whether to replace that lessee with somebody else
9 who is more responsible.

10 Now, the first thing that they will try to do is
11 to find, instead of foreclosing and having the sale through
12 the deed of trust, they are going to try to locate another
13 responsible party.

14 In that case, the State has at least two days,
15 and it is more likely going to be a longer period. Their
16 intent is to have a list of potential lessees and give
17 that to us well in advance of a decision.

18 CHAIRMAN CORY: What does the contract call for?
19 I don't care what they intend. What does the contract
20 obligate us to perform?

21 MR. HADLY: Okay. The contract calls for two
22 days --

23 CHAIRMAN CORY: Two calendar days or two State
24 working days?

25 MR. HADLY: Two business days. In other words,

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1 if there is no foreclosure, if they don't foreclose, which
2 is the case 95 percent of the time, 99 percent of the time,
3 these matters do not go to foreclosure. There is somebody
4 else put in in place of the lessee without a foreclosure
5 sale.

6 It's very very unlikely that a foreclosure sale
7 would ever happen.

8 So there are two business days for in lieu of
9 foreclosure.

10 CHAIRMAN CORY: Who's business, the bank's or
11 ours?

12 MR. HADLY: Our working days and the bank's,
13 I believe, are on the same schedule. They are working a
14 five-day week.

15 CHAIRMAN CORY: Not always. And that's why we
16 have got to be clear that we are talking about two State
17 working days because there are days that are bank holidays
18 and days that are State holidays and they don't coincide.

19 What I don't want to get into is a position where
20 the bank is working and we are not and the thing is
21 approved by nobody even knowing that it exists.

22 MR. HADLY: Okay. The contract says that the
23 State shall have at least two business days. That is the
24 business days of the State. In other words, the days on
25 which the State conducts their business.

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1 CHAIRMAN CORY: Okay. Now, what is the other
2 thing on the 24 hours?

3 MR. HADLY: The other possibility, which is,
4 again, very remote, is if a foreclosure pursuant to the
5 statute takes place. Now, what's going to happen in that
6 event -- first of all, we will have notice in 90 days prior
7 to -- we will have notice of a default and then it will be
8 at least 90 days before they can schedule a sale.

9 So what we will have is a lot of time. Within
10 that time, again, the bank will try to locate responsible
11 lessees to take the place of the party in default.

12 If there is a sale, there will be 20 days notice
13 of the sale to a formal notice. They will continue to try
14 to ascertain the likely purchasers or potential bidders
15 in such a sale.

16 It's very likely they will have a list of those
17 parties interested, because the parties will inquire. They
18 will want to know and they will inquire as to what is
19 entailed in the lease and they will want more information
20 before they can make a bid. We are going to probably know
21 the identity well in advance of the sale.

22 There is one possibility that is extremely
23 remote. If it comes down to the day of the sale -- well,
24 first of all, when you get within the day of the sale --

25 CHAIRMAN CORY Is there or is there not a

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1 requirement of a 24-hour limitation on our time frame, and
2 if so, when is that operative?

3 MR. HADLY: Okay. That is operative if there are
4 no parties identified, if the parties decide to go to the
5 foreclosure sale and have not previously identified them-
6 selves. In that case, the State must make a decision. If
7 someone shows up at the sale who is previously unidentified,
8 the State must make a fairly rapid decision. The problem
9 is that the statute does not provide -- it just provides for
10 a sale. It doesn't say that you can hold up the sale.

11 There is one qualifier in the sale where the
12 parties can be checked for their financial capability, as
13 far as responsible bidders. We will know the identity,
14 in other words, the day prior to the sale on that matter.

15 But if somebody shows up that is not previously
16 identified, which is very unlikely, then we have to make a
17 decision the day of the sale.

18 CHAIRMAN CORY: I think that is something the
19 State cannot live with if we are talking about somebody
20 that nobody has ever heard of in that position.

21 I don't know how to solve the problem, but on the
22 day of the sale, if somebody shows up, then we are stuck with
23 a new lessee.

24 MR. HADLY: Mr. Chairman, I think what was
25 contemplated, we have run into a number of these security

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1 agreements in which it is hard for the State to react because
2 we have to have a monthly meeting and it has to be brought
3 to the attention of the Commissioners what the identities
4 of these parties are, but if we had a delegation of that
5 to the Executive Officer, I feel that would be one way of
6 solving it.

7 Again, that decision can be made very swiftly.

8 CHAIRMAN CORY: David.

9 ACTING COMMISSIONER ACKERMAN: Have conditions
10 like these ever been placed upon the Commission by a lender
11 in other circumstances?

12 MR. HADLY: No. The previous security agreements
13 have been executed. The lenders have not asked for -- they
14 have really not been filled with a lot of uncertainty. These
15 banks are trying to fill in a lot of uncertainty in the
16 security.

17 ACTING COMMISSIONER ACKERMAN: It almost gives
18 me the feeling there is a high likelihood already that
19 Wickland Oil is going to back out and we are already trying
20 to approve a stopgap arrangement.

21 MR. HADLY: The problem is that the banks are
22 very conservative and they are afraid if they conduct the
23 sale, they want to honor the provision that says that the
24 State has to identify or approve the identity of any lenders
25 or any new lessees.

1 But if they have an extremely remote possibility
2 of a sale with a new party showing up that hasn't indicated
3 an interest, then we'd have to make a decision. But
4 that's a very remote situation.

5 ACTING COMMISSIONER ACKERMAN: Is there anyone
6 from Crocker Bank here?

7 I just wondered if this was not approved as a
8 condition of the financing agreement, would Crocker Bank
9 pull out?

10 CHAIRMAN CORY: As I understand it, this was not
11 originally a part of Crocker's deal, but when Crocker sold
12 it and established their group for the financing, some of
13 the other banks have put this in. Is that the case?

14 EXECUTIVE OFFICER NORTHROP: Mr. Trout has some
15 familiarity with that.

16 ASSISTANT EXECUTIVE OFFICER TROUT: Well,
17 Mr. Chairman, perhaps we could ask Dave, here, to respond,
18 but my understanding is that the problem is with the
19 statutes on foreclosure and on the giving of notice and
20 not within the province of our own lease.

21 MR. HADLY: That is the problem, Mr. Chairman.
22 Usually on a foreclosure sale, people just go up and bid.

23 CHAIRMAN CORY: No. You are giving away part of
24 the Commission's ability to approve the lessee to accommodate
25 a lender. I don't see that this Commission has an obligation.

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1 You know, I think we have to move with speed, make decisions
2 in a reasonable time, but I think that 25 hours in a worst
3 case is inappropriate to agree to a contractual thing to
4 convenience a lender. If the lender is that unreasonable
5 that they require that, then I think we should look for
6 another lender.

7 I don't want to get into it, but I just don't
8 see how we can agree to be able to respond within 25 hours
9 because in the worst possible case, government doesn't move
10 that quickly. I think we ought to face that reality rather
11 than to try to hide from it and say, "Well, gee, it may not
12 happen."

13 If they can't accommodate that, without leaving
14 out that specific requirement, then I think we are
15 contracting away some of our options.

16 ACTING COMMISSIONER MORGAN: May I ask a question?

17 CHAIRMAN CORY: Go ahead.

18 ACTING COMMISSIONER MORGAN: What is the timing
19 on this?

20 MR. HADLY: Well, the banks have committed to an
21 \$8.5 million loan based on this agreement.

22 ACTING COMMISSIONER MORGAN: How long is that loan
23 good for?

24 MR. HADLY: I don't know how long they would leave
25 that commitment based on this not being approved. I can't

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1 answer that.

2 ACTING COMMISSIONER MORGAN: Would you advise us
3 to approve what is before us absent by and removing that
4 section that is objectionable or would you advise us to
5 defer the matter?

6 MR. HADLY: I think perhaps you should defer it.
7 The major problem has to be worked out as to how the banks
8 can, if there is a security agreement, how they can foreclose
9 according to the statute. That's their big problem.

10 They have to be able to do that in order to
11 protect their security, and they may not feel they are able
12 to do that.

13 CHAIRMAN CORY: Well, I find it hard to believe
14 that all the other lessees that we have dealt with at the
15 State Lands Commission have been able to deal with
16 their lenders and haven't had this problem. I mean that's
17 where I have difficulty with having a great deal of
18 sympathy with their side.

19 MR. HADLY: Well, one interesting point is that
20 we have had this agreement with several other banks. I
21 honestly don't think they have looked at what the potential
22 consequences are, in other words, as far as going to fore-
23 closure.

24 CHAIRMAN CORY: Dave.

25 ACTING COMMISSIONER ACKERMAN: Is Wickland Oil

1 in that shaky a position in this case?

2 CHAIRMAN CORY: Well, I would not imply that
3 from this. I just think that --

4 MR. HADLY: This is the banks.

5 CHAIRMAN CORY: I think this is a deal that has
6 been over-lawyered, frankly.

7 (Laughter.)

8 ACTING COMMISSIONER ACKERMAN: Is there any major
9 downside for putting this over?

10 What are we going to gain from putting it over?

11 CHAIRMAN CORY: Well, the lawyers might be able
12 to work out another agreement if they inform the lenders
13 that there is some reluctance on the part of the Commission
14 to go along with the 25 hours.

15 MR. HADLY: Mr. Chairman, may I ask is there a
16 time frame that would be agreeable, a longer period?

17 CHAIRMAN CORY: I don't think it takes much time,
18 but I think you need like two working days, the same as you
19 got in the other, two State working days. Then I think the
20 State can respond to it and live with the consequences.

21 MR. HADLY. In other words, two working days,
22 if there were any sale, the State, if we could get them to
23 agree, would have two days to approve the purchase of it?

24 CHAIRMAN CORY: I think two working days to approve
25 a new lessee. But for some guy who walks in off the street

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1 with a wine jug and a cashiers' check, to give him a lease
2 on 24 hours notice, and the sale may be occurring God knows
3 where, I mean I don't think that is unreasonable for us to
4 expect.

5 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, would
6 it be acceptable to the Commission to consider approval,
7 giving them that caveat you just suggested?

8 CHAIRMAN CORY: I can move that.

9 ACTING COMMISSIONER ACKERMAN: That would be fine.

10 ACTING COMMISSIONER MORGAN: That would be fine
11 except that this man advised us that he would prefer to have
12 it put over.

13 MR. HADLY: I guess that's up to the Commissioners.

14 ACTING COMMISSIONER ACKERMAN: What if we just
15 approve it that way and then we can bring it up again for
16 further amendment if we need it?

17 CHAIRMAN CORY: Fine with me.

18 Without objection, it will be so approved.

19 ACTING COMMISSIONER MORGAN: Fine.

20 CHAIRMAN CORY: Okay, if you can get two working
21 days. If not, bring it back.

22 Item 21, amendment of a boundary settlement
23 between North Coast Village and the City of Oceanside.

24 This is just a redefinition of a boundary.

25 Any questions from the Commissioners?

1 Anybody from the audience on this item?
2 Without objection Item 21 is approved as
3 presented.

4 Item 22, authorize the execution of a lease of the
5 Hayward Land Bank or undivided percentage interests therein
6 to the East Bay Regional Park District for marsh restoration
7 and preservation.

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

10 ACTING COMMISSIONER MORGAN: No.

11 CHAIRMAN CORY: Without objection, Item 22 is
12 approved as presented.

13 Item 23, exercise an option under a previous
14 title settlement agreement to which the State will patent
15 to the Port of Oakland and terminate the public trust
16 easement on lands at the Oakland Airport Business Park and
17 Distribution Center in exchange for a 26.87 percent interest
18 in the Hayward Land Bank Parcel.

19 Is there anybody in the audience on this item?
20 Are there any questions from the Commissioners?
21 Without objection, Item 23 is approved as
22 presented.

23 Item 24. The staff wants authorization for
24 coordinating a multi-agency compilation on the cultivation
25 of Jojoba and --

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EXECUTIVE OFFICER NORTHROP: Guayule.

CHAIRMAN CORY: -- Guayule in the desert.

Is there anybody in the audience on this item?

Any questions from Commissioners?

ACTING COMMISSIONER ACKERMAN: I have one. The Calendar item says that this will be done at no cost to the Commission. I can't believe that something like this can be done at no cost.

CHAIRMAN CORY: It certainly should be done at no cost.

(Laughter.)

ACTING COMMISSIONER ACKERMAN: How much is this costing?

EXECUTIVE OFFICER NORTHROP: In dollars?

ACTING COMMISSIONER ACKERMAN: In dollars.

(Laughter.)

EXECUTIVE OFFICER NORTHROP: Well, it could be in Jojobas and Guayules.

ACTING COMMISSIONER ACKERMAN: How many man-hours on this?

MR. GRIMES: Mr. Chairman and Commissioners, one land agent working perhaps two half days a week. It is primarily --

CHAIRMAN CORY: For how long?

ACTING COMMISSIONER ACKERMAN: For how long?

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1 MR. GRIMES: I think the target date for printing
2 this thing at no cost through the University Extension
3 Facilities --

4 CHAIRMAN CORY: I hope the Reporter is getting
5 these chuckles.

6 (Laughter.)

7 MR. GRIMES: -- is this December. It is going to
8 be a compendium and not an original work.

9 CHAIRMAN CORY: And what does it cost to defend
10 the copyright infringements?

11 ACTING COMMISSIONER MORGAN: What do we know about
12 this?

13 MR. GRIMES: We know only that a lot of people
14 are interested in cultivating not only Jojobas but Guayules.

15 CHAIRMAN CORY: And a lot of other things, too,
16 but I am not going to get into that.

17 ACTING COMMISSIONER MORGAN: Are we the experts?

18 MR. GRIMES: No. The Governor is vitally
19 interested in doing this, and we are the land owner. We
20 have people coming in and they want us to tell them how to
21 grow Jojoba beans, and of course we don't know how.

22 (Laughter.)

23 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, I think
24 it is fair to point out that much of the desert land that
25 we have currently returns no revenue to the State at all.

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1 It is suitable for the cultivation of Jojoba and Guayule,
2 so if we are going to put it out, we should at least know
3 what we have got to lease and make sure we are leasing an
4 area that is correct.

5 CHAIRMAN CORY: Do you mean to tell me that people
6 are really willing to come in and lease that land to grow
7 these things on?

8 EXECUTIVE OFFICER NORTHROP: Yes, sir.

9 MR. GRIMES: Yes, sir.

10 EXECUTIVE OFFICER NORTHROP: It has been done.

11 ACTING COMMISSIONER ACKERMAN: Is it our
12 responsibility to give them that feasibility study, how to
13 do that?

14 EXECUTIVE OFFICER NORTHROP: I think it is our
15 responsibility, Mr. Ackerman, to know whether the land that
16 we have to lease is suitable for this kind of cultivation,
17 and not attempt to lease it when it's not suitable.

18 ACTING COMMISSIONER MORGAN: I think the staff
19 ought to do it.

20 CHAIRMAN CORY: Well, you want the staff to do
21 this and you are going to have it done by December?

22 MR. GRIMES: Yes, I believe that's the target date.

23 ACTING COMMISSIONER MORGAN: Could they give us a
24 report at our December meeting?

25 CHAIRMAN CORY: No, I would prefer that you would

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1 proceed on nonobjections of the Commission. I am willing to
2 go along that far with you.

3 Is that okay?

4 ACTING COMMISSIONER MORGAN: Yes, I really am
5 interested.

6 MR. GRIMES: Thank you.

7 ACTING COMMISSIONER ACKERMAN: I abstain.

8 CHAIRMAN CORY: Mr. Ackerman abstains. I am
9 willing to allow the staff to proceed on a nonobjection basis
10 That's something out of the Long Beach 138 contract.

11 MR. GRIMES: Thank you.

12 CHAIRMAN CORY: Make sure that you don't engage
13 in any other form of cultivation out there.

14 Item 25, negotiated subsurface oil and gas lease
15 located in the Grays Bend area of the Sacramento River
16 involving 80 acres of tide and submerged land in Sutter and
17 Yolo Counties.

18 This is a negotiated thing to give access, is that
19 it?

20 EXECUTIVE OFFICER NORTHROP: Yes, that is correct,
21 Mr. Chairman, there is no State-owned access with
22 accessibility.

23 CHAIRMAN CORY: Is there anybody in the audience
24 on Item 25?

25 Any questions from Commissioners?

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1 Without objection, Item 25 is approved as
2 presented.

3 Item 26. Aminoil wishes to replace an access
4 trestle located in Elwood Field, Santa Barbara County.

5 Is there anybody in the audience on this?
6 Any questions from Commissioners?

7 Without objection, Item 26 is approved as
8 presented.

9 Item 27. This is a request for an award of a
10 Geothermal Resources Lease of 800 acres in Lake County to
11 the Central California Power Agency. The high bid was 70
12 percent of net profit.

13 Is there anybody in the audience on this item?
14 Any questions from Commissioners?

15 ACTING COMMISSIONER MORGAN: I have a question.
16 How many bidders are there?

17 EXECUTIVE OFFICER NORTHROP: There were three
18 bidders on that one.

19 ACTING COMMISSIONER MORGAN: How close were they?

20 EXECUTIVE OFFICER NORTHROP: Seventy percent was
21 the high, 62.3 was the second bid, and the third bid was
22 30 percent of net profit.

23 CHAIRMAN CORY: Any further questions?

24 Without objection, we will approve the high
25 bidder, Central California Power Agency.

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1 Item 28 is another award of a Geothermal Resources
2 Lease. The high bidder was Central California Power Agency
3 at 80.1 percent of net profits.

4 Is there anybody in the audience on this item?
5 Any questions from the Commissioners?

6 ACTING COMMISSIONER MORGAN: Were these all the
7 same bidders?

8 EXECUTIVE OFFICER NORTHROP: Yes, appreciably
9 the same bidders. There were three bidders. The second
10 bid was 36.7 against the 80.1, and the third was 18.67.

11 CHAIRMAN CORY: Further questions from
12 Commissioners?

13 Without objection, Item 28 is approved as
14 presented.

15 Item 29, award of a 440-acre parcel of geothermal
16 land in Mendocino and Sonoma Counties.

17 The high bid, submitted by Central California
18 Power Agency was 97.5 percent of the net profits.

19 Is there anybody in the audience on this item?
20 Any questions from Commissioners?

21 ACTING COMMISSIONER MORGAN: What are the other
22 bids?

23 EXECUTIVE OFFICER NORTHROP: The other bids were
24 38.7 percent and 20.3 percent.

25 ACTING COMMISSIONER ACKERMAN: Why did they bid

1 so high?

2 EXECUTIVE OFFICER NORTHROP: They need power,
3 apparently.

4 ACTING COMMISSIONER MORGAN: How does this compare
5 to other geothermal bids we have had?

6 EXECUTIVE OFFICER NORTHROP: We have been
7 approximately in the high sixties, low seventies, in that
8 general area on the other bids.

9 ACTING COMMISSIONER MORGAN: Okay.

10 EXECUTIVE OFFICER NORTHROP: This is an
11 exceptionally high bid on the last one.

12 CHAIRMAN CORY: Without objection, Item 29 is
13 approved as presented.

14 Item 30, authorizing competitive bidding on another
15 parcel in Sonoma County, geothermal land.

16 Any questions from the Commissioners? Anybody
17 in the audience?

18 Without objection, authorization is granted.

19 Item 31, Engineering Specialties Inc. wants a
20 non-exclusive Exploration Permit in Shasta County on
21 Latour State Forest.

22 This is seismic?

23 EXECUTIVE OFFICER NORTHROP: Yes, sir.

24 CHAIRMAN CORY: Any questions?

25 Any comments from anybody in the audience?

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1 Questions from Commissioners?

2 Without objection, Item 31 is approved as
3 presented.

4 Item 32 is off calendar.

5 Item 33. This is a proposal of a sale, right?

6 EXECUTIVE OFFICER NORTHROP: Yes, this is a
7 proposed sale, right, Mr. Chairman, about 270 barrels a day.

8 CHAIRMAN CORY: And you are thinking of going to
9 bid when?

10 EXECUTIVE OFFICER NORTHROP: I believe we are
11 about in March, early March is what we are looking at. That
12 will give us a test of the market at that time.

13 CHAIRMAN CORY: Anything from the audience on
14 Item 33?

15 David.

16 ACTING COMMISSIONER ACKERMAN: Since the market
17 is rather soft right now, does the Commission have the option
18 of rejecting bids or do you have to take the highest?

19 EXECUTIVE OFFICER NORTHROP: We are just going out
20 to bid, and when we bring the bids back, of course, we have
21 to accept or reject at that time.

22 ACTING COMMISSIONER ACKERMAN: Do we have an
23 obligation to take the highest bid?

24 EXECUTIVE OFFICER NORTHROP: No, we can reject
25 all the bids.

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1 CHAIRMAN CORY: No. And we have got the March
2 time, as I understand it, is the OPEC change. We are trying
3 to see what the Saudis do with total production. In March
4 we might get some movement in the marketplace by then.

5 ACTING COMMISSIONER MORGAN: How long will this
6 bid process take?

7 EXECUTIVE OFFICER NORTHROP: What is it, Moose,
8 thirty days after the bids are received?

9 MR. THOMPSON: We should have the bids in in
10 December.

11 EXECUTIVE OFFICER NORTHROP: Bids in in December
12 and we will award it in March.

13 CHAIRMAN CORY: You are talking about requesting
14 the bids in December for award in March, or are you talking
15 about requesting in March for awards the following December.

16 MR. THOMPSON: It is presently a sell-off contract
17 that expires March 1st. We expect bids back in December.
18 We will bring them back to the Commission at that time. You
19 can decide whether you want to accept that bid and extend
20 it from March 1st on.

21 EXECUTIVE OFFICER NORTHROP: Or let it go back to
22 basic price.

23 MR. THOMPSON: The OPEC countries agreed yesterday
24 to a ceiling, but we still don't know about the production,
25 when the cutback will be on that from the Saudis.

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1 CHAIRMAN CORY: Okay.

2 Without objection, the proposed selloff is
3 approved.

4 Item 34, Third Modification of the 1981-82 Plan
5 of Development and Operations of the Long Beach Unit,
6 Wilmington Oil Field. As I understand it, we are just turn-
7 ing \$1.3 million around within the budget, no increase
8 in total cost, but moving it from one place to another.

9 MR. THOMPSON: Yes.

10 CHAIRMAN CORY: Any questions from Commissioners?
11 Any questions from the audience on this?

12 Without objection, 34 is approved as presented.

13 Item 35, expenditure for construction of street
14 improvements for Long Beach.

15 Anybody in the audience on this item?

16 Any questions from Commissioners?

17 Without objection, Item 35 is approved as
18 presented.

19 Item 36. This is a termination of the new price
20 mechanism, leaving out the retroactive issue.

21 EXECUTIVE OFFICER NORTHROP: Yes, sir.

22 CHAIRMAN CORY: And this will change the mechanism
23 by which we price the dry gas?

24 EXECUTIVE OFFICER NORTHROP: The purchasing of
25 dry gas at absorption plants has just about disappeared, so

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1 we needed to settle on a new price formula.

2 CHAIRMAN CORY: Anybody in the audience on this
3 one?

4 Any questions from Commissioners?

5 Without objection, 36 will be approved as
6 presented.

7 Item 37. Mr. Hight, you are going to tell us that
8 you have settled a Mcor V. Knob Hill lease, Knob Hill lease,
9 is that correct?

10 MR. HIGHT: That is correct, Mr. Chairman.

11 CHAIRMAN CORY: And this is Seahawk?

12 MR. HIGHT: This is Seahawk and Mcor Oil, which is
13 a controversy in access that arose several months ago.

14 CHAIRMAN CORY: So you worked out a settlement
15 with which everyone can live with and we start collecting
16 money forthwith. How much a day?

17 MR. HIGHT: About \$13,000 a day.

18 CHAIRMAN CORY: We are taking out \$13,000 a day
19 rather than spending two or three years litigating?

20 MR. HIGHT: Correct, Mr. Chairman.

21 CHAIRMAN CORY: Anybody in the audience on this
22 item?

23 Questions from Commissioners?

24 Without objection, Item 37 is approved.

25 Item 38, approval of proposed boundaries relative

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1 to annexation of tide and submerged lands to the City of
2 Laguna Beach, Orange County.

3 Is there anybody from the audience on this?
4 Any questions from Commissioners?

5 ACTING COMMISSIONER ACKERMAN: This is just a
6 recognition of the boundaries, but not an approval of the
7 annexation?

8 MR. HIGHT: It is an approval of the legal
9 sufficiency, but not an approval of the annexation.

10 CHAIRMAN CORY: Without objection, Item 38 is
11 approved as presented.

12 Item 39 is an authorization for a disclaimer in
13 the lawsuit of the United States of America against a
14 section of land in Sacramento County. No involvement?

15 MR. HIGHT: Correct, Mr. Chairman.

16 CHAIRMAN CORY: Without objection, 39 is approved
17 as presented.

18 Item 40 is 1.56 acres of land and 2.51 acres of
19 land in Trinity County.

20 MR. HIGHT: That's for a road easement,
21 Mr. Chairman.

22 CHAIRMAN CORY: A road easement. Without
23 objection, Item 40 is approved as presented.

24 Item 41 is 4.8 acres in a U.S. lawsuit in Yolo
25 County.

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1 Any problems?

2 Without objection, 41 is approved as presented.

3 Item 42 is a disclaimer on .32 acres of land in
4 Yolo County. Another road?

5 MR. HIGHT: This is for part of the Central Valley
6 Project.

7 CHAIRMAN CORY: CVP Project.

8 Any questions from Commissioners?

9 Without objection, 42 is approved as presented.

10 Item 43, 280 acres of land in Trinity County.

11 Any questions from Commissioners?

12 Without objection, Item 43 is approved as
13 presented.

14 Item 44 is 49.21 acres of land in Trinity County,
15 a U.S. lawsuit. We have no involvement.

16 Any questions from Commissioners?

17 Without objection, it will be approved as presented.

18 Item 45, .18 acres of land in Yolo County.

19 Any questions from Commissioners?

20 Without objection, Item 45 is approved as
21 presented.

22 Item 46, .45 acres of land, again in Trinity
23 County. This is a U.S. lawsuit without any involvement.

24 Any questions from the Commissioners?

25 Without objection, Item 46 is approved as

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1 presented.

2 Item 47 is a disclaimer on 1.69 acres of land
3 in Yolo County. There is no involvement and no questions
4 from the Commissioners?

5 Authorization is granted.

6 Item 48 is off calendar.

7 Item 49.

8 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, on
9 Item 49, for the record, at 3:55 p.m. yesterday,
10 Kevin Pedrotti from Assemblyman Wally Herger, called and
11 requested that Item 49, adopting water levels in Lake Tahoe,
12 be pulled from today's agenda because of the concern of
13 several constituents. Assemblyman Herger has not had
14 sufficient time to review this item and has requested that
15 the item be pulled. Thank you.

16 CHAIRMAN CORY: Jan, can you fill us in on whether
17 we can put this over or what we would be jeopardizing if we
18 did so?

19 MR. STEVENS: Mr. Chairman, I'd recommend against
20 putting it over because there is a need for an interim
21 position to implement the California Supreme Court's
22 decision in the Lyon and Fogerty cases. They held, of
23 course, that the State owns fee to low water and that there
24 is a public trust to ordinary high water on non-title,
25 navigable waterways.

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1 At Lake Tahoe, which is what Item 49 is
2 addressed to, the State has been leasing for many years at
3 the low-water level, which is recommended that the
4 Commission reaffirm today, at 6,223 feet above sea level
5 by Tahoe data.

6 By the same token, the high level which is
7 recommended has been utilized by the regulatory agencies
8 at the Lake, by the Corps of Engineers and by the local
9 governments, as we understand, for some time as well.

10 There is pending litigation which cannot wait
11 for another 30 days, because of various statutory limitations
12 in which the State is involved and in which settlement is
13 very close.

14 In addition, of course, the existence of all these
15 leases would be thrown in some confusion if the Commission
16 did not make it clear that it reaffirms the levels which have
17 been recognized these many years, to let us go forward
18 toward a final adjudication of these matters. The Court
19 eventually may have a different idea about what the proper
20 lows and highs are, but in the meantime, life must go on, and
21 we need an interim operating position for litigation and for
22 leasing purposes.

23 I think we haven't had an opportunity, of course,
24 to talk to Mr. Herger or his aide, but I think it should be
25 made clear that these lines would be adopted solely for those

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1 purposes, solely for the present ongoing programs of the
2 Commission, and as the basis on which to continue toward
3 a final resolution of the levels in the trial court, which,
4 of course, is going to be necessary.

5 CHAIRMAN CORY: So that we would have the flexi-
6 bility of changing this if it was causing particular grief
7 to somebody?

8 MR. STEVENS: Definitely. We have to have a line
9 to work with from day to day. This is what it comes down
10 to. These are the lines that we have been, in fact,
11 utilizing. The Commission has been utilizing for many years
12 a low-water line, and this simply calls for a reaffirmation
13 so that everybody knows where we are today with respect to
14 Lake Tahoe. We think it's necessary in terms of the pending
15 litigation.

16 CHAIRMAN CORY: Commissioners?

17 ACTING COMMISSIONER ACKERMAN: How many cases
18 are pending that require this decision today?

19 MR. STEVENS: At least three at Lake Tahoe
20 and, four, if the lawsuit pending with Nevada in Incline
21 Village is added to it.

22 ACTING COMMISSIONER ACKERMAN: Those are cases
23 that would be decided within the next 30 days?

24 MR. STEVENS: There's only one that will be
25 decided within the next 30 days, but that is the case in which

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1 the five-year mandatory dismissal was extended by the Court
2 on the sole condition that it go to trial within the next
3 30 days. And if we are going to resolve that one, it's
4 going to be necessary to have some kind of line to call our
5 own.

6 ACTING COMMISSIONER ACKERMAN: So, in other words,
7 if we postponed this for 30 days, technically we would --

8 CHAIRMAN CORY: Lose the lawsuit because we
9 don't have a boundary.

10 MR. STEVENS: And, de facto, I think this
11 Commission has to have a line in any event, because if it
12 took the position that it didn't, until every line resulted
13 in the litigation that is pending, its leases would be
14 thrown into considerable confusion.

15 CHAIRMAN CORY: Okay.

16 MR. STEVENS: Ultimately it will have to be
17 resolved in court, and the private parties who are objecting
18 through Mr. Herger and otherwise will certainly have a full
19 opportunity to litigate and to present their views. We hope
20 they will be resolved soon.

21 ACTING COMMISSIONER ACKERMAN: What is the
22 interface between this item and the one that was pulled
23 off the calendar?

24 MR. STEVENS: The one pulled off is a general
25 policy item containing a number of recommendations with

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1 respect to how the public trust should be treated by the
2 Commission, how the Commission should deal with consistent
3 and inconsistent uses, what the Commission should do in terms
4 of giving people findings that their projects are
5 consistent with the trust in that zone, and it is a much
6 more complex policy matter that I know deserves a good deal
7 of study.

8 And other persons, the Director of Fish and
9 Game, for one, has requested that he be given an opportunity
10 to meet and discuss it. It justifies being put over,
11 certainly.

12 The Clear Lake and Tahoe items simply represent
13 the setting of specific lines for now, which we have to use
14 in leasing and in litigation, with the understanding that
15 ultimately a court will have to make this resolution.

16 We'd like to put it over, but we don't think we
17 will be any further a month from now than we are now.

18 CHAIRMAN CORY: And the other problem is for
19 one lawsuit where the Court is saying that you can go to
20 trial within 30 days and we will try to work that way.

21 MR. STEVENS: That is right.

22 ACTING COMMISSIONER ACKERMAN: Are there any
23 similar situations with Clear Lake?

24 MR. STEVENS: Yes, there are. The county, of
25 course, is a grantee at Clear Lake, but the State is

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1 necessarily a party in litigation as to the title at
2 Clear Lake, and there are some cases which are hanging fire,
3 at least two I can think of now, in which the parties are
4 pressing for immediate summary judgment and disposition in
5 the next 30 days.

6 They have waited for us as a courtesy because
7 we wanted to come back and touch base with the Commission
8 to get the accepted lines reaffirmed.

9 ACTING COMMISSIONER ACKERMAN: I understand that
10 this morning a petition for rehearing was filed on the
11 entire case. Does that have any impact on the Commission
12 taking action this morning?

13 MR. STEVENS: Yes, a petition for rehearing was
14 filed, I understand, in the U.S. Supreme Court. The
15 Court previously denied it. We still are obligated, of course,
16 to follow the California Supreme Court's decision, which is
17 final, and it is essential for us to have a position in the
18 meantime.

19 The only alternative would be to suspend all of
20 our programs, operations, and positions in litigation until
21 every last petition for rehearing would finally be resolved
22 and I think that would be a long time down the line.

23 CHAIRMAN CORY: I am inclined to go ahead and
24 adopt the level with the understanding that it is the sort
25 of existing governmentally agreed to boundary which is subject

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1 to change by the Court and subject to change even by the
2 Commission if there were facts that were brought to us
3 at some time.

4 ACTING COMMISSIONER ACKERMAN: Jan, could we
5 adopt this as an interim position on behalf of the Commission
6 for a period of 90 days or something like that, or come back
7 at a subsequent date with the final declaration? Because,
8 administratively, I think we should go forward and not
9 hold up anything, but yet I am concerned that an appeal
10 for rehearing has been filed, and to my way of thinking, the
11 issue is not final yet, and I certainly don't want to
12 prejudice anyone.

13 MR. STEVENS: It could certainly be adopted as
14 an interim position and pending final disposition of the
15 petition for rehearing, which the private parties have just
16 filed.

17 ACTING COMMISSIONER ACKERMAN: Let's do that.

18 CHAIRMAN CORY: I am not so sure. I am just
19 wondering if we shouldn't have at each of our meetings a
20 report to us on the status of this, rather than tie it just
21 to the rehearing, because there might be other things that
22 are coming up in terms of various lawsuits. I would feel
23 more comfortable about adopting this, but instructing the
24 staff to, in essence, have a report for us, at every meeting,
25 of the current status.

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1 MR. STEVENS: I would be delighted to.

2 CHAIRMAN CORY: This way there will be an item
3 on the calendar that we can deal with at any subsequent
4 meeting rather than pegging it just to a petition for
5 rehearing. That may sound silly, but I am not sure what
6 other issues might come up, rather than having somebody get
7 ground up in the mill somewhere, and it shouldn't cause us
8 that much grief to have it printed on the calendar, so that
9 if there is something that needs to be dealt with, we can
10 act.

11 MR. STEVENS: We never tire of talking about our
12 cases, Mr. Chairman.

13 CHAIRMAN CORY: It is called billable hours.

14 (Laughter.)

15 MR. CHIDLAW: Mr. Chairman, may I make a comment?

16 CHAIRMAN CORY: Yes.

17 MR. CHIDLAW: Mr. Chairman, my name is Bill
18 Chidlaw, and I represent shore owners at Lake Tahoe. It
19 is true that there were two petitions for a rehearing filed
20 in two Lake Tahoe cases before the U.S. Supreme Court
21 this morning. So, therefore, I think it is premature to
22 act on either one of those matters at this point. But,
23 listening to Mr. Stevens talk, it seems to me that we could
24 improve the situation we are in today in a couple of ways.

25 One would be to make this item relate only to the

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1 one that you appear to have a five-year statute difficulty.
2 As I understand what he said, there are no other cases that
3 there is a 30-day time limit on.

4 So it isn't necessary to do that to the other
5 pending matters.

6 And secondly, my principal problem with the two
7 agenda items, the Clear Lake and the Tahoe items, 49 and
8 50, was that in the Clear Lake description of what you are
9 asked to adopt, it clearly relates to a position to be
10 taken and authorized in litigation.

11 In the Tahoe agenda item, it simply is in the
12 abstract. It just simply is an attempt by the Commission
13 to set high and low water marks at Lake Tahoe without any
14 discretion as to what the purpose of that setting is.

15 I think it could be improved in that respect.

16 CHAIRMAN CORY: I am not sure. I hear your
17 words, and I understand that they have a subject and
18 a predicate, but I don't understand what you are telling us.
19 I'm sorry.

20 MR. CHIDLAW: If you look at Item 49, the
21 recommendation of what you adopt, at Lake Tahoe it simply
22 asked you to adopt an elevation for the high water and an
23 elevation for the low-water mark period. It doesn't say why.

24 In the Clear Lake agenda item, which is Number 50,
25 you not only are setting a high-water mark at Clear Lake,

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1 but you are relating the purpose of that setting to litigation.
2 tion.

3 CHAIRMAN CORY: Will you feel more comfortable
4 if we deleted the purpose out of the second item?

5 MR. CHIDLAW: No, I'd feel more comfortable if
6 you put in the purpose in the first item.

7 CHAIRMAN CORY: Given where we are, and what
8 your business is, and what our business is, I think our
9 interest is better served by not putting a reason in there.

10 MR. CHIDLAW: Well, there's no reason for an
11 inconsistency between the two items.

12 CHAIRMAN CORY: I am prepared to delete the
13 reasons in the second item unless the staff can give me a
14 reason why we need to state those reasons.

15 ASSISTANT EXECUTIVE OFFICER TROUT: There is a
16 difference in the two items, Mr. Chairman, because one, the
17 Commission is directly responsible for the lands in Lake
18 Tahoe, and the Commission is kind of in an oversight
19 condition in Lake County, because the lands have been granted
20 to Lake County and we have to deal through the County.

21 So the position is that we are leasing directly
22 at Tahoe. In the Clear Lake case, we are dealing with the
23 County and the County officials, and the litigation in which
24 pursuant to Code we must be involved.

25 ACTING COMMISSIONER MORGAN: I don't grasp the

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1 significance of that.

2 CHAIRMAN CORY: In terms of how do we get the
3 reasons, if we are going to adopt a plan which is adopted
4 for administrative, court or whatever and have it on the
5 calendar at each subsequent meeting, whether we can deal
6 with the changes as they come up rather than get us into a
7 box as to why we have adopted.

8 MR. STEVENS: That's fine. I think it's clear
9 in the Tahoe item that we are adopting it solely for the
10 purposes of the Commission's programs and litigation.

11 Certainly the Commission wouldn't have authority
12 to make an adoption extend beyond those things. That's
13 all we are asking, really, that the record should be clear
14 in that respect.

15 ACTING COMMISSIONER ACKERMAN: Jan, the gentleman
16 did ask, could we approve an approval of the high water and
17 low-water marks pertaining only to the case that is pending
18 in the next 30 days. Is that appropriate?

19 MR. STEVENS: I'd be afraid that if that happened,
20 that Mr. Chidlaw or somebody else would come back tomorrow
21 and say, "Well, this means it doesn't apply to my client's
22 lease."

23 I think it has to be answerable to every program
24 of the Commission as an interim position.

25 CHAIRMAN CORY: Or in that particular case, if I

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1 were handling that case, I would come in and argue equal
2 protection, that why have you done it here and nobody else
3 have you imposed this boundary on.

4 MR. STEVENS: It's difficult making any kind of
5 distinction why.

6 CHAIRMAN CORY: It's not like this is precipitating
7 the lawsuit. I just don't want to foul up the lawsuit.
8 That's why I wanted to have it on the calendar item so that
9 we can deal with it if something's gone wrong. I would feel
10 more comfortable with the deletion of any reasons out of the
11 next item when we get to it.

12 ACTING COMMISSIONER ACKERMAN: Ken, does our
13 approval of this, if we approve it, just simply suspend the
14 statute of limitations on the one case yet pending in the
15 next 30 days?

16 MR. STEVENS: Basically it gives us the necessary
17 standard to go ahead and settle that case.

18 CHAIRMAN CORY: Or to litigate it.

19 MR. STEVENS: Or to litigate it, exactly.

20 ACTING COMMISSIONER ACKERMAN: So what if we
21 come back and subsequently then make a change in our
22 procedure. Does that go back and affect that case?

23 Because I don't want to put someone at a
24 disadvantage because we act today and then change the rules
25 three months from now.

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1 MR. STEVENS: I don't think so. I think there is
2 going to be a judicial determination of this in any event,
3 and that's really where this question belongs. I really
4 don't think that we can litigate the proper place between
5 low and high before this Commission. It's going to have to
6 be decided by the Court.

7 CHAIRMAN CORY: Pardon me. Did you not mean the
8 proper place of low and high rather than the proper --

9 MR. STEVENS: The proper location.

10 CHAIRMAN CORY: Of low and high rather than
11 between low and high.

12 MR. STEVENS: Yes.

13 CHAIRMAN CORY: Because, as I understand it, in
14 this case we need to have both of them adopted to conform
15 to the Supreme Court's decision. Those are relevant
16 boundaries.

17 MR. STEVENS: That is right.

18 CHAIRMAN CORY: The problem is that we can end up
19 getting a case thrown out maybe even with prejudice if we
20 don't foresee, and it seems to me that we have to go somewhere,
21 and that's why having it on the calendar, if somebody is
22 getting done in or if we have to go back and make an equity
23 settlement later on --

24 ACTING COMMISSIONER ACKERMAN: We can do it.

25 CHAIRMAN CORY: We can do it.

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1 With that understanding, I'm going to go ahead
2 and not comply with Assemblyman Hergert's wishes.

3 ACTING COMMISSIONER ACKERMAN: Yes.

4 ACTING COMMISSIONER MORGAN: Yes.

5 CHAIRMAN CORY: So we adopt as requested in 49
6 and request the staff to have both of those items back on
7 subsequent calendars?

8 Without objection, 49 will be approved as
9 presented.

10 Item 50. We'd like to amend to delete any
11 reference to reasons, which I hope that is not an agenda
12 preference for the rest of the meeting and we will not state
13 any reasons in that, but we will adopt the high and low-
14 water lines for whatever purpose.

15 ASSISTANT EXECUTIVE OFFICER TROUT: Then, on page
16 180, in Recommendations 2 and 3, it appears that the
17 intention of the Commission is, in 2, on the third line,
18 after "Clear Lake", to strike the rest of the recommendation.

19 And on Recommendation 3, the next to the last
20 line, put a period after the word "grant", and strike the
21 rest of the recommendation.

22 CHAIRMAN CORY: Well, with the record reflecting
23 that the deletion of that should not be taken in any great
24 significance by anyone other than to provide bilateral
25 symmetry with Item 49.

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1 MR. STEVENS: Incidentally, we have been told by
2 the Lake County counsel, that their supervisors are delighted
3 with those two lines, Mr. Chairman. Somebody is happy at
4 least.

5 CHAIRMAN CORY: Okay, with those amendments in,
6 we will adopt Item 50 and also ask the staff to include that
7 item on subsequent meetings unless further noted.

8 EXECUTIVE OFFICER NORTHROP: Yes, sir, Mr.
9 Chairman, we will take those steps.

10 CHAIRMAN CORY: Item 51, approval to readopt
11 modifications to the Commission's regulations concerning
12 surface use and the environment.

13 These are the Office of Administrative Law.

14 EXECUTIVE OFFICER NORTHROP: My staff tells me
15 that from a very bad start, we are now moving very well with
16 the Office of Administrative Law.

17 (Laughter.)

18 CHAIRMAN CORY: The only way to get along with
19 that agency is to get rid of it. To have more bureaucrats
20 looking after you bureaucrats isn't doing those folks sitting
21 out there any good.

22 (Applause.)

23 CHAIRMAN CORY: I hope somebody from the Office
24 of Administrative Law is here. They are costing the State
25 of California \$10 million a month on a welfare beef that

1 the State can't afford. That is just absolutely outrageous.

2 Is there anybody that would like to speak to

3 Item 51?

4 Any questions from the Commissioners?

5 Without objection, very reluctantly, I will vote
6 to make the changes to accommodate that group of idiots.

7 Would the other Commissioners want to go along,
8 or do you want to disassociate yourselves from my outrageous
9 comments?

10 Okay. Without objection, Item 51 is approved.

11 Item 52 is likewise a modification for the OAL
12 on geothermal.

13 Any questions?

14 Without objection, Item 52 is approved as
15 presented.

16 Item 53 is off calendar.

17 EXECUTIVE OFFICER NORTHROP: Yes, sir.

18 CHAIRMAN CORY: Okay. Item 54.

19 Would somebody please bring me the filled-out
20 forms? We will see what we are looking at in terms of any --
21 is there anybody in the audience who wishes to be heard that
22 doesn't have one of these?

23 ACTING COMMISSIONER ACKERMAN: There is 300 coming
24 up from the audience.

25 (Laughter.)

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1 (Thereupon a short discussion was
2 held off the record.)

3 CHAIRMAN CORY: Okay. Could we have some order
4 in the room. We have now 56 requests from people who wish
5 to speak. If each of you wish to speak, the calendar item
6 is there, the staff report is available, and I presume that
7 all of you have copies of that.

8 If you have not made any arrangements amongst
9 yourselves to group that, you are each going to get 60
10 seconds, one minute.

11 We can take you in order that way. If you want
12 to group your interests and share time, we have got an
13 hour before lunch, and we will take the testimony.

14 If I don't hear anything specific, then we will
15 start through the list as we have them here and crank them
16 off. You have got 60 seconds. When your time is up, your
17 time is up.

18 MR. CARPENTER: Does that refer to the principals
19 also?

20 CHAIRMAN CORY: I assume every taxpayer is a
21 principal, Mr. Carpenter.

22 I don't know who is out there. I don't know
23 who's there. There's not a great deal of coordination
24 and I don't know how I can impose my views as to who speaks
25 for whom.

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1 If you people want to do that amongst yourselves,
2 if you want to take a five-minute recess to do that, then
3 we can. But otherwise, I think we are going to be here
4 forever.

5 ACTING COMMISSIONER ACKERMAN: It would be
6 beneficial to us, I think, at least for myself.

7 First off, I am willing to be here as long as
8 necessary to hear it.

9 (Applause.)

10 ACTING COMMISSIONER ACKERMAN: But secondly,
11 good bedside reading was the testimony from the hearing
12 held in Long Beach, and I read that well and I think it has
13 been fairly clearly summarized in the staff report. I think
14 that testimony should be at least condensed so that we don't
15 have one person after another saying the same thing. I
16 think that the Commission should be exposed to each separate
17 idea and each separate interest, however the parties wish
18 to present that to the Commission, but I think, Mr. Chairman,
19 that 60 seconds is a little unreasonable.

20 MR. KILPATRICK: May I offer one suggestion?

21 CHAIRMAN CORY: Yes, sir. And you are?

22 MR. KILPATRICK: My name is Kilpatrick and I am
23 a lawyer in Long Beach.

24 If the time were divided, whatever the time is
25 given, between those who support the staff recommendations

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1 and those who opposed them, we might find out and we might
2 get a better distribution of time.

3 FROM THE AUDIENCE: Why don't we vote for for
4 and against?

5 CHAIRMAN CORY: I think we ought to establish,
6 first of all, that the votes are here on this side of the
7 table and we have got an agenda to go through, and we are
8 going to get through it.

9 There is a time problem and the problem with that
10 suggestion is I am not sure the issue falls that cleanly
11 as to whether people are for or against, because I don't
12 think that on this side of the table there is a clear belief
13 that we are going to adopt a staff recommendation in toto.

14 There has been numbers of hours of hearings to
15 gather testimony, and I don't wish to engage in further
16 gathering of testimony reploting the ground.

17 We will recess for five minutes. At 11:10 we will
18 reconvene and we will commence. If there are any suggestions
19 as to how you people wish to allocate time and group together
20 we will try to proceed. But I don't think that we can from
21 here impose constraints upon people as to segregating the
22 one position or another, because it seems to me that there
23 are a multiplicity of positions. That's my difficulty with
24 it.

25 If you wish to group yourselves, fine. We stand

1 in recess until 11:10. We are in recess until 11:10.

2 (Thereupon a short recess was taken.)

3 CHAIRMAN CORY: Okay. We will call the meeting
4 back to order. Have we got any ways to start attempting to
5 get us down to a reasonable working frame?

6 MR. CARPENTER: Mr. Cory and Members, my name
7 is Dennis Carpenter representing the Santa Catalina Island
8 Company Conservancy.

9 I have a purchased air time, Mr. Cory, from
10 15 or more people, who's names I have on this list and
11 whose names will not have to be called from your draw.
12 All right.

13 CHAIRMAN CORY: Okay.

14 MR. CARPENTER: This is the one occasion, Mr. Cory,
15 where your well-known sense of fair play broke down.

16 CHAIRMAN CORY: We have made some progress, though.

17 MR. CARPENTER: Perhaps. I should like to make
18 a few comments on behalf of my clients.

19 CHAIRMAN CORY: Can we have the list?

20 MR. CARPENTER: Yes, sir. It's right here.

21 CHAIRMAN CORY: Because I want to make sure that
22 everybody does, in fact, get a shot at it.

23 MR. CARPENTER: Yes, some of them got their
24 sheets back.

25 CHAIRMAN CORY: I want to be very sure that we

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1 don't leave somebody out. Go ahead with your time.

2 MR. CARPENTER: Yes. There are some statewide
3 organizations who, I hold, ought to speak for themselves
4 and put forth their point of view. I think all of you are
5 totally familiar with the information contained in the
6 staff report, and so I would, in the few minutes I have,
7 appreciate the opportunity to address what I consider to be
8 the most salient points in this issue.

9 In addition to representing the Conservancy,
10 which is 86 percent of the land mass of Catalina Island,
11 and the Island Company, which is the rest of it with the
12 exception of the City of Avalon, I also am a user of the
13 Island and the water facilities around it for some 30 years
14 plus.

15 As you know, there are already the capabilities
16 here for the arousal of strong feelings about that segment
17 of California's population in Southern California which has
18 only one place to go primarily for that type of a boating
19 experience, and that is Santa Catalina Island.

20 I want to go through, if I may, point by point,
21 the issues that I think in this time limitation we should
22 address, that come from the staff report and these
23 recommendations which set forth properly that the best
24 interests of the State of California are those which are
25 your obligation as a Commission to undertake, and that the

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1 best interests in our recommendation is to negotiate a lease
2 with the littoral owner, which is the Island Company and the
3 Conservancy on the historical basis, on the basis of past
4 performance, and on the basis of fairness, and on the basis
5 primarily of what is the best interest of the State and its
6 people, and particularly those who are users, and future
7 users of the tidelands in this context.

8 Historically I would like to submit to the
9 Commission, and if the staff feels this is inaccurate,
10 perhaps they can enlighten you otherwise at an appropriate
11 time, that in the State of California, I don't believe ever
12 there has been a tideland interest leased to other than an
13 upland owner or a littoral owner, without first negotiating
14 with that owner to determine whether or not it had an
15 interest and whether or not it would fairly compensate the
16 State for its interests and therefore treating it in a
17 natural sense that the upland or littoral owner was the
18 primary person in interest, even though all tidelands are
19 property, albeit granted originally by the Federal
20 Government, of all of the people of California through the
21 Tidelands Law, as administered by the State Lands Commission.

22 So it seems that the natural thing to do in this
23 case would be to turn to those who have been operating it
24 and who are the littoral owners as set forth in the analysis
25 of the staff. And so that is my first point, that I believe

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1 should be given considerable weight.

2 The question might then arise, why negotiate
3 otherwise? You have options set forth here by the staff, one
4 of which isn't really an option. It is to postpone this
5 matter a year or so and to let the current lessees continue
6 to operate it during that course of action. And you might
7 say, why don't we jump at that?

8 Fine. We can do that. The difficulty with that
9 problem is that we know who is here in these seats now.
10 We have seen the attitude of the public and the users, and
11 demonstrated here, and even more emphatically down south,
12 and we feel that the postponement of it is not a necessary
13 thing to undertake. Obviously, we will live with it if we
14 have to, but we don't think it is an appropriate step to take.

T4 15 The public users of the tidelands issues here,
16 principally as it relates to mooring and anchorage areas,
17 and according to your own Commission's staff and your
18 report, and I think by common knowledge of all of you,
19 agree that the Island Company and its handling of the mooring
20 situation for an extremely long period of time has been
21 exemplary. They have been involved in it for some 60 years,
22 although the current lease, obviously, has not run for that
23 long, and have done a magnificent job in my opinion as a
24 boater and in the opinion of the boaters who are involved.

25 I can't tell you that there is nobody in the

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1 world who has been unhappy because we are unhappy in the first
2 place because it is a limited access area anyway. This is
3 a moropoly that you are talking about that is in the hands
4 of the Lands Commission that cannot be granted to everyone
5 because there isn't enough to go around.

6 Therefore, you have been fortunate, in my opinion,
7 to have a family operation originally, and now a company
8 with the small holdings and the Conservancy with a public
9 use orientation and public access of the lands to continue
10 that use, to continue it as it has been because it has
11 basically been a nonprofit operation.

12 Your staff has audited the books of the Island
13 Company and the Conservancy, and of the Island Company's
14 subcontractor, Bombard Enterprises, and found that obviously
15 they have run in the Black. But, with the exception of
16 Mr. Bombard, who makes a living doing it, and the benefits
17 that ultimately flow to the Conservancy, which are not
18 enormous, that the Island Company has done it out of an
19 act of not just love, but their interest in the overall
20 Island properties that have been theirs for so long.

21 And so why change it? When you have got a good
22 operation and you have no one complaining about it except the
23 other potential bidders --

24 (Applause.)

25 MR. CARPENTER: I assure you, Mr. Chairman, that

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1 that is not orchestrated and anticipated by me, and I am
2 not used to that sort of thing, as you know.

3 (Laughter.)

4 CHAIRMAN CORY: Having heard you speak, I can
5 understand why.

6 (Laughter.)

7 MR. CARPENTER: I will reserve my usual sense
8 of humor as it applies to you, Mr. Cory. You have me
9 at a disadvantage.

10 (Laughter.)

11 CHAIRMAN CORY: It is so seldom that I have you
12 at a disadvantage.

13 (Laughter.)

14 MR. CARPENTER: Thank you.

15 To speak further on this question of why
16 negotiate otherwise, with regards to SCI, the Island
17 Company, and the Conservancy, they together own all of the
18 uplands that are involved here, since the mooring areas
19 adjacent to Avalon are not subject to these tidelands and
20 are in the control of the City.

21 It has the facilities required to operate these
22 things which your own staff has recognized in their
23 proposed lease terms are absolutely essential, a place to
24 dump the trash, the place for emergency landings, and
25 emergency service and service to the boats, a fuel supply,

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1 et cetera, et cetera.

2 These things all go with the ownership of the up-
3 lands and make it convenient, I think absolutely necessary,
4 that they should occur that way. They own the moorings
5 currently. They own the boats and the equipment and the
6 shoreside facilities to do this properly.

7 And no one has any complaint ever about the
8 handling of the moorings and their mechanical perfectness
9 and so forth. This is a good operation by everyone's
10 admission.

11 What is someone else going to have to do who comes
12 in and takes them over? I hope it would not be anticipated
13 by the Lands Commission that the Island Company would be
14 swept out and the Conservancy would be swept out, and would
15 graciously leave one more gift to the people you anoint
16 them to take over the operation with a good profit motive.

17 No, they would have to go out and start from
18 scratch. They would not have any shoreside facilities or
19 any rights to any uplands adjacent, except some 20-some
20 miles away, which would be inconvenient and more costly.

21 They would not have the boats. They would have
22 to purchase those. The moorings themselves are \$1500 to
23 \$2,000 apiece. And with several hundred of them, we would
24 anticipate that you are looking at a two or three million
25 dollar capital outlay just to start up a minimal operation.

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1 Where would they dump the trash that is now picked
2 up? If people want to dump their trash, for instance, at
3 the Isthmus, they can come in free and can dump that trash.
4 The alternative is that they throw it in the ocean. They
5 have a service that goes around and collects it for two bits,
6 50 or 75 cents, depending on the distance from the shore
7 from the boats out there, a very nominal fee, to keep the
8 water clean and protect the environment and the enjoyment
9 that everyone has.

10 These will be difficult things, if not
11 impossible, for some other stranger to come in and operate.
12 So I think that the capital outlays is an important fact,
13 which I will dwell on a little further in a moment, in
14 talking about why I think the current lessees are the
15 appropriate ones.

16 Thirdly, the facilities issue and the dump itself
17 become very important. There is a dump on Catalina Island,
18 incidentally. The City of Avalon uses it for ones, but it is
19 not a public dump. It is on the Santa Catalina Island's
20 private property, a lease, which I might point out to you,
21 also ends at the end of 1981. And I think that that should
22 be borne in mind.

23 (Laughter.)

24 MR. CARPENTER: The mooring space itself is an
25 interesting one. As I said before, this is a monopoly,

1 because there isn't enough to go around. So it is a
2 question of how is this segment of the public going to enjoy
3 itself in this form of recreation under the State's control?

4 In the first place, the issue of very little
5 profit has been brought up here, and a new lessee who comes
6 in is going to have to, just as we propose and we expect
7 to make a significant increase in the contribution of the
8 State of California over the obviously too low, almost
9 insignificant rental, of the past lease, which is not your
10 fault or the Island Company's. It is a different ball game
11 now.

12 And so that is one factor. Everybody is going to
13 expect that increase.

14 The next thing is that even if the State or some
15 other public agency did this itself, or any private bidder did,
16 it would have to come up with the private capital outlay
17 which has to be recouped and recovered and interest paid
18 on.

19 And thirdly, the other people can only be doing
20 it for one reason, and you don't often hear me criticize
21 that reason, except that we are talking here about a public
22 facility, and that can only be to make a profit.

23 So, when you add those three things together, you
24 are asking for, and submitting the people who are the users
25 on the State tidelands here, an enormous increase in the cost

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1 of operations to use those moorings.

2 So I think that the State's public interest
3 may be served by a slight increase in income, and you and I
4 know that this is not the solution of the State of
5 California's problems. If you increase the rental here
6 tenfold, it won't be noticed in the large cracks in the ship
7 of which you are a significant part.

8 Yes, sir?

9 CHAIRMAN CORY: Seven hundred moorings, roughly?

10 MR. CARPENTER: Yes, sir, 711.

11 CHAIRMAN CORY: So if we can get a million apiece
12 per year --

13 (Laughter.)

14 MR. CARPENTER: Strangely, this leads directly
15 into my next point.

16 If you put this in the hands of someone, and
17 incidentally, if it is going to go to a public bid where
18 high bid gets it, I'm going to get on the action myself,
19 because if you are going to appoint some corporation or
20 some citizen with the ability to rip off the public to make
21 a profit, I can relate to those things and I want to be a
22 part of it.

23 (Laughter.)

24 (Applause.)

25 MR. CARPENTER: But that brings me, Mr. Cory,

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1 to, I think, a very important point here, and that is if you
2 do that, and a private operator for profit comes in who is
3 going to undertake this, and I expect him to go for the top
4 dollar on it, what you are really going to do, then, is to
5 decrease the ability of those who are in boating, yes,
6 that have the lower cost and smaller boats and so forth,
7 because the guy who can afford to pay the biggest price is
8 going to have the rights to the moorings. And a lot of that
9 happens now in the subleasing procedure about which I have
10 talked to your staff, and I know everyone else has, and they
11 have some questions about, that we don't get involved in as
12 a lessee, because there are transfers of these things, and
13 leases and sales that do amount to a lot of money.

14 But the object, in our opinion here, and we
15 submit it very strongly to the State, should not be to
16 maximize totally the dollars involved here which are not
17 that significant for the State, and should not be to shut
18 out everybody unless he happens to own a 200-foot \$5 million
19 yacht, because those guys can get a mooring and they can buy
20 their own island.

21 (Laughter.)

22 MR. CARPENTER: So finally, I think that the best
23 interests of the State are to increase its income, which we
24 are prepared to do, through negotiations or bidding, if that's
25 necessary, but not that that should be the major consideration.

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1 The State here has absolutely no capital investment. You
2 don't have a dime in the tidelands. You won't have on the
3 continued leasing operation. It's strictly income.

4 The management required is nil. You have to
5 audit, if you choose to do so, you have to cash our checks
6 and things like that. Basically this is not a management
7 problem for the State.

8 You have happy users in the public, which is not
9 something I can say about everything that relates to the
10 State Government. The people who use these tidelands and
11 who moor and anchor over there are delighted with it.

12 (Applause.)

13 MR. CARPENTER: Incidentally, you have good
14 environmental protection, which is a consideration I put
15 last year, but in this type of operation, I don't think it's
16 the overwhelming consideration.

17 But there is something in the staff report that
18 indicates that the least environmental impact comes from
19 anchorages rather than moorings. Gentlemen, that is
20 patently not the case. A mooring is sunk there, and it is
21 there underground and the disturbance of the bottom is
22 minimal. It's whatever happens when you put the mooring
23 there unless you move it. Where you have anchorages, you
24 have the flukes going into the mud or the rock or the
25 flora and fauna on the floor of the ocean in different places

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1 and shifting all night long and slopping around. They cause
2 much more damage. There is certainly no environmental impact
3 from moorings, but there is a good deal of impact in
4 anchors.

5 CHAIRMAN CORY: You almost sound like a posey
6 plucker.

7 (Laughter.)

8 MR. CARPENTER: That's not the way you remember
9 me, is it, Mr. Cory?

10 (Laughter.)

11 MR. CARPENTER: Well, I am, I am a fanatic posey
12 plucker on the floor of the ocean around Catalina Island,
13 Mr. Cory.

14 And so I think the environmental question is
15 important.

16 Another point is that, and your staff points
17 that out here --

18 (Thereupon an automobile siren interrupted
19 the proceedings.)

20 MR. CARPENTER: I didn't think I said anything
21 that overwhelming.

22 (Laughter.)

23 MR. CARPENTER: Staff points out here that if
24 you make any significant changes in this operation, you may
25 very well invite back into this consideration the California

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1 Coastal Commission, the CEQA requirements and the Corps
2 of Engineers and who knows what other agencies to reevaluate
3 and perhaps mess up something, which is their general
4 history, which has been functioning very well.

5 Finally, on the question of the lease proposal
6 of format that you have put in here, and I think we get down
7 to another gut issue here, we support the conditions that
8 your staff has put in here with regard to surety bonds,
9 financial ability, shoreside capability, safety factors,
10 et cetera, et cetera.

11 But we think that there are a couple of things
12 that ought to be added and I thought that they would be,
13 because I understood your staff to have a concern about them.
14 First of all, there ought to be the allowance that the public
15 could continue to use these moorings when they are not in
16 use. As you know, during the week, very often, and during
17 the wintertime now, when I like to go, there are deserted
18 coves and so forth. And I think that's something that's
19 not a problem. It's pretty much the way we do it right now.

20 CHAIRMAN CORY: I am not sure.

21 MR. CARPENTER: Well, there isn't coverage to
22 collect day rent on moorings in every cove where there
23 happens to be a mooring, and we think that's something where
24 you could expand the lease a little bit to ensure public
25 access when the owners, that is the lessees, of the moorings

1 are not there, and it's not in an area where there happens
2 to be a rent check collected daily.

3 Secondly, and finally, and we think most
4 importantly, when you look at the lease over there, and I
5 think this might maybe have a little impact on the interest
6 of some of the other bidders here, but I want to make sure
7 that you understand it does not impact the Island Company
8 and especially the Conservancy, but either one of them, that
9 there should be a provision in any lease here that in the
10 tideland mooring area, that none of the moorings involved
11 here should be tied to any real estate development or
12 available for bulk utilization in the sales --

13 (Appause.)

14 MR. CARPENTER: And I want to emphasize that that
15 goes for any such project on Catalina Island, which will
16 only be under my clients' jurisdiction, because they own
17 all the land, and on the mainland of the United States,
18 because anybody who wanted to do it over there could find
19 this a useful sales tool and it should not be. And I think
20 that's a very strong point to make, because I think that
21 is the best way to cut down and eliminate public access to
22 an already limited resource that we just can't afford to
23 undertake in California.

24 What we need is more islands and they aren't
25 likely to show up during our current lifetime.

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1 CHAIRMAN CORY: The earthquake is coming.

2 (Laughter.)

3 MR. CARPENTER: I have read that.

4 In closing, I want to thank you for your courtesy,
5 and I didn't realize that I was going to have a cheering
6 section here, but it makes me feel even more confident that
7 you will weigh these considerations. We would be happy to
8 undertake negotiations, as we suggested, that we think are
9 appropriate. If you find the Island Company-Conservancy,
10 with whom you have done business for 60 years, and who are
11 not only popular with the people you serve but with your
12 staff, so unwilling and incapable to make an appropriate
13 arrangement with the State, then this hearing and the process
14 of bidding would make much more sense, and I think would
15 better serve the people of California.

16 But until that time, we'd strongly urge that the
17 Lands Commission take the recommendation that the littoral
18 owner, the Island Company and Conservancy be negotiatory
19 with the Commission for a new lease, and that this will be
20 the course of action you take.

21 Thank you so much for your courtesy.

22 (Applause.)

23 MR. CARPENTER: Where were they, Mr. Cory when
24 I was running for office?

25 (Laughter.)

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1 CHAIRMAN CORY: Here you get paid and applause too.
2 It hardly seems fair.

3 MR. DICK STEVENS: Mr. Cory and Members of the
4 commission, I am Dick Stevens. I came in with the black
5 hat, and, as always, I am awed and in great admiration of my
6 friend, Denny, and I am not sure that he isn't running for
7 Governor, too, the way he is putting on today.

8 Denny is a good friend and an articulate spokesman
9 I will keep my comments short. I don't have a stock of
10 proxies here because most of mine are out there with the
11 people at work who are taxpayers of the State of California.

12 (Boos.)

13 CHAIRMAN CORY: Moving right along.

14 MR. DICK STEVENS: This is the first opportunity
15 we have had to tell anybody why we are involved, and I think
16 that the case that the Island Company, and I say the Island
17 Company, because that's what we are dealing with, has done
18 a great job in raising all of the fear elements, the great
19 things that might happen, the terrible things that are going
20 to happen to yachtsmen in the State of California, and the
21 ecology. I say that is baloney. The fear elements, the
22 issues that have all been raised, can be handled and handled
23 well by the staff constraints on the bidding, and I think
24 that it is in the best interests of the State of California
25 that these issues be bid and brought out, because certainly,

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1 the Island Company has done a reasonable job through Doug
2 Bombard, who has a separate company out there and who has
3 done a reasonable job, but who knows that there isn't
4 a better way to do it? Who knows there isn't a better way
5 to serve the yachtsmen and the public at large, and not just
6 from a monetary standpoint?

7 I am really here because I am sore. We expressed
8 an interest in bidding on this lease because we have had a
9 long standing interest in Catalina and in recreation in
10 boating in water oriented activities. We honestly feel and
11 felt that a better job could be done and that a little
12 competition to the Island Company might be very very healthy
13 indeed.

14 The reason I'm mad is because we have been
15 subjected to a vicious round of criticism, letter writing,
16 speech making, throughout the state, and I would like to
17 quote from Mr. Propst who purports to be the president of
18 the Conservancy.

19 In his letter, it said, "This occurred because
20 of the intervention of several firms who heretofore have no
21 connection with the interior of Catalina Island. We can't
22 help but feel that their interest in leasing the submerged
23 lands around Catalina is in the pursuit of their own
24 financial gain at the expense of the boaters, and with little
25 or no respect for Catalina as a natural area."

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1 This same Mr. Propst in 1974, when he worked for
2 the Island Company, wrote a letter to the County of Los
3 Angeles that says, "We, as the land owner, should receive
4 a proportionate share of the fees charged at the county-
5 developed campgrounds and other recreation on Catalina Island"

6 The Santa Catalina Island Company felt it was
7 essential that the public pay for the recreation services
8 offered on Catalina while under the terms of the agreement
9 the Company reserves the right to develop the airport, the
10 middle ranch, the stables, and areas where the lodge, the
11 hotel and other similar public accommodations, beginning after
12 1979.

13 Now, that came about by the formation of the
14 Conservancy. And the Conservancy, and it bears a relationship
15 here, because the Conservancy was formed as a tax boondoggle
16 to avoid having Mr. Wrigley avoid to have to pay \$250,000
17 in taxes.

18 Now, I'd like to quote from Baxter Ward, then
19 supervisor, who stated, "We got sold a bill of goods by the
20 Santa Catalina Island Company. There is a loss of tax
21 money and a great limitation on access to the coast."

22 My point here is that the Island Company, and I
23 put the three of them together, I think as you dig into it
24 and as anyone would dig into it, you find out that they
25 are interrelated and they in fact act as one entity, and if

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1 talk about development on the land side, I couldn't agree
2 with Mr. Carpenter more, but it is of interest that the
3 local coastal plan, which is an appendix to the staff
4 report, shows that there is 127 acres of residential
5 development scheduled in the area that the Island is
6 supposedly protecting, and it is my understanding that there
7 is active negotiations for condominiums on the land side
8 right now in that area. What's the importance of it? I can
9 stipulate and agree that we, as a bidder, will not have an
10 interest in it, but I also put forth that it is in the vital
11 commercial interests of the Island Company to maintain control
12 of those moorings and do whatever is necessary to continue
13 that control.

14 We don't think that is healthy. We don't think that's
15 healthy for the public and we think that a good, fair, honest
16 competition is deserved here.

17 First of all, in terms of the public sentiment
18 here, obviously these people behind me are emotionally
19 involved. If you had paid \$40,000 for a mooring --

20 (Boos.)

21 CHAIRMAN CORY: Okay. Look, we are going to try
22 to keep the room quiet so people can say what they have to
23 say and get through what has to be done. Susanne has to leave
24 here to go to a Public Works Board meeting that has to take
25 place today. It is extremely important as to whether or not
the State of California is going to be able to pay its bills.

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1 There are other problems elsewhere in government, just as
2 this is a serious problem.

3 This is a public meeting. I think it is important
4 that we try to move ahead and take in as much information
5 as we can in the limited time that we have available, but
6 we have Commissioners that must attend other meetings. And
7 if we are going to have all the Commissioners here to make
8 a decision, we need to get on with it as rapidly as
9 possible.

10 Now, if you would get on with it as rapidly as
11 possibly, please.

12 MR. DICK STEVENS: I will. My point is that it
13 is no secret that there has been an exchange, a major
14 exchange, of dollars that goes with the yearly mooring leases
15 and anyone who contests that I would be very happy to take
16 them around to show them some moorings that have been
17 recently sold.

18 No one is going to throw out yacht clubs. No
19 one is going to throw out the people who have existing
20 moorings. All that we are asking is a fairer price and
21 a fair chance for competition on public tidelands.

22 I think the State staff has done a magnificent
23 job in pulling together their proposals and the options
24 available, and under it I would add several comments with
25 specific suggestions under bidding. And they are, one, that

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1 -- well, first, a general comment. There was a great deal
2 of concern raised about the relocation of moorings, of
3 piers and so forth. As a practical matter that isn't going
4 to happen.

5 The guy in Newport Beach who has a mooring out
6 there is not going to pull up his concrete block and move it
7 somewhere else. So there is going to be a logical negotia-
8 tion between a successful bidder and the people with moorings
9 to acquire them where indicated.

10 The second thing is I think Doug Bombard does
11 a good job. I think he needs some fresh ideas, some fresh
12 capital and perhaps a little more supervision, but that's
13 a subjective opinion that I think that if we were the
14 successful bidder, we would logically go, as the first
15 individual, to go to Doug Bombard Enterprises and say, "We'd
16 like to contract with you."

17 Now, as a free, independent, sublessee of the
18 Island Company, he would be crazy not to negotiate in good
19 faith with the successful bidder because what is he going to
20 do, not open his restaurant to the public and not let people
21 land on the shore when he charges a landing fee? Absolutely
22 not.

23 So I would fully anticipate that Doug would
24 continue to provide the services for whoever wins.

25 As far as the level of services is indicated that

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1 the staff reported that Doug Bombard does provide, I would
2 say it is stretching the point a bit. He does provide shore
3 and boat services, but not down to some of the remote
4 harbors and coves and so forth on the Island. And I think
5 that whole area of services is a very complicated matter.

6 Now, in terms of the staff recommendations
7 specifically, I would like to speak to a couple of concerns.
8 One was that the open coves be left open and excluded from
9 the lease.

10 I think that they should be included in the lease
11 for a couple of reasons.

12 One, it may prove out to be over a period of years
13 that the relocation, and not addition, but the relocation
14 of certain moorings to other locations would not only be
15 in the public benefit, but be better environmentally.
16 Secondly, that by extending, including those open anchorage
17 coves, you provide services to them by making it mandatory
18 that the lessee or sublessee, in fact, provide those services.

19 So, I think, in terms of their recommendations,
20 A-1 should be changed to include the entire existing parcels
21 and coves that are in the existing lease.

22 A-2 is fine.

23 A-3, that tidelands be maintained as open space,
24 I just talked about.

25 Now, when you get down to the recommendations

1 B, B-A is fine.

2 B-B, "transfers of individual mooring subleases
3 will not be permitted." I agree with that.

4 So, in Paragraph III, where they say "Staff
5 recommends that the Commission adopt options IA1, I merely
6 say that should be opened up to the entire area that is
7 presently leased. IB2 relates to the bid mechanism. I
8 am against having the only definitive financial criteria
9 in the bid being a percentage of gross. I think it inhibits
10 creative proposals, and I think it is in the State's best
11 interests. While it may provide some complications in sorting
12 out the various numbers, I think that we should try to be as
13 broad and open so that creative ideas can be expressed and
14 can be brought before the State and the community at large.

15 So I feel that IB2 should be expanded so that the
16 bids relate to an open minimum against an open percentage
17 and that any other financial considerations that the
18 lessee, proposed lessee, wishes to offer be included, and
19 then the staff can sort that through and come up with the
20 winning bidder.

21 (Thereupon a short discussion was held
22 off the record.)

23 CHAIRMAN CORY: Will you please conclude your
24 remarks?

25 MR. DICK STEVENS: Yes, this is my last point.

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1 I think that the desire timewise to effect this and
2 enter into a definitive lease agreement by January 1 is
3 very ambitious. I would suggest that the successful bidder
4 be granted an exclusive option to negotiate a definitive
5 lease document with the staff and be brought back to the
6 Commission for approval.

7 I think you can tighten up on the time for
8 monetary bidding because all the parties involved, I think,
9 have pretty well in mind what their plan is. We could come
10 back with a bid in two weeks. You could grant a 30-day
11 option to the successful bidder to work out the details of
12 a very complicated lease.

13 I know that our position is controversial and
14 I know that there are people, including good friends of mine,
15 in the audience, who disagree with me, but it's the
16 American way of life.

17 And I think that to stifle that would be
18 wrong for the people of California.

19 Thank you very much.

20 CHAIRMAN COKY: Dave, do you have a question?

21 ACTING COMMISSIONER ACKERMAN: Dick, one question.

22 MR. DICK STEVENS: Yes, sir.

23 ACTING COMMISSIONER ACKERMAN: Will you support
24 Mr. Carpenter's suggestion that a prohibition be put in
25 any lease to tie the moorings to any one --

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1 MR. DICK STEVENS: Absolutely. But I think you
2 have to -- we would in our bid, but I think you have to
3 identify whether the bidder on the other side is the Island
4 Company, the Conservancy, or Bombard, or all three as one
5 entity. But we would.

6 CHAIRMAN CORY: Okay. Mr. Hertzberg?

7 MR. HERTZBERG: My name is Harrison W. Hertzberg,
8 and I represent Pioneer Take-Out Corporation. I will try
9 to be brief. I know that this is a little bit of galloping
10 justice. I am an attorney and I realize how hard it is to
11 be brief.

12 Mr. Ackerman, on behalf of my client, I would
13 support the same anti-tie-in arrangements you just
14 referred to.

15 Since the last speaker did aptly state, and we
16 agreed too, that is that the matter should go out to bid.
17 We feel that that is the American way. I'd like to
18 be as definitive as I can and as accurate as I can as to
19 what I feel it should contain. First of all, I agree with
20 the open bidding --

21 CHAIRMAN CORY: I am trying to work with elapsed
22 time here. Your position is you prefer bidding. If you
23 could just give us a quick thumbnail of the type of bidding
24 you think it should be, then, after we hear from everybody,
25 if we make a decision, at that point if we decide to go to

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1 bidding, we, as Commissioners, are likely to have some
2 questions that we will be asking people who have indicated
3 an interest in the detail at that time rather than having to
4 get through a definitive --

5 MR. HERTZBERG: I will be fast.

6 CHAIRMAN CORY: Go ahead.

7 MR. HERTZBERG: Open bidding, different
8 percentages on different commodities. You can't pay the
9 same thing on food, ice, beer, that you pay on moorings.
10 So, open bidding as to percentage.

11 Number two, you need open bidding because of the
12 competitive effect. If you are going to extract from
13 Exhibit B, the tidelands and submerged lands for the piers,
14 then you are going to have competition. The winning bidder
15 is going to compete with those people. Are they going to
16 have the percentages?

17 If they don't have those percentages, then you
18 have got a real difficult competitive problem. All right.
19 That's the bidding situation.

20 Number two, what are you bidding on? Number
21 one, the Isthmus. They have exempted a channel, 100 feet
22 wide, which now turns out to be closer to 300 feet wide
23 and 11,500 feet in length. That's for the Long Beach boat
24 to come in and out. It isn't necessary for that wide of
25 a channel. It only takes 60 feet.

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1 Number two, Cat Harbor, 12.8 acres, at Ballast
2 Point. Why was it exempt from the lease? It wasn't exempt
3 from the last lease. It is submerged lands. It is tidelands.

4 Number three. They have exempted the following
5 coves which were in the 1966 lease which they had. Now,
6 why were these exempted from this lease? Marine Preserve,
7 Willow Cove, Empire Landing, Smeltz Cove, Little Harbor,
8 Doctor's Cove, Ripper's Cove, Cabrillo Harbor, Parson's
9 Landing.

10 Incidentally, I am as much a boater as anybody
11 in this audience.

12 ACTING COMMISSIONER ACKERMAN: I have a question
13 to the staff. Do any of those coves have moorings or are
14 all of those free anchorings?

15 ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Ackerman,
16 if you will look at the chart. The coves with the red
17 lines under them are coves that are improved with moorings.
18 The other coves, which are in the 1966 lease but which do
19 not have the red lines under them, are unimproved coves.
20 They may have a clorox bottle or something, but they do not
21 have an established mooring, buoy system in those coves.

22 MR. HERTZBERG: So I pose the question to this
23 Commission, why were they in the 1966 lease and why were
24 they in the 1950 lease and why are they being excluded now?
25 Should not this bidder have the same alternatives that the

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1 prior lessee had?

2 Number three --

3 ACTING COMMISSIONER ACKERMAN: Why do you feel
4 they should be included?

5 MR. HERTZBERG: For the same reason that Mr. Stevens
6 stated, that there may be in the future the need to move
7 some of these buoys around. Maybe you will take some of
8 them out of one cove and put them in another cove. But we
9 should be free to do that.

10 ACTING COMMISSIONER ACKERMAN: Okay.

11 MR. HERTZBERG: Now, number three, continuing
12 obligations under the lease, the duty of the tenant.

13 Garbage pickup. I think it has to be more
14 accurately delineated. What coves is it going to be picked
15 up? I go to Cat Harbor all the time and I have never had
16 my garbage picked up there.

17 Patrol boat service. There is no patrol boat
18 service in Cat Harbor. I have moored in the Cat Harbor at
19 any hour of the day and I have never seen a patrol boat
20 there. The only one that comes around Cat Harbor is the
21 one that comes to collect the money. Then they come around
22 the next day.

23 Anchorage and mooring systems. Fine. Let's
24 define it more accurately. Fine. All these items and
25 obligations which are continuing obligations of this lease,

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1 have to be negotiated and defined properly.

2 Now, you have exempted the piers from the lease,
3 together with 10 feet on each side of them. Yet you have
4 required the lessee to supply fuel. How is he going to
5 supply the fuel if he doesn't have the piers?

6 I submit, and it's in your recommendations, I
7 submit this as a thought for this Commission. You have
8 exempted the tidelands and the submerged lands underneath
9 the piers so the piers can remain. It has been told to
10 us here that how are we going to run this without access to
11 the land? You have the power, this Commission has the power,
12 to extract joint use of these piers, so that everybody,
13 us and everybody else who wants to bid, can bid equally,
14 competitively.

15 We are almost here in fear of blackmail in such
16 a bid because they say, "Hey, you can't win it. You have
17 no access to the land."

18 You have the power to give every bidder equality,
19 and I think you should do it in all sense of fairness.

20 Thank you.

21 CHAIRMAN CORY: Okay. Mr. Kilpatrick, represent-
22 ing Mr. Fennie.

23 MR. KILPATRICK: I may need more than one minute,
24 but I won't need more than two.

25 I have three points to make. I represent a

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1 Mr. Fennie, who does business as Seaway Company of Catalina
2 and Catalina Freight Lines.

3 You should know that he has 17 years working
4 with the Santa Catalina Island Company, working with Mr.
5 Phillip Wrigley. One of his jobs is the allocation of
6 rentals on these moorings. You should also know that
7 Mr. Fennie has shoreside facilities, so the point that
8 Mr. Carpenter makes, that nobody but the Island Company
9 is in a position to service these moorings does not fly
10 at all to Mr. Fennie. He is in a position --

11 CHAIRMAN CORY: Question, Dave.

12 ACTING COMMISSIONER ACKERMAN: Does Mr. Fennie
13 lease those facilities from the Island Company?

14 MR. KILPATRICK: Yes, he has a long-term lease.

15 ACTING COMMISSIONER ACKERMAN: How long?

16 MR. KILPATRICK: Forty years, if I remember
17 correctly, 35-plus years. And Mr. Fennie, with his two
18 companies, is in a position to provide all of the services
19 that would ever be required by any of the moorings.

20 My next point is that the staff's suggestion
21 on page 2 that it has been suggested that the Lands
22 Commission, the people of the state, may obtain additional
23 rentals from competitive bidding, that's more than a
24 suggestion. It is a demonstrated fact. And I want you to
25 understand why it is demonstrated.

1 In January of this year the Commission set about
2 to negotiate a new lease with the Island Company. And
3 remember, Mr. Carpenter made the comment a littler earlier,
4 that everybody recognizes that we need a drastic increase
5 here.

6 I have a copy of that lease with me. It shows
7 a rental of close to \$40,000. My understanding is that it
8 was raised to \$60,000 during negotiations, but I don't know
9 whether that's true.

10 But the proof of its inadequacy and unfairness
11 and the Island Company's position with respect to the
12 State, can be demonstrated by the fact that Mr. Fennie could
13 come in, and in writing, offer to double the \$60,000 rental,
14 and that's where your staff now comes up with a proposed
15 minimum rental of \$125,000 per year.

16 Because of the inadequacy of negotiations and the
17 basic unfairness of the Island Company's position, which
18 was demonstrated by what happened in those negotiations
19 earlier this year.

20 My next point is this. There is a great deal of
21 fear expressed here by the people of this room of exorbitant
22 rates. I do not see how it would be possible to have a
23 situation where there is in the way of exorbitant rates being
24 charged than that which exists today when people are paying,
25 as one of the speakers before me pointed out, in excess of

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1 \$40,000 and \$50,000 for a mooring which consists of nothing
2 more than a buoy and an anchor line and a piece of cement
3 on an annual permit from the Island Company.

4 That produces the worst of all possible situations.
5 You have no rent to the State from those huge prices. You
6 have exorbitant amounts being paid by wealthy boat owners,
7 and you have large opportunities for private gain from
8 undisclosed cash payments involved in those transactions.

9 I am not going to tell you that there have been
10 any. I will only tell you that anybody with the experience
11 in government that you people have knows of the opportunities
12 that are available in a situation like that.

13 One more point and I'm done. The minimum is
14 said to be based on estimated gross fees, but nobody has
15 really an accurate estimate of what the gross receipts are
16 at the present time, notwithstanding present audits.

17 For instance, the staff tells us that there are
18 714 moorings. At Moonstone Bay, there are said to be 33.
19 A direct personal count within the last two weeks demonstrates
20 that there are 40 there. We really don't know what the
21 number of moorings are accurately and we don't know what
22 the revenue is accurately.

23 And my suggestion to staff earlier, and I repeat
24 it here, and it's my last point, is you ought to have a
25 thorough audit and you ought to know from the experience of

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1 Island Company and from the present rate being paid, just as
2 you would if you were leasing a State building. You ought
3 to know what the real situation is so that you know whether
4 the competitive bids that come in are fair.

5 I'm not going to go into any details on bids.
6 If you decide to go to bid, I'm prepared to say some things
7 on that.

8 CHAIRMAN CORY: Any questions from Commissioners?
9 Mr. Hertzberg, does Mr. Kaufman wish to speak?

10 MR. HERTZBERG: No.

11 CHAIRMAN CORY: Melissa Jones.

12 MS. JONES: I am representing Pete Dangermond.

13 MR. DANGERMOND: Ken, I'd like to yield my time
14 to one of the boating organizations that represent a lot
15 of these people, Barry Labow.

16 MR. LABOW: Thank you.

17 Mr. Cory, I trust that since the last three
18 speakers took in excess of 35 minutes without any yield,
19 I sincerely hope that you are going to go beyond your
20 one-hour time limit that you set up originally.

21 I am going to give Mr. Northrop copies so that
22 you can have this in writing.

23 My name is Barry Labow. I am representing Boat
24 Owners Associated Together.

25 B.O.A.T. is a non-profit corporation organized

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1 to foster the recreational use and development of California's
2 waterways. B.O.A.T. was founded in 1968 and represents more
3 than 30,000 boating families from areas throughout California.

4 I am mandated to make this statement by the
5 unanimous vote of 18 directors, 9 from Southern California
6 and 9 from Northern California.

7 Obviously, your decision on the lease of the
8 moorings at Santa Catalina Island will affect the thousands
9 of boaters and their families who use these moorings.

10 My purpose in being here today is to ask you to
11 consider the interests of the recreational boater as you
12 reach your decision in this matter.

13 It is essential that these moorings continue to
14 be available to recreational boats, especially to those
15 boaters who can rent a mooring only on a daily basis from
16 time to time.

17 We are also concerned that these moorings be
18 available with the high level of quality of maintenance that
19 is currently provided.

20 It is also important that the services
21 provided to those who lease the moorings be maintained.
22 I'm talking about such services as garbage pickup, tow service
23 and emergency services.

24 "Maximizing" the income to the State may appear
25 as a desirable route. However, if that is your decision,

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1 you will effectively be eliminating the majority of the
2 boaters from use of these moorings. It will become a rich
3 man's area. That is a result that appeals to no one,
4 except perhaps a rich man.

5 It is not the business of the State to bleed the
6 person who wants to use these facilities. The State has not
7 adopted a policy of maximizing income on other recreational
8 facilities such as parks and campgrounds.

9 The State Recreational Trails Program administered
10 by the Department of Parks and Recreation is operated at a
11 substantial cost to the State and produces no revenue. The
12 current Catalina lease does not cost the State anything and
13 produces revenue. We submit it should remain that way.

14 We are very troubled by the staff report which
15 indicates unanimous public support of our position and
16 yet their recommendation fails to take heed of the very
17 substantial boating input at their recent hearing in Long
18 Beach, California.

19 The importance of this issue is evidenced by the
20 fact that the recreational boating community has more
21 representation at this hearing than at previous hearings in
22 Sacramento on any boating related matter. And I want to
23 tell you that that should mean something to you.

24 We feel this should mandate your Commission to
25 arrive at a solution that meets the needs of the boating

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1 community as well as the State of California.

2 Thank you.

3 (Applause.)

4 CHAIRMAN CORY: How is the public served by
5 granting a lease at all? A lot of what you say seems to
6 indicate that by not granting anyone a lease anybody can
7 use any part of the bays and coves on their own since they
8 belong to all the people of California. Why not make it
9 continuously available to all the people without fees to
10 anyone?

11 MR. LAHOW: Mr. Cory, I served as a member of the
12 National Boating Safety Advisory Council, which is an
13 advisory group to the Boating Safety Branch of the Coast
14 Guard. Nothing is greater in my mind than boating safety.

15 If a lease was not granted, and anybody could
16 come and anchor at will, we would have not only utter
17 chaos, but we would have the darndest safety hazard you have
18 ever seen. Some of these open anchorage areas that have
19 been mentioned, and to be specific, Little Harbor, is
20 constantly a problem.

21 All we need is just a little bit of a seaway and
22 it is utter chaos in there, because you have various levels
23 of experience, and it does tend to be dangerous.

24 CHAIRMAN CORY: Are you then saying that we
25 shouldn't have any open coves?

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1 MR. LABOW: Negative, no sir. I think that there
2 is a fine balance at this moment between moorings and coves,
3 because the inexperienced boaters tend to be fearful of
4 operating in those open coves and therefore tend to go in
5 and lease moorings on a daily basis. And I might say that
6 that is done at low cost because the major cost of that
7 is being paid by the person who leases it.

8 CHAIRMAN CORY: Questions from the Commissioners?
9 Thank you.

10 MR. LABOW: Thank you.

11 CHAIRMAN CORY: George Scott, Mayor of Avalon.

12 MR. SCOTT: The City would like to read to you
13 what the Council has proposed.

14 "At our general meeting of the
15 Avalon City Council, held on October
16 27th, 1981, the matter of the tidelands
17 around Catalina Island was discussed by
18 the Avalon City Council.

19 "Avalon is the only incorporated
20 city on Catalina Island.

21 "After lengthy considerations, the
22 Council determined to support the last
23 paragraph of staff report Exhibit A,
24 which appears on page 13 of this Exhibit.

25 "The first sentence of this

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1 paragraph provides 'staff also
2 recommends that the two Pobbly Beach
3 sites described in the introduction
4 of this Staff Report be excluded
5 from any new lease or agreement for
6 recreational boating purposes because
7 they are removed from the remainder
8 of the parcels geographically and
9 by type of use.'"

10 I don't know if the Commission is familiar, but
11 the County and the City are trying to build an airport in
12 this and we do have a grant for feasibility study in this
13 area. One time, they were trying to build an airport before.
14 The airport was, the design, everything was ready to go
15 and something came up which I don't know what it was, but
16 something came up to stop it. And always something comes
17 up to stop things that the people are trying to do or the
18 Councils are trying to do.

19 And why we would like this to be this way, we
20 would like -- the County and the City would like a protec-
21 tion so if, when we do have a feasibility study, there is
22 the possibility that we can go ahead with an airport which
23 is vastly needed.

24 I believe you read in the papers about the heli-
25 copters, the trouble we have had, and the F.A.A. closed them

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1 down. Also, the City, we discussed this, but if the
2 tidelands do go out to bid, we discussed proposing to the
3 Lands Commission that the two public entities form a
4 partnership sharing all things equally, expenses, profits,
5 planning and so forth. That's the Commission, the Lands
6 Commission, and the City of Avalon.

7 This would be public lands run by public entities
8 for the benefit of the public.

9 Now, the City of Avalon, we have the boats, we
10 have the men and we have the interests of the Island in
11 keeping them down for the boaters.

12 Thank you very much.

13 CHAIRMAN CORY: Clancy Leland.

14 MR. LELAND: Jerry Cunningham is also here.

15 CHAIRMAN CORY: Do you speak for both?

16 MR. LELAND: Yes.

17 CHAIRMAN CORY: Fine.

18 MR. LELAND: Members of the Commission, my name
19 is Clancy Leland, representing the Board of Supervisors of
20 Los Angeles County. The Board proposal for your consideration
21 is one of the alternatives that was listed in your staff
22 report and would provide the County of Los Angeles with
23 a management agreement to operate these mooring sites.

24 The County has a long history of supporting
25 recreational and boating activities at the Island and

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1 currently operates a number of recreational boating and
2 safety activities at the Island, and is the logical agency
3 to manage these resources in the best interests of the
4 public.

5 Currently, the County of Los Angeles, at Santa
6 Catalina Island, operates patrol boats, a paramedic team
7 at the City of Avalon and the Isthmus, plus lifeguards at
8 public beaches and operation of public facilities in the
9 over 41,000 acres managed by the Island Conservancy. In
10 1980-81, the county will expend approximately \$500,000 to
11 maintain these activities on the Island.

12 The County's proposal to adopt such a management
13 agreement is partly due to some of our background that we
14 have in the operation of the Marina del Rey on the mainland.
15 At the Marina, the County provides over 6,000 boat slips for
16 wet storage, and additional dry storage facilities. These
17 facilities are operated by private lessees who developed and
18 operate the facilities and leases that are administered by
19 the County Department of Small Craft Harbors.

20 These leases contain strong public use provisions
21 and are operated for the benefit of all the public in the
22 County.

23 CHAIRMAN CORY: David, do you have a question?

24 ACTING COMMISSIONER ACKERMAN: Would the County's
25 position be that if the Commission entered into a management

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1 agreement with the County, that it would in turn then lease
2 out the operations of Catalina Island?

3 MR. LELAND: That is correct, under the control
4 of our Small Craft Harbor Department.

5 ACTING COMMISSIONER ACKERMAN: Why don't we
6 just adjourn this meeting to the Board of Supervisors
7 Chambers down there?

8 MR. LELAND: The Board is interested in pursuing
9 it along the operations of the Marina del Rey.

10 (Boos.)

11 CHAIRMAN CORY: Everybody is entitled to their
12 view.

13 MR. LELAND: In terms of the proposal, the State
14 Department of Parks and Recreation, I believe you have
15 received a letter from the Director that, in effect,
16 supported the County's position of entering into this
17 management agreement with the Commission for these lands
18 and facilities.

19 Basically, the last sentence in the letter by
20 the Director stated, "Finally, Los Angeles County has
21 shown a long-term stewardship approach to managing Santa
22 Catalina Island. I think that public interest in protecting
23 important natural resources such as Catalina Island, could
24 be better served by the County than by a private interest."

25 Our position is for the County to enter into

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1 an agreement, a management agreement, for these facilities,
2 and we would strongly urge your consideration.

3 CHAIRMAN CORY: Any questions from the
4 Commissioners?

5 Thank you.

6 Mr. Joseph Sabad.

7 MR. SABAD: Mr. Chairman, I don't need to be
8 heard from at this time.

9 CHAIRMAN CORY: Okay. Joanne Swan.

10 MS. SWAN: Yes.

11 CHAIRMAN CORY: Go ahead.

12 MS. SWAN: My name is Joanne Swan and I am
13 representing the Angeles Girl Scout Council.

14 The Angeles Girl Scout Council leases some
15 property on Catalina Island and uses White's Landing.

16 We operate an organized camp for youth. We
17 serve approximately 3500 girls and adults from a wide section
18 of communities in Southern California. Southern California
19 to us is Bakersfield to San Diego and Santa Barbara to
20 Riverside, and all spots within.

21 We do want to say that we have found the Island
22 Conservancy to have been very diligent in providing a safe
23 place as far as the Cove is concerned for the very unique
24 opportunities we are able to provide those girls.

25 We not only need, we need to guarantee to the

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1 girls that the kind of experience they have at Catalina
2 is safe and that it is secure and that we can provide this
3 kind of unique program. I also wanted to say that we do
4 have a pier and we do need that pier, not only to get to
5 the land that we lease, but also to use as part of the
6 program activities that we provide.

7 Thank you.

8 CHAIRMAN CORY: What size access do you think
9 you need in terms of previous comments?

10 MS. SWAN: We need the same kind of pier we have
11 had.

12 CHAIRMAN CORY: I know, the existing pier, but
13 what kind of access? Are there other moorings in the harbor
14 that the pier is in or not?

15 MS. SWAN: Yes, there are some, but the access
16 that we have right now is on the shoreline, which is where
17 we need it, and we really don't need any additional. We need
18 what we have and we certainly do not need additional any
19 closer in.

20 CHAIRMAN CORY: And that's at White's Landing?

21 MS. SWAN: White's Landing. We also, may I say,
22 need access to get from Long Beach to Catalina, and we need
23 enough for the same kind of boats that it now provides,
24 if not longer.

25 MR. CARPENTER: That's 300 feet, Mr. Cory.

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1 MS. SWAN: I mention that specifically because
2 we were talking about, the girls were talking about 150,
3 and so we are not talking about a small boat. We are talking
4 about a larger boat that provides that kind of passenger
5 transportation.

6 CHAIRMAN CORY: I have got a person here from
7 Tierra del Oro Council. Is that a separate person?

8 MS. SWAN: No, that's also part of our group.

9 CHAIRMAN CORY: And is Barby Pulliam going to
10 speak also?

11 MS. PULLIAM: No, I relinquish my time to Joanne.

12 CHAIRMAN CORY: Questions from the Commissioners?

13 ACTING COMMISSIONER MORGAN: Are you the
14 representative who spoke in Long Beach?

15 MS. SWAN: No, I'm not. Our President spoke
16 in Long Beach.

17 ACTING COMMISSIONER ACKERMAN: Is there anything
18 that is contained in the staff recommendation on lease
19 provisions which you disagree with?

20 MS. SWAN: Our particular interest is in making
21 sure that we can maintain the same kind of facilities and
22 the same kind of lease arrangements that we now have.

23 We have found this to be very satisfactory with
24 the current lessee and we assume that this would be the
25 same.

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1 ACTING COMMISSIONER ACKERMAN: Okay.

2 CHAIRMAN CORY: Okay. Thank you.

3 Carl Moseck.

4 MR. MOSECK: I'm Carl Moseck, General Manager of
5 the Glendale YMCA.

6 I have my statement that I will read and make it
7 more easily understandable.

8 The issue before us today is who should control
9 the future of boating and the water activity on Catalina
10 Island. Let's examine some of the background of Catalina
11 Island through the eyes of a leaseholder since 1924.

12 I refer to Camp Fox at Buttonshell Beach, owned
13 and operated by the Glendale YMCA. Most people are not
14 aware of the long history of conservation practiced by
15 the Wrigley family long before it became popular vogue
16 for ecology groups, environmentalists, legislators, or
17 bureaucrats.

18 For the first approximately 30 years on the
19 Island, we, along with other nonprofit camps, did not pay
20 one penny for our lease on Catalina Island. The Wrigley's
21 believed in our product and were happy to make the site
22 available to us.

23 Along came the elected officials who decided
24 that the island should be assessed for its highest potential
25 use. It didn't matter that the Wrigley's, holding a major

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1 piece of real estate, were practicing conservation on it
2 for many years at no expense to the government.

3 Some staff people made up their minds to move
4 in this direction, and subsequently convinced the necessary
5 elected officials. The end result is that everyone has had
6 to pay for that decision ever since.

7 To alleviate this problem, the Conservancy was
8 formed, and has been doing an excellent job under
9 extremely difficult circumstances without the benefit of
10 the tax dollars.

11 I would like to point out to the State that
12 without this history and attitude of the Wrigley family,
13 Catalina Island would have been plucked off by the vultures
14 a long time ago.

15 We are now concerned with putting the Island out
16 to bid. You may say, no, it's just the tidelands.
17 Gentlemen, the two are inseparable -- lady and gentlemen,
18 excuse me.

19 What you do with the tidelands affects all of us
20 on the Island, especially those of us who are dependent
21 upon the water to conduct our activities. The State
22 spends millions to develop recreational sites in this
23 state. We buy mountains for hiking that are used by
24 relatively few people.

25 Here, in Catalina, we have a natural resource,

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1 the tidelands, that has not cost the State one penny. And if
2 these rights to govern are passed on to anyone other than
3 a contiguous land owner, it will destroy what the State on
4 the other hand has spent millions of dollars to achieve,
5 and that is recreational pursuits for their residents.

6 The people managing the land, in this case
7 largely the Conservancy, understand our problems. Take
8 our cove as an example. We have a limited number of moorings
9 approximately 10, that are leased. We have several moorings
10 for our own use in connection with the camp which we have
11 never been charged for because they realize this is a
12 necessity and part of the land-tideland-water relationship.

13 The amount of moorings in our cove has been
14 predicated upon usage of our camp receipts. These moorings
15 that are in the cove were only put there after consulting
16 with us, the tenant on the land.

17 We have over 10,000 who use that camp every year,
18 in excess of 34,000 camper days. However, without the
19 free access to the remaining tidelands, the site would be
20 useless. The Conservancy knows our needs best, they own
21 the land, and if we are going to provide maximum use of the
22 land to over 10,000 annually, you can't stifle the program
23 by dropping in mooring cans all over the place.

24 If you didn't have that kind of relationship
25 between the land owner and tideland operator, do you think

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1 that he would really care if 20 or 30 more moorings were
2 dumped in our cove? The private enterprise would only look
3 at the bottom line which is dollars and cents. It doesn't
4 happen to be dollars and cents in our business. It is the
5 lives of the kids. And we have the complete cooperation
6 of the Conservancy in trying to achieve this objective.

7 I don't see the tradeoff of 20 moorings with what
8 will be pretty well-healed citizens.

9 I have read in the newspaper, which I realize
10 isn't always reliable that Jack Fennie was willing to
11 double the fee that has been set here. Jack now knows, and
12 I don't want to say anything bad about Jack because we have
13 been friends for years, but he knows how a monopoly works.
14 He has had one for years and naturally he can double the
15 fee and simply pass it on to the users.

16 The state spends millions in maintaining these
17 parks and beaches. Why are we discriminating against the
18 boater by charging him another tax to park in the ocean
19 on a mooring maintained by someone else?

20 This is one place the State is coming out like a
21 bandit anyway, because of providing recreational opportunities
22 for thousands annually at no expense to the State.

23 We are not even wearing a highway out as we go
24 to and from our recreational sites. If the State ever had
25 a reason to say to the land owner, here, take it for a

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1 dollar a year and continue to serve thousands without any
2 cost to the State, this is it.

3 If this is not the case, I want to see every
4 hiker in our wilderness area pay a fee.

5 (Applause.)

6 MR. MESECK: Why try to develop a revenue on a
7 discriminatory basis? Just because it has been done for
8 years, doesn't make it right today. What the real bottom
9 line for most of us on the island is serving people so that
10 they can enjoy their recreational pursuits. It is
11 unfortunate that we are using a few instances of someone
12 paying a ridiculous amount for some chain and anchor so
13 that --

14 CHAIRMAN CORY: Sir, this seems very similar,
15 if not verbatim, to the transcript that we have all read
16 to the Commission on the testimony at the hearing.

17 MR. MESECK: If you have all read it, it's
18 great.

19 CHAIRMAN CORY: We have all read the transcript.
20 We are aware of that. If there is any changes that you have
21 got comments on, we want to hear that, but we have tried to
22 do our homework, and this is where we are. We have gone
23 over that for the purpose of this hearing. So, try to
24 make some changes and then move forward from there.

25 MR. MESECK: My suggestion is, in reference to

1 the matter of the 10 feet under the pier, or the 10 feet
2 from the pier, and so forth, is not sufficient in our
3 particular cove to bring in a boat that's a 500 to 700
4 passenger boat. There's no way you are going to maneuver
5 in between moorings without leaving an area in that area.

6 CHAIRMAN CORY: What size?

7 MR. MESECK: I think that ought to be checked
8 out with the boat people, and if they say 300 feet, it
9 ought to be 300 feet, whichever is safe. But that's something
10 that needs to be addressed for a complete access into that
11 area.

12 CHAIRMAN CORY: What size vessel in your particular
13 case are you using?

14 MR. MESECK: Well, we are using the Long Beach-
15 Catalina Cruises, that holds 500 passengers, so I don't know
16 the exact size of the boat.

17 CHAIRMAN CORY: And you are at what?

18 MR. MESECK: Buttonshell Beach.

19 CHAIRMAN CORY: Any questions from Commissioners?

20 MR. MESECK: Thank you.

21 CHAIRMAN CORY: Thank you.

22 (Applause.)

23 CHAIRMAN CORY: I am not sure whether Bob Sorem
24 wishes to speak or he wishes to represent Mr. Bombard or
25 he wishes Mr. Bombard's representatives to speak.

1 MR. SOREM: I yield to Mr. Bombard. I am in
2 support of his position.

3 CHAIRMAN CORY: Is Mr. Bombard here?

4 MR. BOMBARD: Yes, Mr. Denny Carpenter has already
5 expressed for us.

6 CHAIRMAN CORY: Mr. Nichols, Ed Nichols, Southern
7 California Marine Association.

8 ACTING COMMISSIONER MORGAN: While he is coming
9 forward, maybe it would be helpful if I restated, or added
10 to the record, my feeling by saying that we consider
11 previous testimony that was taken in Long Beach plus the
12 letters that have been written to us to be part of the
13 record and part of the process in making the decision in
14 this issue.

15 MR. NICHOLS: Thank you.

16 Mr. Chairman and Members of the Commission,
17 I did plan to yield to the submittal I made in the Long
18 Beach hearings. The only thing that I would like to add
19 to our hearings is that I am representing 700 companies
20 who are in the recreational boating industry here in
21 California, and that boating industry is having a very very
22 rough time right now due to lack of berthing and mooring
23 facilities.

24 Let's not attempt to add to this problem through
25 throwing this thing open to open bid whereby the average

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1 boater in our judgment is going to end up with no mooring
2 at all.

3 (Applause.)

4 MR. NICHOLS: And please understand that the
5 guts of the boating industry of California is not the very
6 few large yachts, but it's in the 20 to 30-foot class is
7 what our boating public is all about. And it's very
8 difficult to understand in the eyes of the industry how
9 anything that goes out to bid could end up for the consumer
10 at a cheaper price than we are now getting it.

11 It's very very reasonable for the average boater.
12 So we recommend, again, strongly, a status quo in the
13 continuance of the relationship with the Conservancy.

14 Thank you.

15 CHAIRMAN CORY: Thank you.

16 Mel Richley. The next person after that will
17 be Mr. Geigo.

18 MR. RICHLEY: Mel Richley, Yacht Racing Union
19 of Southern California.

20 We represent approximately 9,000 members who
21 generally have medium-sized yachts, about 18 to 25 feet
22 in length average.

23 The reason I am here is that I attended the meet-
24 ing in Long Beach several weeks ago. I was impressed that
25 the meeting was announced on the front page of our local

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1 paper in Orange County. It was announced as a public meeting,
2 not a boaters' meeting at all. The public was there and
3 the public spoke.

4 There wasn't a single person who was there to
5 speak against the continuation of the existing situation.
6 At 3:00 o'clock in the afternoon there was an adjournment.
7 After that the Chairman of the meeting asked if there was
8 anyone there who would care to speak against. No one came
9 forward. I was there that evening from 7:00 till 9:00. Again,
10 no one spoke against.

11 You have heard from the public, not the boating
12 public, but the public. They want the continuation of the
13 existing situation. There may be some adjustments in
14 rental that is appropriate, but the existance of the
15 Conservancy and Catalina Company is appropriate. Thank you.

16 (Applause.)

17 MR. GEIGER: My name is Ronald A. Geiger, and I
18 represent the Blue Water Cruising Club and myself and my
19 family. My family has been boating in the Catalina area
20 for over 60 years. My father is the namesake of both
21 Big and Little Geiger Coves.

22 Over those years, we have come to know the
23 Santa Catalina Island Company as being extremely fair and
24 concerned about the quality of Catalina Island. I am told
25 that acts speak louder than words, but I am hearing other

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1 words. You don't know what we will get. We do know what
2 we have now.

3 We think it's important also to keep the County
4 out. There seems to be a general feeling that there should
5 be less government in our private lives and the private
6 sector has done an excellent job of managing Catalina Island.

7 I also feel that we should keep the empty coves
8 empty. The large percentage of us who use those coves
9 that prefer to anchor, don't wish to pick up lines and
10 prefer to anchor for free. I support the negotiations
11 with the Santa Catalina Island Company.

12 CHAIRMAN CORY: Just a minute. We have a question
13 on that.

14 ACTING COMMISSIONER ACKERMAN: I have a question
15 on that. The questions raised earlier about leasing the
16 coves which apparently do not have mooring facilities in
17 that. Staff has recommended that those be left unleased.

18 MR. GEIGER: That's right, and I agree with them.

19 ACTING COMMISSIONER ACKERMAN: There is also
20 a recommendation, I believe it was from Mr. Stevens, that
21 they be leased, not for the purpose of putting in buoys, but
22 for maintaining security and other services that the
23 the sublessee would be required to maintain for boats that
24 charge to anchor.

25 MR. GEIGER: If it is specified in the lease that

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1 they will never have a mooring fee, then that would be
2 acceptable, but the way he stated it in the next breath
3 was he would like to then at the same time put moorings in
4 and perhaps move them from another location. This is
5 nothing more than an attempt to close those off to anchorage
6 as well as the other ones.

7 So, at any rate, I support negotiations with
8 the Santa Catalina Island Company and the Conservancy, and
9 I must add that as a voter, I would never politically forgive
10 anyone who causes the loss of Catalina Island.

11 (Applause.)

12 CHAIRMAN CORY: Do you speak for Mr. Martin
13 as well?

14 MR. GEIGER: I believe Mr. Martin would like to
15 speak for himself.

16 CHAIRMAN CORY: Mr. Martin.

17 MR. MARTIN: Yes. My name is Charles Martin
18 and I represent the Blue Water Cruising Club, having been
19 one of the originators of this club. We are long-standing
20 tenants of the Island Company. We have had the cove since
21 about '52.

22 Our relationship with the Island Company has
23 been eminently fair, and a pleasant association. We have
24 chosen to, as Ron Geiger just told you, we have chosen
25 to use this as an anchorage area because that's the way we

1 like to do it. Not necessarily because it's cheaper, but
2 it's the way we like to do it, and it enables us to,
3 when we have parties, that we can get quite a number of
4 boats in the cove that we couldn't possibly do if we had
5 moorings there. They would have to be so spaced that it
6 just wouldn't be satisfactory.

7 CHAIRMAN CORY: Which cove is it that you are
8 talking about, a specific cove itself?

9 MR. MARTIN: It's the one that a long time ago
10 was called Smoltz Cove and it is now called Big Geiger
11 Cove, named after his father.

12 CHAIRMAN CORY: Okay.

13 MR. MARTIN: We feel, as he said, we know what
14 we now have and we are pleased with it. We do not know
15 what we would have with some new owner, new lessor. So
16 I would like to put in my pitch to have the thing continue
17 as it is.

18 It couldn't be any better. Thank you.

19 CHAIRMAN CORY: Mr. Leisk, L-e-i-s-k.

20 MR. LEISK: Yes. Thank you. I am Bill Leisk
21 and I am the Executive Secretary of the California Marine
22 Parks and Harbors Association, Incorporated.

23 I just want to say that we have submitted to
24 you a letter and a new one has just come in from our
25 State President which you have, so I will not elaborate

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1 on that.

2 A couple of things have come up which I would
3 like to present to the Commission so that they know
4 what California Marine Parks and Harbors is. Most of the
5 boating organizations and other parts of the Legislature
6 really understand CMPHA because for 30 years, CMPHA has
7 endeavored to, and very successfully given, direction and
8 help and considered judgment to those parts of the
9 Legislature on boating matters. Since our meeting in
10 Long Beach, I have been directed by our membership and
11 our Board of Directors, to resubmit in a very short term
12 what our position is, and it is very very simple. It says to
13 maintain the status quo.

14 We feel that there is no need, after considered
15 looking at the entire situation, we cannot in any way
16 determine that there is a need to change the existing
17 situation. It's been adequately presented by many of the
18 people here that this present situation is more than
19 satisfactory. So why change it?

20 There is a special case that was brought to our
21 attention since the Long Beach meeting, in that the Long
22 Beach meeting was held at a place where moorings have
23 recently been put by a private organization. I refer to
24 Queensway Bay.

25 If any of you, either the staff or any of the

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1 people in this room, have been by Queensway Bay recently,
2 and looked at the moorings that are placed there by a
3 private organization, they will see chaos and an unacceptable
4 sort of thing for the boating public.) The moorings are
5 in bad shape and they have just been recently put in.
6 They are not very well maintained. The management is almost
7 -- it's inconceivable the way the management has handled
8 them. I have been in there in my own boat. I would like
9 to put that as a representative display of what another
10 uninitiated operator might do to the State.

11 In conclusion, I would like to say that California
12 Marine Parks and Harbors says maintain the status quo.

13 Thank you.

14 (Applause.)

15 CHAIRMAN CORY: Okay.

16 Mr. Ewell.

17 MR. EWELL: Yes, my name is John Ewell, Mr. Cory.

18 I really don't believe that it could fail to be obvious
19 to everybody in this room that our moorings at Catalina
20 Island next year and the year after that is going to cost
21 a little more money.

22 I think most of us, at one time or another,
23 have sat down and talked to our families about it and
24 rationalized that well, gee, you know, maybe we could pay
25 a little more money. What I would ask you to consider in

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1 your Committee is this. It's fairly obvious that there's
2 going to be an increase in fees that is going to go to
3 the State. At least it is to me. I just wish that you would
4 strongly think about giving the lease back to the people
5 who know what they are doing.

6 Mr. Bombard back here has been there forever. He
7 understands what is going on. He is an expert in his field.
8 If you want the job done right, you hire an expert.

9 This young fellow right over here with the
10 mustache, not a pretty face until you are in the middle
11 of a storm. He runs the harbors there. If you have got a
12 question as to how many moorings are in one of these
13 locations on your map, ask him. He sees all of them almost
14 every day.

15 So does Mr. Bombard. I see him every morning
16 going by my boat, that I am at the Isthmus, in one of the
17 shore boats, and he doesn't need to drive that shore boat.
18 What he is doing is making sure that everything is all right,
19 that everything is as it should be. He is probably checking
20 to make sure that everybody has paid, too. But he is out
21 there.

22 An absentee landlord, which is what we are
23 going to get with Wrather or Fennie or the chicken people
24 or whoever it is, is not going to work out.

25 And there is a certain point where you are going

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1 to ask for too much money out of the general boating public.

2 I can't understand for the life of me where these
3 people were, who spoke for 15 or 20 minutes here, when we
4 were all in Long Beach waiting for them. There was a whole
5 bunch more people there.

6 (Applause.)

7 MR. EWELL: Again, Mr. Cory, let me ask you.
8 I know I have offended you a couple of times from the wall
9 over there --

10 CHAIRMAN CORY: I don't get offended very easily.

11 MR. EWELL: Well, I could, I think.

12 (Laughter.)

13 CHAIRMAN CORY: It's your time to use as you see
14 fit.

15 MR. EWELL: Well, I really don't want to waste my
16 time on this. I just wish you would strongly consider
17 leaving it in the hands of people that we all have faith
18 in, that we all trust and that we all know and know what
19 the hell they are doing.

20 (Laughter.)

21 CHAIRMAN CORY: Mrs. Barbara Schuster.

22 MRS. SCHUSTER: It has already been said, sir.
23 You have my letter and my paper. Thank you.

24 CHAIRMAN CORY: John Reinhold.

25 MR. REINHOLD: I yield to Mr. Bombard, support

1 him totally.

2 CHAIRMAN CORY: John Lonerqan.

3 MR. LONERGAN: Mr. Chairman, my name is John
4 Lonerqan. I live in Los Angeles at 1103 Bel-Air Place.

5 I am a sort of a retired lawyer and I'm speaking,
6 however, for myself. I am a sublessee of a mooring at
7 Moonstone Cove, and I should reveal it, but I am not speaking
8 for them, I am a member of the Newport Harbor Yacht Club.

9 Santa Catalina Island is unique. It's full-time
10 residents are almost all property owners and tenants of
11 owners at Avalon. The major landowner is the Catalina
12 Island Company along with the easement-owning Conservancy,
13 considered as one.

14 Avalon Harbor is the major and only real port.
15 Avalon City fronts on it. The State controls the tidelands
16 and submerged lands surrounding the Island. Until now the
17 State has leased Avalon Harbor and those other areas of
18 its lands surrounding Catalina and which are useful for
19 boat moorings and anchorages, to the Company, and it in turn,
20 through its agent, Bombard, has provided for the
21 parcelling out of moorings and anchorages as well as the
22 provision of services so necessary to the boating community.

23 All has worked exceedingly well up to now.
24 Aside from the harbor at Avalon and a relatively small
25 company -- Bombard leased area at the Isthmus -- upland

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1 areas are owned by the Company and are occupied and operated
2 by the Conservancy as a tax-exempt nature reserve.

3 The Conservancy, created and vested by the
4 Company with its easement title granted since the
5 effective date of the present State lease to the Company,
6 has the major interest of preserving and protecting the
7 lands and the proper, cooperative and supportive use of
8 the adjoining water areas covering submerged land of State.

9 It is the policy of the State of California to:

10 First, develop and maintain a high-quality
11 environment now and in the future, and to take all action
12 necessary to protect, rehabilitate, and enhance the
13 environmental quality of the State -- which includes
14 Catalina and its state-owned submerged lands;

15 Second, take all action necessary to provide
16 the people of the state with the enjoyment of aesthetic,
17 natural, scenic, and historic environmental qualities;

18 Third, to preserve for future generations repre-
19 sentations of all plant and animal communities and
20 examples of major periods of California history;

21 Next, to ensure that the long-term protection of
22 the environment shall be the guiding criterion in public
23 decisions.

24 It seems to be that legislation requires
25 governmental agencies at all levels to consider qualitative

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1 factors as well as economic and technical factors and to
2 consider alternatives to proposed actions affecting the
3 environment. That is Public Resources Code Section 21001.

4 The Legislature has also declared that it is the
5 policy of the State that public agencies should not approve
6 projects as proposed if there are feasible alternatives or
7 feasible mitigation measures available which would
8 substantially lessen the significant environmental effects
9 of such projects. That is Public Resources Code Section
10 21002.

11 There is, indeed, a feasible alternative to a
12 lease to one who will use it for profit as must be expected
13 of any private lessee other than the Company and the
14 Conservancy.

15 The economy of this Island is entirely related
16 to its recreational and environmental features. Its major
17 ownership has wisely and generously created the
18 Conservancy to preserve, promote, encourage and protect the
19 environmental qualities of the Island, to provide the
20 people of the state with enjoyment of these qualities, to
21 preserve plant and animal communities, to do all of the
22 things which the Legislature has stated as its responsibility
23 is a public policy of the State officials to carry out.

24 Next, the State Lands Commission is required by
25 Section 21001 of the Public Resources Code to consider the

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1 qualitative factors as well as economic ones. Section
2 2002 of the Administrative Code, and I am sure you know
3 this, expressly permits leasing to littoral owners without
4 inviting bids.

5 This is what seems to me should be done. These
6 are wise statements by the Legislature.

7 This seems to be a situation in which an
8 environmental study and report are required by the California
9 Environmental Quality Act (CEQA). Such a study and report
10 could reasonably have been expected to point out all of
11 the Legislature's pertinent enactments and policy
12 declarations and to have recommended something along the
13 line recommended by the speakers who are representative
14 of the Catalina Island folks and the boating community.

15 It seems to me that there is one thing that needs
16 more to be pressed here.

17 There should be no restriction, in my view, on
18 a transfer by a sublessee, that is a mooring lessee, if you
19 will, when using the mooring. Boats are sold, boats are
20 traded. People are inclined to go from a little boat
21 to a larger boat to a larger boat. Once in a while they
22 go back to some smaller boat, but quite often they sell the
23 boat, and that's the second happiest day. It's impossible,
24 it seems to me, for groups that support the Conservancy
25 to maintain their uniform protective policy and practices

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1 for the benefit of the Conservancy when they are faced with
2 the upcoming renewal of a lease, which is a sublease, forgive
3 me, which would be organized for profit.

4 If the subleases, and I mean the leases to the
5 mooring users, are transferrable, sure, maybe they are
6 for money, but whatever, the sublease is going to be more
7 valuable. The income to the State's lessee is going to be
8 more valuable and your percentage of rental will be greater
9 in amount.

10 It seems to me illogical to say anything else.
11 There is nothing in the staff report to support its
12 recommendation of a prohibition of sublease transfers other
13 than the suggestion that the State might get a transfer fee.

14 To my way of thinking, if the State doesn't provide
15 services, and it would not in such a case, there is no
16 basis for such a transfer fee and the State Commission here
17 should open up its mind, regardless of the staff report,
18 to permit transfers.

19 I will file some copies of what I have said in
20 a little bit greater length. Thank you very much for
21 listening.

22 (Applause.)

23 CHAIRMAN CORY: Okay.

24 Mr. Roberts.

25 Burton Buser.

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1 MR. BUSER: My name is Burton Buser and I am
2 representing Fy-Tek Industries. We agree with the staff
3 recommendations, and if the staff recommendations are
4 accepted, we wish for you to consider two very important
5 areas of concern to alleviate potential problems.

6 The first area that we are concerned about is
7 the trash disposal. There needs to be access to the
8 uplands in order to alleviate the major trash problem.
9 The second is the question of pier access. We are not
10 concerned about access to the piers of any of the coves
11 or harbors except the Isthmus Cove and Catalina Harbor.
12 There is a need for a base of operations. The weather over
13 at Catalina can be serious at times and we are very concerned
14 that if there is not a land base or at least a pier base
15 that we can work off of, there may be some serious problems
16 with hazardous conditions for our employees.

17 That is that.

18 CHAIRMAN CORY: Dave.

19 ACTING COMMISSIONER ACKERMAN: One question for
20 the staff. How many interested inquiries have we received
21 from parties expressing an interest in the bid?

22 EXECUTIVE OFFICER NORTHROP: Jane Mochon can
23 address that.

24 MS. MOCHON: I'd say about 10 or 12, approxi-
25 mately.

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1 CHAIRMAN CORY: Mr. Bloch.

2 Alfred Bloch.

3 Henry Snyder.

4 MR. SNYDER: Mr. Chairman and Members of the
5 Commission, I will be very brief because I did write a long
6 letter to the Commission. But some things have come up
7 that I think I'd like to address.

8 First of all, I represent myself. I am one of
9 the owners of the 165,000 boats that are registered in
10 Southern California that pay almost \$17 million in taxes.
11 We total approximately three-quarters of a million people who
12 use the facilities in Southern California.

13 We have no water facilities, as you see here
14 in Sacramento, for our recreational boating. Catalina
15 is our only place.

16 We had a hearing in October, on October 15th,
17 in Long Beach. There were over 500 people who came to that
18 meeting. I attended the meeting and I heard no one speak
19 in opposition to maintaining the status quo with the
20 Conservancy.

21 We have heard nothing from any bidder, any
22 prospective bidder, as to what their program might be.
23 And despite all the positive presentations that have been
24 made in favor of the status quo, and the Conservancy and
25 the Catalina Island Company, despite the lack of any public

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1 demand or support for developers or commercial interests,
2 despite any show of interest of intentions by any of
3 these developers as to what they propose to do with
4 Catalina, and despite the proven record of performance in
5 both the public and private interests by the Conservancy,
6 the staff has made a recommendation that this now go to
7 public bid, and undoubtedly the commercial bidders will be
8 able to outbid the Conservancy.

9 I can understand the desire to increase revenue,
10 but not to the point of opening the Island to exploitation.

11 I was going to say, and I guess I might as well
12 say it, we can expect a Pioneer Chicken franchise on a
13 barge in every cove, or the Queen, too, when it is put
14 in mothballs, moored in front of Isthmus with the Spruce
15 Goose as a tender. But that is not what we are talking
16 about.

17 Members of the Board, I must say that no matter
18 how tight you make the lease conditions, the commercial
19 operator will find a loophole to overuse the property. This
20 is evidenced right now in Marina del Rey in the so-called
21 under-the-counter subleasing of slips, of moorings. It is
22 evident in the fact that it costs \$8 sometimes to find a
23 mooring in Marina del Rey, and 10 or 12 in Newport Beach.

24 The boat owners have been paying through the nose
25 for many many years, and it's getting much worse. The

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1 nonprofit Conservancy, which is motivated only by its
2 public interest and by its concern for the environment,
3 is the only place for the maintenance of the Catalina Island
4 facilities.

5 I was going to talk on the matter of the transfer
6 of moorings. I started going to Catalina 25 years ago.
7 In 1964 I was able to buy a one-fourth interest in a mooring
8 and we paid a total of \$3500 to get the mooring.

9 In 1972 --

10 ACTING COMMISSIONER ACKERMAN: I have a
11 question. Whose name is that mooring in? Is it all four
12 names?

13 MR. SNYDER: It is in three names. There were
14 three of us involved in it. It was in the names of the
15 three of us.

16 In 1972 I was able to purchase another mooring
17 which I now own for \$10,000. I have no interest in selling
18 that interest. I don't intend to ever sell it. I want my
19 children to use it, just as they have for the last 25
20 years, but the fact that a few people have made some money
21 on these moorings should not make me set up another way
22 to figure out a loophole.

23 I can assure you that if you put a provision
24 preventing transfers, you will never see moorings transferred.

25 For example, in Cat Harbor, where slips are in

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1 great demand, I know a boat that for four and one half
2 years has been waiting for a slip. And when slips come up,
3 they just don't get them, even though they are at the top
4 of the list. Because Cat Harbor has set up a rule that the
5 first priority goes to the members of the yacht club.

6 So, when a boat is sold, the broker has the
7 buyer join the yacht club and he immediately takes priority.
8 There are so many ways that people can get around rules
9 that I don't see how you can do anything except perhaps a
10 transfer fee. There's no way you can restrict transfers.

11 Thank you, gentlemen. I thank you for the time.

12 (Applause.)

13 CHAIRMAN CORY: Jordan Saunders.

14 MR. SAUNDERS: My name is Jordan Saunders. I
15 am a boater and I am a mooring owner in Cherry Cove.

16 I bought my mooring and we paid a total of
17 \$18,000. I have a mooring partner. We used that mooring
18 a total of 26 days last year by actual count. That mooring
19 is free for anybody to pick up and use at no cost to them
20 whatsoever. My partner and I, we paid the mooring fees,
21 which is about \$600 a year, and it's free to the public,
22 they don't even have to pay the \$8 because we don't allow
23 our mooring to be leased out by anybody else. We feel that
24 we will just let anybody use it when we are not. And there
25 is a lot more of us that do the same thing.

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1 I notice you raised your eyebrow when it was
2 said, Mr. Cory, that Catalina is the only place for us to
3 go. It is.

4 We try to take our boat to Newport or we try
5 to take our boat to San Diego. It's very costly, because
6 private moorings down there are very expensive. In
7 Catalina, right now, if you really care about the boaters
8 and you care about the people of this great state of ours,
9 they can now rent a mooring in Catalina for \$8 to \$10 a
10 night. That's what the average boater can do. But if this
11 is put out on public bid, of course they can get more money,
12 the State can get a little more money, but what will it do
13 to that \$8 or \$10?

14 Let's work backwards. Why don't you put a
15 restriction on any bid, if you decide to put it out, what
16 is the total income? Say the mooring would be \$14 or
17 \$12. That would be the price that the boater would pay.
18 Now, let somebody bid on it and give all the services and
19 do all the things that are being done now that it won't
20 be an increase of cost to the general boater. And that's
21 what you really are talking about. You are talking about
22 what is it going to cost the boater?

23 Sure, somebody that has all the money in the world
24 can pay \$25 a night, \$50 a night. That's fine. But if you
25 really care about the boater, what is the boater going to pay?

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1 I don't want to take too much of your time more.
2 I just got a few more points.

3 Really, the income to the State is a small part
4 of what you are doing for the general public.

5 Oh, yes, I have to comment on Pioneer Chicken.
6 Pioneer Chichen said that they could bring a boat in a
7 60-foot channel. Now, these are the people that want to
8 bid on this mooring. They want to bring a 60-foot channel
9 to bring in a boat that will hold 500 people. Now, if
10 the wind blows just a little bit, there's no way that you
11 can do something like that.

12 Right now the channel is 300 feet.

13 And I just had to comment, because these are
14 the people that want to run the mooring. We were over there
15 in a Santa Ana. I don't know if you know what a Santa Ana is,
16 but the wind blows the opposite way. Doug Bombard was
17 out on a patrol boat, himself, pulling boats from going to
18 shore, doing the little things that are a necessity for the
19 boaters for the life and the safety of the people.

20 I am sure Pioneer Chicken, I am sure that the
21 Wrather Corporation and I am sure that anybody that is doing
22 this just for money are not going to be out there. Maybe
23 they will hire somebody to do it, but do you think they are
24 going to do what the Island Company is doing now?

25 I think you are making the gravest error in your

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1 political life by not listening to the people. You listen
2 but you don't hear. The people are satisfied. The boaters
3 are getting what they want. The County is getting what
4 it wants. And maybe you will get \$100,000 more a year
5 from a group that pays \$17 million a year in taxes, and
6 doesn't complain, a group that their taxes goes to the
7 general fund, not to the boating fund, and these are the
8 people who also vote.

9 Thank you.

10 (Applause.)

11 CHAIRMAN CORY: Thomas Redler.

12 MR. REYLER: Mr. Chairman, I represent myself
13 and 254 people, not necessarily boaters, but all of them
14 taxpayers and voters.

15 I have petitions with their names on it if anyone
16 is interested. The petitions are very straightforward.
17 They mandated me to come and ask you not to maximize income
18 to the State at the expense of the infinitely more
19 important social and environmental considerations of
20 Catalina.

21 I have written letters and I have spoken before
22 in Long Beach, and I assume that you have my comments on
23 record. Unfortunately, you haven't listened. At least
24 the staff hasn't listened, and made recommendations with
25 which I am not in agreement with.

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1 B: I'm not going to belabor that point. However,
2 today was the first chance that I had to hear the
3 propositions from the other bidders, and that's why it
4 was so important to open up this meeting to the public.

5 You cannot accept at face value some of the
6 statements that were made by Wrather Corporation, Pioneer
7 or Fennie because they are just not accurate.

8 Let me point out that Mr. Stevens spoke in
9 generalities during his whole presentation. He gave no
10 specifics whatsoever. I was surprised that none of you asked
11 him how specifically was he going to handle any of these
12 that you specified in the lease, the services that the
13 lease must include?

14 Incidentally, I object to his slur that all
15 boaters either don't work or don't pay taxes. I am a hard
16 worker and I pay taxes and I took time off from my work
17 today to come and speak before you.

18 I contest his statement that many moorings change
19 hands every year at exorbitant fees. That's just not true
20 and I contest him to prove it. I'd like him to show us how
21 many moorings changed hands this year outside of Avalon,
22 which does not have anything to do with this present lease.

23 I have been trying to obtain a mooring for my
24 family for the last three years. I can't afford to pay any
25 amount of money, but so far money or not, I have not been able

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1 to find one. I know of only three that have changed hands
2 in the Cherry Cove and Isthmus area in the last year.
3 I would like to know of more. I don't know where I'm missing
4 the boat.

5 I also would like to echo the fact, and it is
6 a shame Mr. Stevens did not show up at Long Beach so his
7 views could have been checked out before we had this
8 meeting.

9 As for Pioneer Corporation, I also show my
10 dismay at the total lack of Marine knowledge of the gentleman
11 that said that a 60-foot wide channel was sufficient.
12 If he thinks that, I'd like to put him in a dinghy out
13 there in a 60-foot wide channel when the Queen comes in
14 and see how he reacts. It's a very very unsafe situation.

15 As he is going to find out, as Pioneer Corporation
16 is going to find out, the big ocean is far different than
17 Lake Arrowhead. It has far more problems that they know
18 nothing about.

19 He asked that certain changes be made in the lease
20 requirements so he would be free to move moorings from cove
21 to cove. Your staff has also pointed out that moving
22 moorings would probably change the ecological balance that
23 come under CEQA and the Coastal Commission's scrutiny. I,
24 for one, since I am not required by the lease to move my
25 mooring, would hold firm and challenge anyone to move my

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1 mooring for me.

2 CHAIRMAN CORY: Pardon me. Do you own a mooring
3 now?

4 MR. REDLER: Yes, I do. I have one now for
5 myself and I am trying to find one for my kids. I know
6 many others who have two also.

7 Incidentally, let me speak specifically about
8 that mooring. My mooring was used exactly 24 days during
9 this year so far by actual count. And, as you will note
10 in my previous testimony, almost every other day it was
11 utilized by other boaters at either no cost or at a
12 maximum fee of \$8 per night. And that's the way all the
13 moorings work.

14 And I do not intend to sell my mooring ever as
15 the previous speaker mentioned. If I can't find another
16 mooring for my kids, then I will be very happy to let them
17 use mine after my demise.

18 As for him, he also mentioned that there is no
19 patrol boat in Cat Harbor. I wonder what phantom came
20 to my assistance at 2:00 a.m. in the morning when my boat
21 careened at low low tide and was helpless when the Harbor
22 Patrol came and assisted me in getting off the mooring before
23 I did damage to my spreaders and to the boat next to me.

24 That must have been some figment of my imagination.
25 That boat is always there. It's always on patrol. The only

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1 time it isn't is during the winter months at times when there
2 are very few users.

3 As for Mr. Fennie, he said that he would provide
4 all the services that were provided at present. Where is
5 his base of operation? Where is he going to obtain the
6 services, from Avalon? How is he going to service the coves
7 and the Isthmus and Cat Harbor if he doesn't have a base
8 of operations?

9 Incidentally, I am not certain, but I think
10 Mr. Fennie owns moorings in Avalon, and the mooring owners
11 in Avalon are amongst the worst offenders, but they do not
12 come under your restrictions.

13 As far as the County of Los Angeles is concerned,
14 and this is my final word, I am a resident of Los Angeles
15 County, and my boat is slipped in Marina del Rey. From
16 my experience, I am positive that if the County had anything
17 to do with the operation of the tidelands area, the overall
18 revenue to the State would go down. The boat owners would
19 be gouged and the existing services, which are handled
20 so well by the private enterprise, that is the Island
21 Company, would certainly lack any quality.

22 I know nothing about Fy-Tek. This is the first
23 time I have heard. I'd be interested in knowing who Fy-Tek
24 is.

25 I wonder if Fy-Tek would seriously expect the

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1 upland owners to grant access for services for which they
2 have really no remuneration or reason to provide.

3 Thank you very much.

4 (Applause.)

5 CHAIRMAN CORY: Dave.

6 ACTING COMMISSIONER ACKERMAN: One person who has
7 so far declined to testify is Dave Bombard. He was gracious
8 enough to host me on a tour of the Island down there almost
9 six months ago. I wondered if our purposes might be well
10 served, since Doug probably knows the island and its
11 operations better than anyone, since he is the on-site
12 manager, if he might comment on the staff recommendations.

13 Because, I have noticed, as we are going through
14 this, that we are getting farther and further away from any
15 specific comments on what is recommended and what is
16 really before the Commission. And Doug, I think, is
17 in a better position than anyone in this room to comment
18 directly on whether or not the staff recommendations will
19 work. And I value his judgment.

20 So, if the other Commissioners would agree,
21 would it be proper for Doug to come up here?

22 (Applause.)

23 CHAIRMAN CORY: It is a question of when. We
24 have seven or eight other people here. It is a question
25 of when, if Doug is willing to respond.

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1 MR. BOMBARD: I will stick around.

2 CHAIRMAN CORY: Patricia Mendel. Patricia
3 Mendel.

4 MS. MENDEL: I will defer, thank you.

5 CHAIRMAN CORY: William Davidson.

6 MR. DAVIDSON: Mr. Chairman, I'd like to make
7 two comments in relation to the staff report. First, the
8 staff report comments on the income to the State side of
9 the equation, in setting the minimum annual rental on the
10 percentage. I would ask that you also consider, as one of
11 the previous speakers have mentioned, the outflow to the
12 boat owner. What is the price that he is going to have to
13 pay to generate these minimum rentals?

14 Currently you can go to a business area and
15 rent one for \$7 or \$8 or \$10 a night. If we up the rentals
16 significantly, what is that going to do to the income flow,
17 because the money has got to be there to have a gross
18 profit to pay the State.

19 So I would ask that you include in the lease,
20 whether it is with the Island Company or somebody else,
21 a requirement that sets a formula or standard for what the
22 rentals are going to be for different mooring sizes so that
23 we don't price the individual boater out of the market.

24 The second point is that there has been much
25 concern expressed over private ownership of moorings at

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1 Catalina. It has been whispered that fortunes are secretly
2 being made and that the State has been cheated. Well,
3 I have to admit to being one of these black hatted mooring
4 owners, but I want you to consider that maybe we are not
5 as bad as you might think.

6 I pay an annual lease, which includes a
7 contribution to the land lease and the maintenance of the
8 mooring. That costs me \$400 a year. I evidently
9 don't get there as often as the others. I used my mooring
10 10 nights last year. So it costs me \$40 a night.

11 The rest of the time it was available to anyone
12 who came on a first-come first-served basis.

13 And that person, for a 30-foot size boat that
14 my mooring holds, pays \$7 a night. If I had not put out
15 the \$400 to maintain the mooring, the public that was using
16 it the great majority of the time would have had to pay
17 a higher fee to cover those annual maintenance costs and
18 land costs.

19 So I think, in effect, the private owners are
20 subsidizing the public interest rather than hurting it.

21 Your staff report recommends no transfer --

22 (Applause.)

23 MR. DAVIDSON: -- rights to the private mooring
24 owners. This doesn't bother me particularly because I have
25 lived in California all my life and plan to stay here.

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1 However, I have a good friend who purchased a
2 mooring just this year and then got transferred to Chicago.
3 I don't know where the equity is in there for a person wh
4 is about to los his entire investment.

5 I don't think it is right that private individuals
6 make a big profit off the public trust tidelands, but I think
7 you can come up with a formula that either you can
8 transfer it only at your original purchase price or that
9 you pay a large transfer fee. Avalon has a transfer fee,
10 but it's really not very big.

11 Something that allows some equity to the people
12 that have been paying a price to keep their moorings
13 maintained and let everyone use them.

14 I'd just like to close by quoting a comment that
15 was made by one of the speakers in Long Beach, where he
16 was speaking about your charge as a Commission to promote the
17 public benefit. He summed up the thoughts of many with
18 this statement, which I think deserves careful consideration.
19 He said, I don't know why you want to generate more revenue,
20 for what could you possibly buy for the people of California
21 with such revenue that would be more wonderful than what
22 we already have at Catalina?

23 Thank you.

24 (Applause.)

25 CHAIRMAN CORY: Mr. MyrnoId.

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1 MR. MYRNOLD: Well, they gave it to my grandfather
2 in Norway and I kept it since then.

3 CHAIRMAN CORY: Okay.

4 MR. MYRNOLD: Thank you, Mr. Chairman. I am
5 sort of an unusual bird here today, I suppose. I represent
6 our boat, my all-girl crew, no yacht club and nobody else.
7 I have paid my own way here today, and I have taken a day
8 off work to do it. And I got all dressed up in my best
9 suit to appear before you.

10 (Laughter.)

11 MR. MYRNOLD: I have written to you a couple of
12 times. I was dismayed in reading the staff committee
13 report which didn't seem to me to follow the conclusion that
14 the major and the minor of the premises that were made.

15 So I went to Catalina, sir, last Friday. I
16 sailed across in a ping-pong ball until we were a couple of
17 miles from the Island, and I was greeted there by a patrol
18 boat who escorted me safely to a fine mooring, and after
19 we were tied up and tied up securely, we used the facilities
20 to go to the land. And there we used the shower facilities,
21 other sanitation facilities, and brought with us our trash.

22 The following day we were able to repeat that
23 performance. That drove home to me, as never before, how
24 extremely important it is to have a viable and total
25 connection between those moorings and the littoral land

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1 owner on the land, that there must be total harmony and
2 agreement in concept of why it is there and who is
3 responsible for what.

4 Some of the earlier speakers, particularly the
5 Wrather Corp., came through to me as not really knowing,
6 sir, what it is to be tied up at sea when a Santa Ana blows
7 up or a heavy wind, and your major investment in your life
8 is dependent upon the security of the mooring lock and
9 seamanship of the man who spliced the splice below the
10 surface of the water.

11 And in my visits to Catalina, I submit to you,
12 sir, that there is a high element of seamanship and knowledge
13 of the sea that can be discovered at the Catalina Camp
14 and Cove Agency.

15 As a side remark, let me tell you, sir, I do
16 not own a mooring, I do not own a lease. I am just John
17 Q. Boater, who has a tough time making the slip payments
18 and the boat payments, and I am expressing the view of
19 a small guy who is having trouble living with his hobby,
20 boaters who indeed are not rich yachtsmen.

21 In conclusion, may I compliment Mr. Ackerman.
22 For the first time I have ever contacted a public agency,
23 I have received a courteous and attentive ear when I
24 phoned you a month ago. I sincerely appreciate that.
25 And more than that, it's the first time I have received

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1 a written reply to my letter, and I thank you for that, too.

2 (Applause.)

3 MR. MYRNOLD: Two things I would conclude with.

4 One is, if it ain't broke, why fix it?

5 The other thing, sir, I would suggest to you,
6 comes from a play called 1776. And George Washington was
7 expressing his utter dismay at the time of the American
8 Revolution. And I, as a boater today, would repeat that
9 to you. Is anybody listening? Does anybody care?

10 CHAIRMAN CORY: Vesta Comyns.

11 MS. COMYNS: Oh, I give my time up.

12 CHAIRMAN CORY: Doug Oudin.

13 MR. OUDIN: Mr. Commissioner, I am the Harbor
14 Master at Catalina Cove and Camp Agency. I live in a little
15 house right in front of the Isthmus Cove. I sit there with
16 a VHF radio and a CB radio at night, and during the day,
17 and watch the activity, and lend assistance if I see
18 something happening.

19 I don't think that you can get somebody else
20 to care like we do. I think you are making a mistake.
21 I don't think you should do it.

22 CHAIRMAN CORY: Questions from the Commissioners?

23 Thank you.

24 (Applause.)

25 CHAIRMAN CORY: Martin McDonough.

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1 MR. McDONOUGH: Mr. Chairman and Members of the
2 Commission, my name is Martin McDonough. I am an attorney
3 in Sacramento. I appear here on behalf of Bruce Ponsel
4 and Jeff Stickler. These gentlemen operate and provide
5 support services for recreational boating in the Long Beach
6 area.

7 They are familiar with the Catalina situation,
8 they know the personalities and they know the physical
9 situation involved. They have reviewed the proposal
10 of the staff, the competitive bidding, and they believe
11 that it is a fair proposal, and if the proposal is made,
12 they will offer to bid.

13 They believe that they are qualified and
14 financially able to provide the services that are required
15 at the lowest possible cost.

16 CHAIRMAN CORY: Thank you, sir.

17 Wendy Bents.

18 MS. BENTS: I defer.

19 CHAIRMAN CORY: William Bents.

20 MR. BENTS: The same.

21 CHAIRMAN CORY: Robert Johnson.

22 MR. JOHNSON: Sir, I am Bob Johnson. I am one of
23 those wealthy boat owners in Southern California. Believe
24 me, I ran a mooring. I paid \$8500 for my boat. You can't
25 even buy a car for that today. I spent 35 years in waters

1 off Catalina. I will be 70 next month. My days have come
2 to an end.

3 I would like to save this for those who follow,
4 including my grandson.

5 Sir, you are looking for money, and we pay
6 money. And I was interested in listening to some of these
7 gentlemen talk. For instance, that guy from Los Angeles
8 County.

9 He said he spends a half a million dollars over
10 there. Well, there is 87,990 boats paying him taxes, and
11 he collects \$4,566,000 off of it. That's the first time
12 that I found out where some of my money goes.

13 (Laughter.)

14 MR. JOHNSON: You're interested in money, and
15 they have been talking about all this money that they are
16 making by selling moorings. The only time a mooring that
17 I have heard about coming up for sale is either by a widow
18 who needs the money and can't run the boat because her
19 husband's gone, or the fellow is alone, and sick, and he
20 has no kids to leave it to, so he sells it.

21 And as I understand it, if everybody is abiding
22 by the law, you get 11 percent capital gains on anything
23 you sell.

24 Now, the Franchise Tax Board should be after this
25 money you are losing over there, not the other way around.

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1 Now, according to the news, they had you on the
2 news the other day down there, you need \$1 billion if we
3 are going to come out of the red, is that right?

4 CHAIRMAN CORY: We borrowed \$935 million this
5 week.

6 MR. JOHNSON: Okay. Do you know how much you
7 collected from sales tax every minute last year at four
8 percent? Now, that's the State's tax.

9 CHAIRMAN CORY: I haven't bothered to calculate
10 that.

11 MR. JOHNSON: Well, I did. It's amazing. You
12 get \$10,864 every minute of every day. All you'd have
13 to add is one percent more to the sales tax, and you know
14 what, we are talking about here, is about 10 minutes of
15 sales tax.

16 (Laughter.)

17 (Applause.)

18 CHAIRMAN CORY: June Ross.

19 MS. ROSS: No, thank you.

20 CHAIRMAN CORY: Okay. Is there anyone else
21 other than Mr. Bombard in the audience?

22 MR. COMYNS: Yes, sir. I gave my time up, but
23 I would like to say that all moorings are not owned. I lease
24 a mooring, and have been doing it for about 18 years now.

25 CHAIRMAN CORY: Yes, sir.

1 MR. STEIN: I filled out a card and a slip. I
2 don't know what happened to it. At any rate, I am Milt
3 Stein and I am speaking for myself,

4 CHAIRMAN CORY: I'd like the record to reflect
5 that Denny Carpenter ripped you off.

6 (Laughter.)

7 MR. STEIN: Milt Stein, boat owner, speaking for
8 myself.

9 I only wish to comment that the staff report
10 seems to indicate that this matter is a commercial matter,
11 similar to an oil lease, and I don't believe they are
12 correct in looking at it that way. I think it should be
13 treated as a Parks and Recreation matter.

14 Thank you.

15 CHAIRMAN CORY: Okay. Mr. Bombard, I think, can
16 shed some light on some of the technical matters that have
17 been suggested. I think that's a good suggestion, to
18 double-check.

19 We have covered all the other bases in the
20 audience?

21 Okay. In order to try to facilitate you, you have
22 a list of specific questions for Doug, right?

23 ACTING COMMISSIONER ACKERMAN: Yes.

24 CHAIRMAN CORY: Doug, are you willing to try to
25 respond to some of the operational-type questions?

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1 MR. BOMBARD: I will attempt to.

2 CHAIRMAN CORY: Good. Go ahead.

3 ACTING COMMISSIONER ACKERMAN: Doug?

4 MR. BOMBARD: Yes.

5 ACTING COMMISSIONER ACKERMAN: The staff recommends,
6 in its report, several specifics that will be entailed to
7 whoever the lessee is on the Island.

8 If the Island Company has a lease renegotiated
9 with it, I assume that you will become a sublessee of them
10 and you will continue to run the operation of the Island.
11 I think that's a safe assumption.

12 The staff has recommended various elements be
13 contained in a lease. That requires certain maintenance of
14 service, certain level of service, either question of
15 transferability or nontransferability of leases, and I have
16 a question of whether or not you should lease or rather
17 sublease for a yacht club and not to individuals who are
18 members of yacht clubs.

19 I am concerned about granting maximum public
20 access. Two individuals said today that out of the 365
21 days they used their buoy 23 and 25 times respectively.
22 That's about 6 percent of the time.

23 To me, that gets quite a bit of public access to
24 that buoy that's used out there. So I think, as I said in
25 the letter to many of you, I'm not as concerned about

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1 public access because it seems like the public access is
2 not being denied at Catalina by leasing buoys for a long-
3 term basis.

4 (Applause.)

5 ACTING COMMISSIONER ACKERMAN: What I would like
6 you to do, Doug, because you have read the staff report,
7 the recommendations, and talked about it, could you comment
8 on it, and specifically the transferability question out
9 there and the different requirements of patrol boats,
10 garbage and water and those different resources.

11 What I am interested in, and I hope I've gotten
12 my point across, this is a lease that's not being entered
13 into by, at least in my opinion on the Commission, for
14 sole economic return to the State. That's not right to do
15 that.

16 But, what the State is obligated to do, and the
17 Commission is obligated to do, is to realize what is called
18 a fair return out there. I think it's something is required
19 of us. In every lease which the Commission ever enters
20 into, we constantly have to be on our guard against other
21 public interests, which in one case which I might point out,
22 in San Francisco Bay, we thought we had a real good deal
23 with the people down there.

24 What we did, we swapped a piece of land for some
25 tidelands, and we thought we had a very good deal. Well,

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1 Save The Bay and some other groups came in and sued the
2 Commission and overturned what I thought was a good decision
3 and served the best interests of the public.

4 So what we do, if we enter into a sweetheart
5 deal with the Island Company, and they leave things just the
6 way they are, one of the other bidders could sue us and
7 throw the whole thing into litigation and cause everyone a
8 lot of misery. I don't think that's our intent either.

9 So what we have to do is find a fine line here,
10 somewhere in the middle of the two, and based on that, we have
11 looked at proposals for \$125,000 minimum a year as the
12 staff is recommending plus a percentage of gross.

13 I'd like, Doug, if you could just comment on
14 this, because you run the operation down there. You are
15 the on-site manager. How do you see the staff recommenda-
16 tions?

17 MR. BOMBARD: Well, I think that the economic
18 figure is pretty sound. I think that using that figure, I
19 don't think that the prices would have to go up to the point
20 where the general boating public couldn't get access to the
21 moorings.

22 I think, if it started to escalate much above
23 that, it would, but that basically, \$125,000 or 17 percent,
24 is just that. It's about a 17 percent increase to the
25 revenues that are made there now.

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1 Now, there are some additional revenues that
2 possibly can be made. So I think that that figure wouldn't
3 necessarily even have to be 17 percent. It possibly could be
4 a little less, as far as the increase to the boaters.

5 I feel there is a lot of boaters out there, people
6 with families, John Doe boater, which is the guy that likes
7 to come to Catalina as recreation, that are paying just
8 about as much as they can now. Their fuel costs have gone
9 up. Their hauling costs, annual maintenance and things like
10 that have gone up. We are concerned about that guy. That
11 guy is what the Conservancy is concerned about.

12 He's the reason that they created the Conservancy.
13 The Island Company has always been concerned about the
14 small boater and that he gets access, and I'd hate to see the
15 prices go up to the point where they couldn't get access.
16 I am afraid that if you open it to open bidding or to
17 sealed bidding, that the prices would escalate up a heck
18 of a lot more than they should, or the people can afford.

19 ACTING COMMISSIONER ACKERMAN: I guess one question
20 that I have is, should the Commission adopt a fee schedule
21 for rentals of the buoys, both on an annual and a transient
22 basis, and include that as part of the lease?

23 MR. BOMBARD: Well, I think that would be
24 difficult because the thing that we are continually concerned
25 with is the increase of cost of operation, and that's the

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1 only time that we pass anything on to the boaters at the
2 present time.

3 I think that if we are allowed to operate as
4 we have in the past, we will keep those prices down and
5 I don't think you'll need to have a fee schedule. We need
6 the flexibility that if wages go up, if material goes up --
7 you know a lot of people are kind of surprised, and I might
8 have mentioned it when your visitation over there, but an
9 awful lot of those moorings are petro-chemical. The foam
10 that is inside the buoys, the buoys themselves, the
11 fiberglass, the ropes, all of that is petro-chemical.

12 When your gasoline prices go up, the prices go
13 up on those things, also. But I think, just like gasoline,
14 if you had a lid on what you could price it for, I think it
15 would be very difficult to operate.

16 ACTING COMMISSIONER ACKERMAN: How about
17 transferability of the leases?

18 MR. BOMBARD: Well, I have mixed emotions on that.
19 I favor some type of a document that would take the place
20 of what we ask the people to give us now, which is a bill
21 of sale. They would fill that out where they would be under
22 the penalty of perjury, the same basic wording as you have
23 in your income tax forms, when you put the price down, and
24 that the State would get a percentage.

25 Now, the Island Company, the mooring service,

1 has never sold mooring and we have never got any of the
2 percentage of the mooring transfer fees -- not transfer
3 fees, sale prices.

4 We do charge a transfer fee of \$2.00 per deckline
5 foot for transferring the mooring. In other words, if it's
6 a 40-foot boat the mooring is transferring, the transfer
7 fee would be \$80.00. But that's all we really feel we
8 need.

9 I would be in favor of seeing moorings be able
10 to transfer. I would like to see the State get a little
11 extra money out of it. And I think that would be more
12 than acceptable to everybody concerned.

13 ACTING COMMISSIONER ACKERMAN: One other question.
14 Should the current coves that are under your lease right now,
15 should those be included in any new lease, open coves?

16 MR. BOMBARD: No. I would like to see the open
17 coves preserved. I think that would be the position of the
18 Conservancy, and I would go along with that.

19 ACTING COMMISSIONER ACKERMAN: Don't misinterpret
20 my question. Now, by being preserved, doesn't mean they
21 are eligible for mooring buoys, but by being leased, that
22 whoever -- see, you would be required to maintain services
23 to those coves even if a boat was at anchor there, not just
24 a mooring boat.

25 MR. BOMBARD: Well, I can't, in good faith, say

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1 that we wouldn't maintain the services if the cove wasn't
2 in our lease. I don't think that that enters our heads.

3 If we hear that somebody is in trouble, there's
4 a lot of people that anchor in coves that aren't leased,
5 and if somebody is in trouble, it's our policy to go to their
6 aid. And I don't think it would have any concern at all
7 whether we leased the cove or whether it was included in
8 our lease or not.

9 The main reason that we leased the coves before
10 was to protect them, because we felt very strongly that a
11 part of boating at Catalina was anchoring.

12 And we need moorings for security. You also
13 need the people to be able to go out and anchor at some of
14 the coves and keep them completely clear of moorings. We
15 think that both things are necessary and we think we have
16 a good balance there right now.

17 ACTING COMMISSIONER ACKERMAN: If you were a
18 successful sublessee, would you have any difficulty in
19 maintaining the services, as outlined in the staff
20 recommendations?

21 MR. BOMBARD: No. I think that after listening
22 to the public, I would try and improve our services. I
23 see several places where I think we can, after all the public
24 comment. I don't think that we have a perfect system. We
25 are always trying to improve it.

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1 With guys like Doug Oudin, who was up here just
2 a minute ago, our Harbormaster, and people that are dedicat-
3 ed to the public service, we are going to keep improving
4 them. And I think we can do a better job in the future
5 than we have done in the past, and that would be my aim.

6 ACTING COMMISSIONER ACKERMAN: This is a loaded
7 question, but if you were a sublessee, would it make any
8 difference in your ability of providing the level of service
9 for the master leaseholder?

10 MR. BOMBARD: If I were the master leaseholder?

11 ACTING COMMISSIONER ACKERMAN: No. If you were
12 the sublessee.

13 ACTING COMMISSIONER MORGAN: That is a loaded
14 question.

15 MR. BOMBARD: I don't think I understand the
16 question.

17 ACTING COMMISSIONER ACKERMAN: Well, what has
18 been told to us, and represented in testimony, and I
19 read it in the Long Beach hearing, is the special relation-
20 ship between your operation and the Island Company, it's
21 so special and so unique, that there's no way that we can
22 get into a situation that would provide any other relation-
23 ship. But I wondered if one of the other bidders that has
24 talked about wanting to get in on this, became a master
25 leaseholder, and subcontracted with you, what problems would

1 you see that that master leaseholder would have that would
2 be insurmountable?

3 MR. BOMBARD: I'd be very concerned with that.
4 I wouldn't say that I wouldn't be interested, because I
5 think that we still have an Island, but the thing that would
6 bother me, as Mr. Stevens said, would be a lot more
7 supervision.

8 Well, I don't think I can work under a situation
9 like that. The Island Company has given me a pretty free
10 hand because I have been recognized as the authority on the
11 moorings and that operation. And I have taken a lot of
12 guidance from it, but it has been basically conservation
13 and things like that.

14 We have set up certain goals and I have been
15 in terrific agreement with them. And we have had a real
16 special situation.

17 I think I have got a real special situation
18 with the Conservancy and I would look forward to working with
19 them because their aims are my aims.

20 I was born and raised on Catalina Island, and I
21 believe in the Conservancy and I believe in the Island
22 Company.

23 You know, a lot of times the newspapers have
24 said the Wrigley Chewing Gum interests own the Island, but
25 you know the major stockholder is the University of Southern

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1 California. Mr. Wrigley and his sister left the major amount
2 of their stock to the University. And I don't know just
3 the technicalities of that, but they also gave quite a bit
4 of land over there to the University.

5 But they were really concerned in seeing that the
6 Island remained a thing of beauty and pristine and I don't
7 think I would go with somebody else that had a different
8 idea and wanted the top dollar on it.

9 ACTING COMMISSIONER MORGAN: I wanted to ask the
10 staff a question, a technical question about the L.A.
11 County. L.A. County is interested in basically being
12 an intermediary rather than a bidder, and I don't understand,
13 do we have a duty to respond to L.A. County today?

14 MR. TAYLOR: No.

15 ACTING COMMISSIONER MORGAN: The second question
16 is, I didn't understand Mayor Scott's presentation sufficient-
17 ly to know whether he objected to the staff proposal or
18 whether he supported the proposal. It seems to me we have
19 already excluded that portion of the land that he is
20 concerned about. Is that true?

21 EXECUTIVE OFFICER NORTHROP: We have excluded
22 Pebbly Beach.

23 ACTING COMMISSIONER MORGAN: Have we taken care
24 of his concern?

25 EXECUTIVE OFFICER NORTHROP: I don't know whether

1 we have taken care of it.

2 MR. SCOTT: We agreed with that.

3 ACTING COMMISSIONER MORGAN: You wanted to be
4 sure of them?

5 MR. SCOTT: Hamilton Beach, too, which I didn't
6 mention. That's in the City.

7 CHAIRMAN CORY: Hamilton Beach. Staff, where
8 are you on that?

9 ASSISTANT EXECUTIVE OFFICER TROUT: It is not
10 under proposal. It is not proposed.

11 CHAIRMAN CORY: It is not proposed.

12 Do you have any other questions?

13 ACTING COMMISSIONER MORGAN: No.

14 CHAIRMAN CORY: Any further questions of Doug?

15 MR. BOMBARD: Thank you very much.

16 (Applaus.)

17 CHAIRMAN CORY: I would guess we are what,
18 30 minutes? Your meeting will be concluded when?

19 ACTING COMMISSIONER MORGAN: Well it could be
20 3:30 or 4:30.

21 CHAIRMAN CORY: Shall we then recess and reconvene
22 at 3:30?

23 ACTING COMMISSIONER ACKERMAN: I don't know that
24 we have a choice.

25 CHAIRMAN CORY: Well, we will recess and reconvene

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1 at 3:30.

2 ACTING COMMISSIONER MORGAN: Okay.

3 ACTING COMMISSIONER ACKERMAN: Okay.

4 (Thereupon a recess was taken.)

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AFTERNOON SESSION

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3 CHAIRMAN CORY: Okay. We are back from our
4 Public Works Board recess and I guess it is our turn to
5 start wrestling. I think it might be well to try to
6 clarify some of the issues, because I understand, at least
7 with public agencies, the City of Avalon and the County,
8 I'd like to make sure we have a clear statement on the
9 record of what it is, whether we have addressed ourselves,
10 whether the staff has addressed itself and its recommendation
11 to the City of Avalon's problems.

12 MR. TAYLOR: Mr. Chairman, I spoke to the Mayor
13 of the City of Avalon, who spoke earlier today, and it is
14 my understanding from his Honor that the situation is that
15 Avalon is not interested in any participation on any basis
16 with the Commission outside of the Pebbly Beach area. Is
17 that correct?

18 MR. SCOTT: Yes.

19 MR. TAYLOR: Right, and that is the Pebbly Beach
20 area. And the Commission and staff has not recommended
21 leasing any of that area to the company or the Conservancy
22 in this proposal.

23 MR. SCOTT: Not at this time. The Council wanted
24 to wait until the decision.

25 CHAIRMAN CORY: And so, by our leaving that out,

1 that accommodates your concerns?

2 MR. SCOTT: At this point.

3 MR. TAYLOR: All right, now. With regard to the
4 County, I have read the letter which they have submitted
5 to you, and talked to two of the County's representatives,
6 and I believe one of them is here. It is my understanding
7 that the County is only interested in a management agreement
8 with the State Lands Commission on the same basis that
9 Parks and Recreation makes agreements with local agencies.

10 In other words --

11 CHAIRMAN CORY: We have that option under the
12 statute.

13 MR. TAYLOR: You have an option. One of the
14 options you have is to enter into a management agreement.
15 This is a different kind of a management agreement than I
16 think is contemplated by the staff. You would have that
17 option as well. It is my understanding that that is all
18 that the County wants to have considered and that they
19 would not be interested in participating on the basis of the
20 staff recommendation, either for a negotiated lease with the
21 kind of minimums that are being talked about, or as having
22 some kind of preferential right in connection with a
23 competitive bid situation.

24 MR. LELAND: I don't know whether the Board would
25 want to sit down and talk to the staff and find a spot

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1 somewhere in between or something.

2 EXECUTIVE OFFICER NORTHROP: Would you identify
3 yourself for the record, please?

4 MR. LELAND: I am Clancy Leland, Legislative
5 Representative for Los Angeles County.

6 Whether there is some middle ground, I can't say,
7 but definitely we would not want to be in the position of
8 being a private lessee and bidding for the contracts.
9 Whether it could be a management agreement with some type
10 of payment, that I would have to go back before the Board
11 and be negotiated.

12 MR. TAYLOR: I think that the options then are,
13 if the Commission does not decide on either the option of
14 following the Parks and Recreation policy, which is to
15 transfer State Parks to local control in some instances,
16 with the local agencies keeping the proceeds from that as a
17 consideration for the operation, or the management agreement
18 which would be somewhat in between there, and you adopted
19 any of the other staff recommendations, that the County is
20 then saying that it would not be asserting any preferential
21 right with regard to those to be considered on the basis of
22 that kind of a proposal.

23 So I think that clarifies the record, both with
24 regard to the City of Avalon and as for the County of
25 Los Angeles. And what is before the Commission now is the

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1 procedure upon which, or the basis upon which applications
2 or bids will be received.

3 So, now all that is before the Commission is
4 that procedure.

5 CHAIRMAN CORY: The Parks and Recreation concept,
6 is that what the County is desirous of achieving?

7 MR. TAYLOR: It is similar to what we have
8 encountered in connection with the Santa Monica beachfront
9 litigation which is where there is a management agreement
10 between Parks and the City of Santa Monica where Santa
11 Monica manages the beaches, and it does retain some of the
12 revenue -- it retains the revenue from the concessions there,
13 which are not too large. What happens is that the Department
14 of Parks and Recreation and the Parks and Recreation
15 Commission reviews periodically the management and sets down
16 the conditions for the operation of that beach.

17 But there is no monetary payment to the Department
18 of Parks and Recreation under present policy. That is
19 varied from time to time.

20 I think that what the staff was considering in
21 its management proposal was that it would enter into some
22 kind of a negotiated basis with an operator such as
23 Mr. Bombard or someone in that sort, on a negotiated basis,
24 and he would continue to do the operations. That was the
25 kind of option that was discussed in that kind of situation

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1 -- or somebody. And the procedure for adopting the manage-
2 ment thing, it would be something for the Commission's
3 discretion.

4 But right now, what you are considering, is the
5 manner in which you will award future management of this
6 area, either through some kind of a lease management
7 agreement or through bidding. And you are selecting between
8 all of those various possibilities that staff has outlined
9 for you in the calendar item or any others that you can think
10 of.

11 ACTING COMMISSIONER MORGAN: I need to ask a
12 couple of questions. There have been several comments
13 about the rent schedule and the rents that are charged
14 of users of the moorings.

15 What is the staff opinion on how to deal with
16 the rents? Would we be involved? Should we be involved
17 in approval of rents?

18 EXECUTIVE OFFICER NORTHROP: Well, we certainly
19 could be involved with the approval of rents, and the staff,
20 after meeting this morning, can see where we could set some
21 kind of brackets or rentals, given a mooring size and some
22 kind of price brackets with some kind of escalators or
23 something like that, or deflators if they are indicated.
24 We could certainly do that.

25 CHAIRMAN CORY: The difficulty we have at this

1 point is that this could go on forever, and when we get to
2 certain points, if Commissioners want to ask somebody their
3 opinion, I am willing to do that, but I think I have to be
4 a little hard-nosed at this point or we are never going to
5 get to a decision, because there are too many variables
6 in this equation as there are, and we need to focus it down.

7 (Thereupon a short discussion was held
8 off the record.)

9 CHAIRMAN CORY: On the question of the fee schedule,
10 the thing that's going through my mind, and it's a thought
11 before we get into the actual decision, the question of
12 whether or not the fee schedule, I am reluctant to have us
13 involved in determining the fee schedule, specifically on
14 an ongoing basis.

15 But I am wondering if there is an intermediate
16 position of asking if the decision were made, either
17 negotiated or lease, it might be appropriate to require the
18 submittal of the rent schedule and mechanism with the
19 proposal, whether it is negotiated individually or littoral
20 or bid process, so that in making that evaluation, we could
21 determine whether or not the overall public good is served.

22 If it were a bid basis, for example, you wouldn't
23 have to change anything, but this is what that translates to
24 to the public. It means that it puts more heat on us in
25 terms of the consequences of the decision, but I don't know

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1 whether that works or not. But it certainly addresses the
2 same question that you seem to be inclined to ask. The
3 question is, how far should we get into that?

4 I'm not so sure that we need to be in that
5 fully, and I just put it out on the table because it is
6 an area of concern for these people here.

7 David?

8 ACTING COMMISSIONER ACKERMAN: I guess my
9 reaction is that it seems a little strange, if you are
10 going to solicit proposals for operations, to tell someone
11 how much they are going to pay, how much income they are
12 going to receive, and then ask them to bid on something
13 where you have capped it on each end. That doesn't seem
14 to make much sense.

15 CHAIRMAN CORY: I am not suggesting we derive the
16 schedule, just that we say that if there is some bid variable
17 relating to the money, that with that they tell us what is
18 the fee structure they are going to charge boaters to derive
19 the revenue to pay that fee schedule.

20 So we are looking at both sides of this before
21 we vote. I don't know.

22 ACTING COMMISSIONER ACKERMAN: It's just judgmental,
23 because it is a judgment we are going to have to make.

24 One of the questions I asked Doug Bombard, was
25 whether or not the 17 percent of gross seemed to be a

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1 realistic figure to look at, at least as a starting point,
2 and I think that Doug responded to the affirmative on that,
3 so something's got to go up somewhere.

4 Where do you stop and where to you start? A
5 17 percent increase in the mooring fees, in my opinion,
6 seems perfectly feasible. I don't think that that would
7 be discriminatory against anyone that is using the Island.
8 An overnight basis, using the 30-foot boat, at \$10 a night,
9 a 17 percent increase based on a \$10 base, I don't think is
10 highly discriminatory.

11 MR. TAYLOR: I don't think that anyone has made
12 a statement that there would be a 17 percent increase.

13 ACTING COMMISSIONER ACKERMAN: No, but I am just
14 saying that if you look at something like that, and say,
15 20 percent or 25 percent or something like that, that
16 probably seems somewhere around a realistic area. Now, if
17 you are looking at doubling, tripling or quadrupling
18 leases out there on a one-shot deal, that, to me, I think,
19 is a little excessive. At least it seems excessive. That
20 is my own way of thinking.

21 Now, if the only way to control that is to
22 approve a fee schedule, then I don't know what you do.

23 CHAIRMAN CORY: Okay. We have a difficulty of
24 running late. We are going to have to take a recess so we
25 can give a report to some people in State Government on the

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1 last meeting, of which none of us were a part. So, with
2 your indulgence, we are going to take a very short --
3 five minutes, Susie?

4 ACTING COMMISSIONER MORGAN: Yes.

5 CHAIRMAN CORY: I think you need to be here before
6 we go much further.

7 ACTING COMMISSIONER MORGAN: Yes.

8 CHAIRMAN CORY: I wish you well on the phone
9 call. There is a loose end from the last meeting in which
10 she left early.

11 (Thereupon a short recess was taken.)

12 CHAIRMAN CORY: Okay. The other question that
13 I think that we probably need some sort of open discussion
14 on before we try to get into going down a list of options
15 and decision points is this transferability question.
16 I don't know what to do with it.

17 ACTING COMMISSIONER ACKERMAN: On transferability,
18 there are a couple of things that came up this morning and
19 in the written testimony that caused me some questions.
20 Perhaps the staff can answer these.

21 If a buoy is owned by more than one party, how
22 do you handle transferability if one of those parties
23 to that buoy changes? Is it, in fact, an ownership change?
24 If we say there are no transfers, how is that going to be
25 handled?

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1 CHAIRMAN CORY: Wait a minute. There are two
2 guys with legal degrees, a third one of you went to law
3 school, and you give the microphone to the one who didn't
4 do any of those things.

5 (Laughter.)

6 ASSISTANT EXECUTIVE OFFICER TROUT: The best
7 qualified mind.

8 CHAIRMAN CORY: Okay. In search of a logical
9 answer, we are going to hear from the non-lawyer.

10 (Laughter.)

11 ASSISTANT EXECUTIVE OFFICER TROUT: Well, the
12 person who is prepared to answer this is a lawyer, Jane
13 Mochon, who we asked to work up some alternatives in
14 response to this concern, and I think she is prepared to
15 discuss some ways we might do that.

16 MS. MOCHON: We don't have language for you
17 finalized, but I think what you can do is -- all right.

18 You have five people who share an interest in a boat.
19 List them all as sublessees on the mooring sublease, or the
20 site sublease, and I think you grandfather those five people
21 in if you adopt a grandfathering position on the recommenda-
22 tions in the Calendar Item.

23 CHAIRMAN CORY: Are you contemplating those five
24 people having the same boat? What about the people who have
25 more than one boat but an interest in a mooring?

1 ACTING COMMISSIONER ACKERMAN: Isn't it the
2 mooring that is leased and not the boat?

3 MS. MOCHON: Oh, I misunderstood. I thought
4 that what you were speaking about was that you had a boat
5 that was owned by, say, five people.

6 ACTING COMMISSIONER ACKERMAN: No. A gentleman
7 earlier mentioned that he bought an \$8,000 share.

8 MS. MOCHON: Oh, a percentage of a mooring.

9 ACTING COMMISSIONER ACKERMAN: Yes.

10 MS. MOCHON: Well, we haven't addressed that
11 at this point, but I suppose you could do the same thing
12 there. You could put all of the individuals who have a
13 share in that mooring sublease on the sublease.

14 ACTING COMMISSIONER ACKERMAN: I think that's
15 very basic. No legal language is required.

16 Any technique we try to devise to prohibit
17 transfers, isn't there some way to get around it, one way
18 or another?

19 MS. MOCHON: I suppose.

20 ACTING COMMISSIONER ACKERMAN: Practically.
21 I see people shaking their heads, but is there any practical
22 way that you can prohibit transfers of moorings?

23 MS. MOCHON: I think that the method used to
24 prohibit them would have to be just about the same method
25 that we use to detect them in the beginning, and if you are

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1 going to charge a fee, you are going to have to have a
2 similar method. Either way, either you extract a fee for
3 the transfer or you prohibit the transfer, you are going to
4 have to have some method of detecting the transfer.

5 The suggestion staff has had is that we require
6 every year evidence of the ownership of the boat through
7 California State boat registration.

8 MR. TAYLOR: It is possible to find out how
9 other marinas do it, but Long Beach marinas have a
10 process similar to what they propose. I think that there is
11 always going to be a way to abuse it, but it does have a
12 limiting effect in the Long Beach marinas to have that
13 requirement.

14 The other is to go to some percentage, either
15 a fee or percentage of the sale of price.

16 CHAIRMAN CORY: The problem is that there is not
17 a solution to every dilemma.

18 ACTING COMMISSIONER ACKERMAN: I just wonder if
19 we are trying to come up with a solution that really, in
20 practicality, won't work out there because maybe it hasn't
21 worked in other places, I mean family ownerships, ownerships
22 that way. The intent here is to try and create a fair
23 system so that if a mooring lease expires and some family
24 or entity does not want to continue it, that it can become
25 available to the general public, either off a waiting list

1 or something like that, unless either there is a joint
2 ownership to where it should be transferred to one of the
3 owners, to a family ownership. That I would be perfectly
4 willing to go along with, if that's the way it's set up.

5 But we are looking at a lease where there is
6 no other owner. It's a single owner, and the guy says,
7 "I don't want it anymore." Therefore the lease expires.
8 How do you assign that, then, to someone else? Does he
9 sell it? Does the State take a transfer fee and a percentage?

10 MS. MOCHON: You go to a waiting list.

11 ACTING COMMISSIONER ACKERMAN: You go to a waiting
12 list. Then we have to discuss exclusions. Is it joint
13 ownership, joint tenancy, or something like that? Then,
14 those are exempt from the transfer fee, the nontransfer-
15 ability, because they are really not transferring anything.
16 They are just staying within a group of owners.

17 MR. TAYLOR: It would have to be the last of
18 those, then, under that. If you are going to have a no-
19 transfer policy, it would have to be the latter for people
20 under that.

21 MR. MOCHON: Yes. I think the point that Greg
22 is making is important. I think if you have, for instance,
23 five people involved in one mooring site sublease, if you
24 are going to have a grandfathering in, okay, when the last
25 of those five people remove themselves, then you have to say,

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1 okay, now we can't continue the grandfathering.

2 In other words, going down the list to the last
3 of the names, you are going to have four new people on it
4 when the last of the originals go, and if you continue
5 your grandfathering, you know, it is perpetuated. So there
6 is no sense in all the controlling, then.

7 ACTING COMMISSIONER MORGAN: How many of the
8 moorings are owned? Roughly half is what I have heard.

9 MS. MOCHON: About half, yes.

10 ACTING COMMISSIONER MORGAN: I guess the extreme
11 case would be to adopt a policy of no private ownership
12 of moorings, in which case what would happen to the moorings
13 that are now in place?

14 MS. MOCHON: Owned privately?

15 ACTING COMMISSIONER MORGAN: Yes.

16 ASSISTANT EXECUTIVE OFFICER TROUT: They would
17 have to take them out.

18 MS. MOCHON: Yes, yes. Under the current lease,
19 the Island Company, who is our lessee, has the responsibility
20 of removing everything from those lands within 90 days of
21 the expiration of their lease. We would have to assume
22 that that would be the case.

23 ACTING COMMISSIONER MORGAN: And would that require
24 ment generate the need for an EIR?

25 MS. MOCHON: Possibly.

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1 ACTING COMMISSIONER MORGAN: Yes or no?

2 MR. TAYLOR: No, no.

3 ACTING COMMISSIONER MORGAN: Is there a third
4 attorney here?

5 (Laughter.)

6 CHAIRMAN CORY: The reason being you are just
7 terminating the existing lease.

8 MR. TAYLOR: Repair or replacement, you have a
9 categorical exemption as long as you don't change the use.
10 And at this stage, all that is before you at the present
11 time is a continuation of whatever is existing in place
12 or the replacement of those identically by a new lessee.
13 And therefore it fits the categorical exemption. That's
14 why there is no recommendation before you to go into any
15 kind of change in use, unless you adopt a proposal for
16 further study and receipt of proposals, and then go out to
17 some kind of a bid with a full Environmental Impact Report.

18 ACTING COMMISSIONER MORGAN: Somehow I am trying
19 to balance. My sense of fair play is offended by the
20 thought that people feel they have a right to remain in lands
21 or waters that I consider to be available to the public
22 at large. On the other hand, I recognize that there are
23 some people who feel they have a right that goes back even
24 before the time the State asserted its right to the trust
25 there.

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1 And I guess life isn't fair, but can anyone offer
2 any suggestions from the staff? I know you have probably
3 been wrestling with these, too, on how you resolve these
4 two conflicting ideals.

5 MS. MOCHON: I think the recommendations we
6 have made reflect the best solution that we could come up
7 with. One, that we don't allow transfers to continue but
8 that you do permit the people who are presently sublessees
9 there to have a preferential right to a sublease under
10 whatever situation is established as of January 1st.

11 ACTING COMMISSIONER MORGAN: Did you put a time
12 limit on that?

13 MS. MOCHON: No, it is for the term of the new
14 lease.

15 ACTING COMMISSIONER MORGAN: For the term of the
16 new lease.

17 ACTING COMMISSIONER ACKERMAN: So it is a
18 grandfather provision that would allow a sublessee to
19 renew that lease on an annual basis for whatever period
20 the master lease is?

21 MS. MOCHON: Right.

22 ACTING COMMISSIONER ACKERMAN: Which is
23 recommended at 15 years?

24 MS. MOCHON: Yes.

25 ASSISTANT EXECUTIVE OFFICER TROUT: We just

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1 said that the recommendation is that they simply have a right
2 of preference in terms of the lease for whatever terms the
3 new lessee wants to establish. If he wants to only give
4 five-year subleases, then he gives five-year subleases.
5 But, for whatever the initial term of the sublease is, then
6 the staff recommendation is they be allowed the grandfather
7 clause.

8 CHAIRMAN CORY: Would the grandfathering right
9 extend to the end of the five-year? I have got a mooring
10 that I bought a long time ago. I am sitting there with a
11 new lease. I reup with a five-year, and at the end of that
12 five-year, can they throw me out on the street?

13 ASSISTANT EXECUTIVE OFFICER TROUT: Well, it
14 depends on what you want to do.

15 CHAIRMAN CORY: My understanding about the
16 grandfathering is that it would coincide with the 15-year
17 period of the lease. I don't know what the other Commissioners
18 felt.

19 ACTING COMMISSIONER ACKERMAN: My understanding is
20 that it would be a one-year renewable lease to be renewed
21 at the option of the sublessee for a period of 15 years,
22 so they could renew it 15 times at their option. But it
23 gives you the opportunity to have year-by-year leases, so
24 that if there is any changes to be made, you are not stuck
25 with a 15-year lease with everyone else, too.

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1 CHAIRMAN CORY: But the persons' preferential
2 rights are there as long as they are there.

3 ACTING COMMISSIONER ACKERMAN: As long as they
4 are there, right.

5 CHAIRMAN CORY: That's my understanding of the
6 grandfathering.

7 I have just received a note. They have decided
8 that they will not evict us at 5:00 o'clock. I don't know
9 whether that's good news or bad news.

10 ACTING COMMISSIONER ACKERMAN: Don't all City
11 employees go home at 5:00 o'clock?

12 CHAIRMAN CORY: With the mandate of the extra
13 cost.

14 Any other questions on transferability, generally
15 technical questions that you want?

16 ACTING COMMISSIONER MORGAN: I agree with Dave.
17 I think we'll have to see how it works from a practical
18 point of view is a good question.

19 ACTING COMMISSIONER ACKERMAN: One other question
20 that I have raised, again, from the testimony, however,
21 is what do we do about the yacht clubs? Should the yacht
22 clubs receive any treatment that is different from an
23 individual?

24 Right now, and correct me if I am wrong, yacht
25 clubs, with one or two exceptions, do not themselves lease

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1 buoys is that correct or is that wrong?

2 MS. MOCHON: My understanding of that is that
3 members of the yacht clubs lease the buoys. However, I also
4 understand that sometimes within a given yacht club there
5 is an agreement that members sign or at least participate
6 in, whereby if they are going to give up their mooring,
7 it will be first offered to someone else who is a member
8 of the yacht club, so that there is a somewhat limiting
9 effect on that in terms of access.

10 ACTING COMMISSIONER ACKERMAN: So, under the
11 recommendations that are before us, that practice would be
12 prohibited?

13 MS. MOCHON: Yes.

14 ACTING COMMISSIONER ACKERMAN: So what I offer
15 is whether or not there is any consideration, since that's
16 really the case now, whether or not we want to consider
17 maybe a lease with the yacht club to where they would then
18 maybe sublease to their members for those buoys that are now,
19 in fact, being held by the yacht club members.

20 It is a bit complicated, but that's the way to
21 take care of current practices.

22 CHAIRMAN CORY: If we get into that, I would like
23 to ask the lawyers whether that forces us to deal with all
24 of the nondiscrimination problems.

25 MR. TAYLOR: Let me just say that, as a practical

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1 matter, the way it works in Long Beach, with both the
2 Alamitos Yacht Club and the Long Beach Yacht Club, is the
3 fact that the leases in front of those clubs are on an
4 individual basis.

5 It may be that after a person gets a right to be
6 in the marinas, they are assigned over to that area on a
7 switch-around basis for berths or slips that become avail-
8 able elsewhere, but it is the practice in Long Beach, which is
9 fairly well run, that it is run on an individual basis.

10 I think, in Marina Basin Number 5, the majority
11 of the people in there got in there on the basis of lists
12 or having been there when it was created, are members of
13 the Alamedas Bay Yacht Club, and there have been those who
14 have said, "God help you if you aren't a member" of those
15 clubs in those situations.

16 CHAIRMAN CORY: But if the question which was
17 raised here about us leasing directly to a yacht club,
18 will we be under any legal compulsion to deal with this
19 discrimination issue?

20 ACTING COMMISSIONER ACKERMAN: Understand that
21 I was not saying that we lease directly to the yacht clubs,
22 but that we allow direct leasing, to a club as a group,
23 of buoys, which would allow them to reassign the buoy then
24 to some of its individual members, and really, which would
25 be in violation of the grandfather clause in a way as it

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1 applies for nontransferability as it is applied to an
2 individual.

3 The yacht club would be able to hang on to its
4 buoy even if the same person wasn't using it, but an
5 individual lease holder could not transfer then.

6 EXECUTIVE OFFICER NORTHROP: I think that's an
7 important question. How many yacht clubs have buoy fields?

8 MS. MOCHON: I don't know, but I would imagine you
9 are talking about a fairly substantial number of buoys, and
10 by that I mean somewhere around 200.

11 ACTING COMMISSIONER ACKERMAN: Maybe Doug could
12 come and testify.

13 MR. ROMBARD: Well, we have -- you know, it's
14 pretty hard to sit here and, and I can imagine our system
15 has evolved through quite a few years and quite a few
16 trials and errors, and it's pretty hard to sit down here
17 and set it up with a common denominator. But, basically,
18 the way it works at the present time, and I think it's
19 a good one, is we have the yacht club, and they have a
20 certain amount of moorings that their members individually
21 have. They set up -- in the past we have allowed them to
22 set up their own waiting list, and it works pretty much
23 on a seniority basis, just the way our waiting lists do in
24 each of the other coves.

25 When a member relinquishes his right to a mooring,

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1 the next member on the waiting list gets his spot. And that's
2 the way they do it. And it's been working very well.

3 Now, the yacht club members have the right to
4 assign their moorings. In other words, if a yacht club
5 member isn't going to, over this weekend, he has the right
6 to tell his Covemaster that you are going to assign it to
7 another yacht club member. If that mooring is still vacant,
8 we assign it to a member of the general public, and that
9 seems to work very well. I mean the moorings get complete
10 use.

11 See, one thing you have to realize. The moorings
12 aren't used all the time. It's not like Avalon. Avalon
13 basically, during June, July, August and September, the
14 moorings are a hundred percent occupied or very close to it.

15 The other moorings on the Island don't get that
16 kind of use at all. They are down -- in July and August,
17 which are our top months, their occupancy is down, like 30
18 percent is probably the average occupancy, maybe 40 percent
19 during August.

20 There's only one day of the week where you have
21 a hundred percent occupancy, and maybe you turn a few
22 people away, and that's Saturday. That's the only day.
23 Friday we have vacant moorings and on Sunday we have vacant
24 moorings.

25 But as far as the yacht club thing works, it

1 works very well the way we have been handling it, and I
2 think it's pretty fair.

3 The general public, anytime the mooring isn't
4 being used by somebody, some assignee, it's available to the
5 general public.

6 ACTING COMMISSIONER ACKERMAN: But on the trans-
7 ferability of the actual lease on that mooring under the
8 staff recommendations, over a period of time, and it may be
9 a long time, maybe I'm not being very realistic, but the
10 yacht clubs would no longer have exclusive buoy fields,
11 because as a mooring became available, it would not automati-
12 cally then go to another yacht club member under the
13 staff recommendations.

14 The yacht club wouldn't be given the opportunity
15 to create its own waiting list.

16 MR. BOMBARD: You know, I don't think -- I don't
17 know what the staff envisions. I read that, and maybe what
18 they envision is that you have one waiting list and you
19 keep pulling off of that.

20 Well, it doesn't exactly work that way because
21 Joe Dokes that keeps his boat down at Newport doesn't
22 necessarily want a mooring in Emerald Bay.

23 The way we set our waiting list up, we have a
24 waiting list for each cove and we have a waiting list for
25 each size category. You have to take it down by size because

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1 a 30-foot mooring comes up, you can't put a 70-foot boat
2 on it. On moorings, the way they are set up, you have a
3 35 to 45-foot category, and so you take the next person
4 on the waiting list in that size category. And I don't
5 think that, if you just had one great big waiting list
6 for all of Catalina Island, it would really work.

7 For instance, for a long time we had quite a
8 problem in Catalina Harbor. We had very little use of the
9 best cove we had on the Island because it was on the back
10 side of the Island. And until they built Marina del Rey,
11 Cat Harbor, we were trying to figure out how to get the
12 boats over there. We were investigating putting in a railway
13 to haul them across the Island, and we even talked about
14 digging a ditch across and having a canal. We did ocean-
15 graphy and all kinds of studies on it.

16 But we had a problem and we went to del Rey
17 Yacht Club and California Yacht Club and actually promoted
18 them to try and develop use in Catalina Harbor, and it worked
19 very well. But we actually had to go to them and present
20 the idea to them.

21 Of course, now, things have changed, but del Rey
22 is the thing that made Catalina Harbor an acceptable
23 place. But a guy in Long Beach or a guy in even San Pedro
24 is not very interested in Cat Harbor because he has to go
25 14 extra miles to get there on a weekend.

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1 So I don't think you can just set a waiting list
2 up. I think you have got to follow somewhat the program
3 that we have now, which is working very well. And we
4 get very few people who are angry with it.

5 If you read the Long Beach transcripts, you
6 probably read about a guy that just had to wait 10 years,
7 but he was satisfied that it was handled fairly. He felt
8 when his name came up he got his mooring and he was very
9 happy with the fact. And a lot of those guys come in every
10 year and they say, "Where am I on that waiting list?"

11 You know, one of the problems is, you know, you
12 think about a lot of moorings changing hands, and I guess
13 the idea that you feel that out of the 303 private moorings,
14 that maybe 50 of them changed hands. That's not true.

15 Maybe 5 to 10 of them changed hands, and I
16 don't remember ever having 10. I would say more like 5 to
17 8 moorings change hands, and that's guys that died, usually.

18 You know, people don't sell their moorings that
19 much. There isn't a lot of trading, and I don't think
20 there's much trading to make money.

21 ACTING COMMISSIONER MORGAN: Doug, when you talk
22 about a waiting list, you are talking about a waiting list
23 for leasing as well, aren't you?

24 MR. BOMBARD: Yes, leasing. Up to now our
25 waiting lists have just been about leases, because we

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1 haven't got involved with the transfer of moorings other
2 than in our records transferring, and what we required
3 is a bill of sale. If one guy sells a mooring to another
4 guy, all we require is a bill of sale. And we include
5 that -- we have a separate file on each mooring, and
6 we include that in a mooring, and the submerged land
7 sublease is nontransferable, so that's our hedge against the
8 guy with a 30-foot line, who is going to put a 70-foot boat
9 on it.

10 The thing that predicates whether we will issue a
11 new submerged lands sublease to the person that buys the
12 boat is if his boat is compatible with the other boats in
13 there. Because if a guy has a trimaran, for instance, which
14 has a 30-foot beam and it might only be 40 feet long, it
15 doesn't mean it will fit on a 40-foot mooring.

16 ACTING COMMISSIONER MORGAN: I have some more
17 questions to ask the staff.

18 CHAIRMAN CORY: Any other questions of Do g?

19 ACTING COMMISSIONER ACKERMAN: Just that it seems
20 to me that if we go on a cove-by-cove basis, the staff
21 recommendation works. Is that correct?

22 MR. BOMBARD: Yes, and also in size category.
23 You have got to have compatibility.

24 CHAIRMAN CORY: This is technically sound. It is
25 a policy consideration, but it is technically functional.

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1 MS. MOCHON: I have one thing in response to his
2 comments. I think staff has fully contemplated that the
3 waiting list would be set up with consideration for the
4 size and shape of the boat, suitability.

5 ACTING COMMISSIONER ACKERMAN: It almost has
6 to.

7 ACTING COMMISSIONER MORGAN: Could someone comment
8 on the channel? How wide does the channel need to be to
9 allow the Island owners to have fair access to the Island?

10 MS. MOCHON: You have that photo of Avalon?

11 ACTING COMMISSIONER MORGAN: I mean, 300 feet
12 is what you have proposed, is that correct?

13 MS. MOCHON: I think that's what is done in
14 Avalon.

15 CHAIRMAN CORY: Betty, do you want to take care
16 of that?

17 That's the photograph.

18 MR. BOMBARD: Can I talk on that subject, too?

19 CHAIRMAN CORY: Yes.

20 MR. BOMBARD: The 500-passenger boats that they
21 talked about are 35 feet wide. They have 35-foot beams
22 and they are 137 feet long and have a 35-foot beam.

23 I think what bothered some of the people is that
24 if you go alongside of a pier, like at the Isthmus, for
25 instance, we have a 150-foot long pier. That is a dock,

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1 a float.

2 ACTING COMMISSIONER MORGAN: I understand what
3 a pier is.

4 MR. BOMBARD: That is 20 feet wide. If you had
5 10 feet on either side of that and somebody predicated that
6 we are going to put moorings in just outside that 10 feet,
7 that 35-foot wide boat couldn't get in there. And I think
8 that's what the Girl Scouts were concerned about.

9 ACTING COMMISSIONER MORGAN: What did the staff
10 propose?

11 MS. LOUIE: Betty Louie Well, from the comments
12 that we had received in regard to access to uplands adjacent
13 to the State's land, some of the comments referred to a
14 need for a fairway to the pier, primarily at the Isthmus.

15 The other location that was of concern for
16 fairway access was over at Pebbly Beach, but since we have
17 eliminated those two sites, we felt that the Isthmus was the
18 only site at this time that we needed to think about a
19 fairly wide fairway for access.

20 ACTING COMMISSIONER MORGAN: How wide?

21 MS. LOUIE: I don't know.

22 ACTING COMMISSIONER MORGAN: You don't know?

23 CHAIRMAN CORY: What is the size fairway that is
24 recommended in the staff report, for starters?

25 MS. LOUIE: One hundred feet wide to each end of

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1 the pier. And that was from comments that we had received
2 from parties who wanted access.

3 ACTING COMMISSIONER ACKERMAN: What is realistic,
4 300 feet?

5 CHAIRMAN CORY: Hold it. We cannot take a
6 multiplicity of comments from the audience.

7 Does the staff have any background as to fairways
8 now at the Isthmus or fairways at Avalon, the size of the
9 fairways there?

10 MS. LOUIE: The City of Avalon has a fairway
11 that is 300 feet wide, so perhaps the 100-foot strip might
12 not be quite enough.

13 (Laughter.)

14 CHAIRMAN CORY: What is the size currently at
15 the Isthmus, because I was understanding you were talking
16 about existing moorings?

17 ACTING COMMISSIONER MORGAN: Do you have any idea?

18 MS. LOUIE: No.

19 CHAIRMAN CORY: Is there a fairway in, Doug,
20 at the Isthmus?

21 MR. BOMBARD? Yes, it's about 150 feet wide now.
22 There was a fairway in there. See, a steamer used to go in
23 there, Cabrillo, before the war back in the thirties.
24 And so at that time they had a 300-foot fairway. Since
25 then, since the smaller boats are serving us now, the

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1 fairway has been reduced to 150 feet.

2 But the big boats, because they come in there in
3 windy weather, and they blow around, and they have to have
4 a safety factor. And this gives them an adequate safety
5 factor, but less than a 150 foot would not give them
6 sufficient safety factors.

7 CHAIRMAN CORY: And if you wanted make it
8 greater than 150 feet, you would have to take out moorings?

9 MR. BOMBARD: Right.

10 CHAIRMAN CORY: At the Isthmus.

11 MR. BOMBARD: Right.

12 CHAIRMAN CORY: So, if we are maintaining status
13 quo, then we would be looking at a 150-foot Isthmus fairway.

14 MR. BOMBARD: Right.

15 CHAIRMAN CORY: What about other coves?

16 MR. TAYLOR: I was going to suggest the Prince
17 and the other ships go into Fox and they go into Emerald
18 Bay, and they go into the Girl Scout Camp. And I think
19 that this lease is only for a continuation of the existing
20 configuration and that staff could probably look at each one
21 of these things and determine the fairways. The fairways
22 have to be in now because I have gone ashore when they have
23 gone up in those size boats. And sometimes it is tight,
24 but they are existing.

25 And I think that just the preservation of existing

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1 fairways could settle that from an expeditious standpoint
2 at the present time, and it did require that existing
3 fairways be preserved. And that could address the problem
4 rather than debating the width of each one.

5 CHAIRMAN CORY: I'd like to clarify one thing
6 for everybody. At least to my way of thinking, as a general
7 policy matter, I am looking at this in terms of the status
8 quo in terms of moorings, fairways, and the like, whether
9 we negotiate with the Island Company, whether we go to
10 competitive bid or whether we go to a management contract.
11 But that does not preclude the successful bidder or
12 negotiator from coming back in here at a future point in
13 time and saying, "We think that the interests are better
14 served by making an amendment to this agreement, that it
15 could be done better."

16 But I don't think that we can contemplate all of
17 the variables, all the other options. But whoever the
18 successful bidder, I would presume if they needed to go back
19 to the large steamer for some reason at the Isthmus, there
20 would have to be an adjustment and an adjustment in the
21 lease. That's what we are here for and that amendment
22 process is there.

23 At least that's my thinking. I would think that
24 has been the position of the Commission and the staff,
25 generally speaking, with lessees on these items.

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1 ACTING COMMISSIONER MORGAN: You have to
2 recognize changing conditions.

3 CHAIRMAN CORY: Yes.

4 ACTING COMMISSIONER MORGAN: I would agree with
5 that.

6 CHAIRMAN CORY: Are there others? The other
7 question on the fairway question as a general policy
8 matter, it seems to me that there has to be access,
9 whether it's the Girl Scouts at the Isthmus or for that
10 matter the City of Avalon. You cannot land-lock the Island.
11 There are property owners who have property rights and
12 there has to be an access.

13 Is there disagreement on that as a general
14 policy?

15 ACTING COMMISSIONER MORGAN: None.

16 ACTING COMMISSIONER ACKERMAN: I am in general
17 agreement.

18 ACTING COMMISSIONER MORGAN: I wanted to ask
19 the staff to react to the comment that was made about
20 joint use of the piers. Do you look at that as an option?

21 Let's see. Harrison Hertzberg raised that
22 question. Joint use of the piers?

23 Hello? Is anyone there?

24 MR. TAYLOR: I have to say that you will have some
25 legal problems with that. You are going to have to determine

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1 where the high-water mark is. If you are going to require
2 joint use, it would only be to the high-water mark. Above
3 that it is private property. And I think that from a
4 practical standpoint, that's impossible.

5 I don't know that joint use of the area below
6 the high-water mark would accomplish the purpose for which
7 the person addressed his comments.

8 CHAIRMAN CORY: On the fairway, the other impli-
9 cation of that is if we exclude the existing wharf and pro-
10 vide access on State property, as, in essence, a vested
11 right through State law in other areas, in terms of
12 recreational piers and the like, a sort of implied public
13 use for public purposes for the pier thing, I have got some
14 problems with telling somebody who built the pier that they
15 have got to use that to allow some other commercial
16 entrepreneur to use that pier.

17 But I think I have got a different view when it
18 comes to somebody who holds themselves out to the public,
19 in terms of the pier, and of using our negotiated lease
20 as the mechanism for charging somebody for something.

21 MR. TAYLOR: I think that under the staff proposal
22 that would be a question that should be addressed in the
23 negotiation of the pier leases which are going to be
24 handled separately and on a negotiated basis under the
25 staff's recommendation.

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1 CHAIRMAN CORY: I am just thinking where there
2 should be a disincentive to charge. I don't want to be
3 used as a mechanism for charging. If somebody wants to
4 charge for the use of their uplands, they have that right,
5 but to give a negotiated pier lease and imply an extra
6 mechanism to extract there, I have some questions about it
7 and that's one of the things the staff should put aside and
8 make sure we get back to it later.

9 ACTING COMMISSIONER ACKERMAN: I share the same
10 concerns.

11 CHAIRMAN CORY. Access is sort of a two-way
12 street, if you will. You have any other general questions
13 of anyone?

14 ACTING COMMISSIONER ACKERMAN: On the other thing
15 that other testimony brought out, both today and previously,
16 was the different services required.

T12
17 I don't know if we want to have any discussion
18 on the frequency of these services or what type of
19 stipulations we wanted to place upon it, but we talked about
20 the freshwater service, trash service. There was some
21 discussion during the first break that some of the potential
22 bidders this morning talked more in generalities and not
23 specifically about how some of these services can be
24 provided. How specific do we want to be? Or how specific
25 should we be?

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1 ASSISTANT EXECUTIVE OFFICER TROUT: From staff's
2 standpoint, we believe that the services that we have
3 listed in the staff report should be provided as a
4 condition of the lease. Some people have said, "Well, the
5 current operator isn't providing all of those services at
6 all of the coves."

7 We understand that. Our proposal is that they
8 be required of the lessee. We think that a patrol boat
9 available doesn't mean that they have to be always with
10 somebody behind the wheel driving around. As the Harbormaster
11 pointed out, they have marine radio channels, they have a
12 CB channel, and our concern is, from the staff's standpoint,
13 that when we say a patrol boat 24 hours a day during the
14 season, not that somebody should be standing in the boat
15 and going around, but there should be somebody available,
16 awake, on duty, listening to the radio to respond to a
17 call or periodic patrols during the night to see if the
18 weather has changed, surges come up. Those kinds of things
19 are what we are talking about.

20 We think that it's essential, from the standpoint
21 of the environment, that there be a solid waste collection
22 system available, and the staff recommendation for upland
23 disposal doesn't mean upland on the Island. It simply means
24 that they can't take it out and dump it in the ocean out
25 a mile or two. It has to be disposed of properly in an

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1 upland site, whether it is dumped at Avalon or Long Beach
2 or at the Company's operation at Catalina Harbor.

3 The assurance of things like rescue and
4 fire fighting services. Those are now provided by the
5 County. We are simply asking the lessee that if for some
6 reason the County should pull out, that they will assure us
7 that those services will be provided. We think that fresh-
8 water --

9 CHAIRMAN CORY: Wait a minute. Wait a minute.

10 It seems to me that you are giving the County an
11 awfully big hammer at that point, and in essence inviting
12 them to terminate the service and shift the cost and the
13 burden to the existing lessee or another lessee.

14 ASSISTANT EXECUTIVE OFFICER TROUT: We may not
15 want to do that.

16 CHAIRMAN CORY: I mean that's a heavy policy
17 consideration, given the fact that the County is something
18 other than totally disinterested in this project at this
19 point. And I don't mean any impugning of their integrity,
20 I just --

21 ACTING COMMISSIONER ACKERMAN: If they are looking
22 at cutting back the service, they can charge for them.

23 ASSISTANT EXECUTIVE OFFICER TROUT: That's
24 why this is a recommendation that was made. You may not want
25 to include that.

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1 CHAIRMAN CORY: There was a time in this country
2 when fire departments were private enterprise and functions
3 of insurance companies, and that didn't work out very well.
4 I'm not just so sure that we won't be going back to that.
5 Seems to me to be an invitation to the County to cut the
6 service. And I raise some questions about that. I think
7 that, to the extent there are some minimal facilities
8 available by the lessee, maybe we should specify what they
9 are rather than encourage the County, who is under
10 significant pressure now, and going to be under much greater
11 pressure in the very near future for funding, to wave a flag
12 under their nose that you can get out of your police and
13 fire obligations.

14 I don't know. I mean, that's the way I feel.
15 That's the way I respond.

16 Doug, could you respond to what you specifically
17 provide now in the way of rescue and fire fighting services,
18 because the other thing that bugs me about that is the
19 implication, whether those are terms of art, that implies
20 52 hour work weeks and all sorts of other public safety
21 issues that we have dealt with in the public sector.

22 What do you provide and what do you think that
23 means?

24 MR. BOMBARD: Well, we have some fire fighting
25 capability.

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1 CHAIRMAN CORY: What specifically?

2 MR. BOMBARD: We have fire pumps in some of our
3 boats. We have extra large fire extinguishers in most of our
4 boats. We have some portable fire pumps and the county
5 has a boat in Avalon and one at Two Harbors that has fire
6 fighting capabilities. That's our fire fighting capability
7 offshore.

8 CHAIRMAN CORY: What size pumps do you have
9 and what number?

10 MR. BOMBARD: Well, our pump is an inch and a
11 half in the one boat that we keep at the Isthmus that has
12 a fixed system in it. We have two -- did I say one inch?
13 It is inch and a half.

14 CHAIRMAN CORY: Inch and a half.

15 MR. BOMBARD: And then we have two inch and a
16 half portables that will go in any of our boats. Then we
17 have large fire extinguishers that normally --

18 CHAIRMAN CORY: What do you mean large?

19 MR. BOMBARD: Large CO₂s. A larger size than
20 the boat would normally carry. We have those to handle
21 engine fires and things like that that occur.

22 CHAIRMAN CORY: Well, see, that's a different
23 set of standards than what you were saying the staff was
24 implying. At least from hearing you, I would not think that
25 that complied with fire fighting services.

1 ASSISTANT EXECUTIVE OFFICER TROUT: I imagine
2 that that's what the staff had intended to begin with.

3 Well, I tell you, I think all harbor patrol
4 boats should have fire fighting capabilities.

5 CHAIRMAN CORY: Yes, but it's a question of the
6 definition, and my real concern is if they are talking about
7 a full-fledged fire department, to give the County the option
8 of withdrawing that and charging you for it, or the success-
9 ful bidder, whoever it is, that you either fund our fire
10 department or we are going to close it down and you'll lose
11 your lease.

12 That's a pretty heavy hammer to give somebody
13 else.

14 ACTING COMMISSIONER MORGAN: My impression from
15 looking at the services required, and from discussions with
16 staff, is that they are making an effort to try and respond
17 to suggestions from people who currently use Catalina, and
18 that they'd like to see the same kind of neighborly service
19 that has been provided by this benevolent dictator that's
20 had the control of this operation.

21 (Laughter.)

22 ACTING COMMISSIONER MORGAN: And it seems to me
23 that it is extremely difficult to quantify the kind of
24 things that Doug Bombard might do when he sees a guy in
25 trouble. And on the other hand, I don't know how you are

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1 able to continue the same kind of service if you don't try
2 to specify. I mean, I think ---

3 MR. BOMBARD: Our biggest problems over there
4 aren't fire. Most boats, through Coast Guard regulations,
5 have pretty adequate fire fighting equipment aboard.
6 Our biggest problems are people running on the rocks and
7 needing an immediate assistance to try and minimize the
8 damage to his boat, or get people off quick. That type of
9 thing we get involved in almost on a daily basis.

10 And that takes boat-wise people to respond, guys
11 like Doug Oudin and his crew.

12 Doug does sit up there on that VHF radio and CB,
13 and monitors it all the time. And I hear him responding
14 all the time and I also do the same thing up at my house.

15 Those responses are important. The other thing
16 is storm. And we have Thanksgiving coming up. And for
17 some reason we seem to always get a lot of boats over there
18 on the Thanksgiving holiday and we always have a storm.

19 (Laughter.)

20 MR. BOMBARD: And we have to end up with six
21 or eight guys out there helping people tether off and stay
22 out of trouble.

23 ACTING COMMISSIONER MORGAN: We should require them
24 to be a weatherman, too.

25 MR. BOMBARD: Weather is the most important. We

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1 are a weather display station. The weather bureau calls
2 us when they expect something to come up and we fly the
3 storm flag.

4 ACTING COMMISSIONER MORGAN: Anyway, as an
5 extension of this, thanks, Doug.

6 It seems to me, if we feel that the public has
7 been well served by the kind of operation that runs at
8 Catalina, and on the other hand we have some concerns about
9 being ripped off losing money, that the solution to that is
10 to renegotiate the lease, direct the staff to renegotiate
11 the lease, setting some criteria on return and what we expect
12 to see and including some of the things that we have talked
13 about here to assure public access, and include something
14 related to grandfathering.

15 And I don't know where you folks are, but I am
16 prepared to move that we do something along those lines.

17 (Applause.)

18 ACTING COMMISSIONER MORGAN: I haven't had that
19 much applause since my mother paid for my ballet lessons.

20 (Laughter.)

21 CHAIRMAN CORY: Are there any other technical
22 points you want to go through before we get down to the
23 decision process?

24 ACTING COMMISSIONER MORGAN: No. I'm not sure.
25 There are a lot of technical things.

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1 ACTING COMMISSIONER ACKERMAN: May I offer one
2 comment along Susie's line?

3 Part of the reason that we just started going
4 through this process of the services and all that, is
5 initially, when I first went down and talked to Doug down
6 on the Island, I was absolutely convinced in my own mind
7 that there was no way to go but just renegotiate the lease
8 with the Island Company. It gets everybody off our back.
9 We don't have to worry about how things are being run and
10 everyone on the Island is happy and we can go straight
11 through it.

12 And then gnawing in the back of my mind was the
13 fact that in almost every other instance, at least since
14 I have served as the Lieutenant Governor's representative
15 on the Commission, we have gone to public bid whenever anyone
16 other than one party wanted to go to bid.

17 And so I was ~~put~~ in a dilemma. I think I
18 talked to many individuals and I have talked to, you know,
19 Doug, about this when I was down there, is what was gnawing
20 at me. So I gave the staff, I think, collectively a kind
21 of a challenge that said, at least I did, that said that
22 my decision would be to renegotiate a lease with the
23 existing lease holder unless I could be convinced that we
24 could go to bid without doing any disservice to the boaters
25 and the current operations and the economic and social

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1 affairs of the Island.

2 And what you see before you is what we have
3 looked at as a resulting package. The staff has spent,
4 and Jane, has spent a great deal of time trying to come up
5 with a justification and to at least lay out the options on
6 both sides of that issue so that the Commission could make
7 a decision.

8 Any decision that is made here, we have got to
9 justify. And that's my first priority, to justify.

10 I have one disappointment through all of this,
11 and that is the first three or four speakers this morning,
12 for lack of whatever reason, I don't know, didn't say anything.

13 And I don't know if that's a fault of our process
14 or what, but frankly, if we were right now having to make
15 a decision on who to go with, I'm not so sure I've got the
16 information before me to make that decision. I don't know
17 how any other proposed bidder is going to provide the
18 garbage service, and how they are going to provide the
19 security on the Island. At least nothing has been put forth
20 so far.

21 The dilemma that I find myself in, and maybe it
22 is a rhetorical question, is that without having those
23 proposals before me, how can I make a choice? How do I
24 know what is going on? How do I know what Doug Bombard's
25 relationship is going to be in this?

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1 I relied on Doug a great deal for information on
2 it.

3 So, I guess, my leaning on it is that I don't like
4 an open bid, and I think that would be a mistake, a
5 straight open bid.

6 I also think it would be a mistake to go out for
7 a bid based upon one sole determining criteria, and that
8 is economic gain. I think that would be a disservice
9 to the boaters and to the Island and to the Island Company.
10 And I'm not so sure it would result in a favorable solution.

11 What I am looking at here, I think, is I want
12 to create a situation whereby we get proposals back and
13 the Commission can make a decision based upon some innovation
14 but always falling short of such grandiose plans that will
15 create a Coastal Commission review and CEQA requirements,
16 because I don't think that's before us now.

17 It's something the boaters evidently don't want,
18 and something that should not be done with the Island. But
19 I think, Susie, my feeling is that I think we should lock
20 for bids. The staff has structured a very stringent package
21 of requirements that any prospective bidder would be required
22 to adhere to. I frankly don't know, based upon the
23 testimony this morning, how some of these prospective
24 bidders are going to provide the services. I would be very
25 interested in what their proposals are and whether they will

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1 be economic and cost-beneficial.

2 But yet I think I feel, again, myself, that I
3 owe them the opportunity to give us their proposals. We have
4 the option, as has been proposed in the bid package, to
5 reject all proposals, and I think if the Commission has that
6 latitude, at least we will have provided a forum to look at
7 the proposals, because I certainly haven't heard them today.
8 And I don't see any other way, other than a request for
9 proposal that we put out, that we can get that information
10 so that we can make a final decision.

11 CHAIRMAN CORY: Request for proposal or a bid
12 process.

13 I guess let's start and see if we can figure
14 out a way to come out with any agreement to do anything.

15 The first question is to negotiate or to lease?
16 I think that's one of the first options, as you look at it.
17 You have got to make that fundamental decision, negotiate
18 or lease.

19 ACTING COMMISSIONER ACKERMAN: For the County's
20 position, and I don't know if Clancy Leland is still here,
21 but from the County's standpoint, he wants a management
22 contract, and I don't think I lean that way. I do not lean
23 for a management agreement with another governmental agency.
24 And again, in deference to the boaters, one thing they don't
25 need is another governmental agency controlling something out

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1 there.

2 ACTING COMMISSIONER MORGAN: That's fine, yes.

3 CHAIRMAN CORY: Okay. There's no support on the
4 Commission for the government management lease.

5 The next question is whether we negotiate with
6 the littoral owner or go out to some RFP or bid lease
7 proposal. That's probably the next fundamental juncture.

8 Where are we on that?

9 ACTING COMMISSIONER MORGAN: At opposite ends.

10 I would prefer to, if we are interested in
11 continuing a similar operation to the one that has existed
12 in the past, then it's my impression that the public would
13 be well served by renegotiating the lease with the current
14 lessee. From my point of view it does not appear practical
15 to expect bidders to come in and prove by the numbers that
16 they will be good neighbors. It just does not lend itself
17 to that kind of a process.

18 MR. TAYLOR: I think technically your proposal
19 is to negotiate with the upland owners, because we don't
20 currently have a lease with the Conservancy.

21 ACTING COMMISSIONER MORGAN: I'm sorry, yes.
22 Thank you.

23 MR. TAYLOR: So it will be the Conservancy and
24 the Company, both.

25 ACTING COMMISSIONER ACKERMAN: I think the way I'm

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1 leaning would be to solicit proposals, but not in accordance
2 with the staff's recommendations. The thing that concerns
3 me that the testimony today, I think, outlined, is the way
4 that the proposed bid package is structured, is to really
5 set out only one variable that would determine the highest
6 bidder, once everyone is determined to be qualified, and
7 that is a percentage of gross revenues.

8 And I'm not so sure that that's the right way to
9 go. I think that's much too restrictive and it may very well
10 give an advantage to one party over another. That won't
11 serve the best interests there. So I am wondering, can we
12 do a bid package that gives us more than one variable
13 to make a final decision?

14 CHAIRMAN CORY: I think we can, but I'm not sure
15 what that camel is going to look like when this Commission
16 gets done building it, and we may all back away from our
17 creature.

18 ACTING COMMISSIONER MORGAN: It's a good thing
19 there are only three of us.

20 MR. TAYLOR: The answer to that is that you can
21 put more variables in to continue the existing situation,
22 but that if you get beyond that, where you are asking for
23 proposals as to how would you do it differently, then you
24 are going to have to extend the existing things and go to
25 an interim operation, and that could well, depending on what

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1 is proposed, it might get you into a situation where you
2 would have to do a full environmental study.

3 CHAIRMAN CORY: Okay.

4 I am prepared to go to a lease proposal or request
5 for bid concept with the caveat, when we get all done with
6 what we have got, a majority of the Commission for on each
7 of the points, none of us may be able to live with the
8 creature and I may withdraw my support at that point then,
9 but I'm willing to vote that way and see what it looks like.

10 Let's go down the other steps and see what we
11 come out with.

12 ACTING COMMISSIONER ACKERMAN: The danger there
13 is that we would solicit bids with the knowledge of all the
14 bidders that we may reject every one of them because we
15 don't like what came back to us, and that rubs me a little
16 bit the wrong way because we are asking someone to put some
17 money, time and effort into something that might ultimately
18 be rejected.

19 But I think a prospective bidder has to weigh
20 the technical aspects of their bid under those circumstances,
21 and if it's included in a bid package, I would like to see
22 the proposed rents that they would charge on the mooring,
23 both for annual rental and transient.

24 CHAIRMAN CORY: Not we specify but they specify?

25 ACTING COMMISSIONER ACKERMAN: They specify what

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1 their schedule of charges would be, because to me, that
2 again, as I mentioned earlier, may be a 10 percent or 20
3 percent increase.

4 ACTING COMMISSIONER MORGAN: I have been trying
5 to figure out how to deal with that too, especially in the
6 15-year lease. And it seems to me that we should, if we
7 don't want to get involved in having staff approve the
8 schedule, we should at least approve the method of setting
9 up the fees and see that there is some way, some formula,
10 to attempt to make the fees reasonable and not either
11 gouge or undercharge.

12 CHAIRMAN CORY: Okay.

13 ACTING COMMISSIONER ACKERMAN: Let me ask, maybe,
14 one question to legal counsel.

15 If proposed bid packages came back, and the
16 Commission felt that the proposed fee schedule in any
17 package was too high, could the Commission reject the bid
18 solely on those grounds?

19 MR. TAYLOR: We would have to word the proposal
20 in such a manner that it would be one of the criteria on
21 which you could reject the bids. It would be difficult
22 to do but we could do it.

23 CHAIRMAN CORY: But in terms of reading the
24 statute, it seems to me implicit, the question that if a bidder
25 came back and said, yes, they were going to bid \$11 million

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1 and 99 percent of the net profit, but their fee schedule
2 is \$5 million a boat per day, I don't think that the public
3 is served by that. That's my point.

4 ACTING COMMISSIONER ACKERMAN: That's my point.

5 MR. TAYLOR: It would be difficult to word it,
6 but it could be done. There would be a change. It would
7 take some more work the next few days.

8 ACTING COMMISSIONER ACKERMAN: To me, that's
9 a very important criteria in this whole process.

10 MR. TAYLOR: But again, I would just like to
11 emphasize that that can be a variable. You can have some
12 variable on services, and total gross can be, but you cannot
13 get a proposal for any increase in the number of slips that
14 are out there and you cannot change their physical arrange-
15 ment, although they may be replaced.

16 In other words, if the company decided to pull
17 them out, you go in and you replace them under a categorical
18 exemption. But we are not talking about any use other than
19 what is going on now. And under the proposal as the staff
20 had written it, there is an option given to the person
21 to come in and talk to you about what they might want to do
22 about that later on.

23 That would have to be in the process of an amend-
24 ment, and it would be with the person who successfully
25 survived a bid procedure. But we are not talking about

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1 anything different in terms of physical conditions on the
2 water or ground today.

3 CHAIRMAN CORY: Okay. We are now at the point
4 where, as I understand it, there are two votes on the
5 Commission for some proposal concept. We need to just try
6 to define it further for the staff to draft the proposal.

7 One of the fundamental questions is, what areas
8 could be included and not included? The staff recommended
9 that Pebbly Beach and some others --

10 EXECUTIVE OFFICER NORTHROP: We have a list here.

11 CHAIRMAN CORY: -- Pebbly Beach and Jewfish
12 Point be excluded. That is the staff proposal takes all of
13 the existing coves and bays, moorings, and includes them
14 in the lease, but does not include the natural coves,
15 is that correct?

16 ASSISTANT EXECUTIVE OFFICER TROUT: That is right.
17 There are two decision points, as far as the staff can see.
18 The first is whether or not the leases that are now sublet
19 to Catalina Freight Company and Standard Oil Company at
20 Pebbly Beach should be included. Staff recommends that
21 you not include that.

22 The second one --

23 CHAIRMAN CORY: Is there any feeling on the
24 Commission: Do you want to exclude those?

25 ACTING COMMISSIONER MORGAN: That's fine.

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1 MR. TAYLOR: With the understanding that they
2 are individually negotiated with the lessee or the upland
3 owner.

4 CHAIRMAN CORY: Okay.

5 ASSISTANT EXECUTIVE OFFICER TROUT: Yes, what
6 staff would recommend is that they not be included in the
7 bid package and sent out, but we negotiate those leases with
8 the tenants, Catalina Freight Lines and Standard Oil Company,
9 and bring those back at the same time this lease comes back.
10 I think it is tentatively calendared for the December
11 meeting. So that's the one decision here.

12 CHAIRMAN CORY: Does everybody agree to that?

13 ACTING COMMISSIONER MORGAN: To excluding those
14 areas?

15 CHAIRMAN CORY: Yes.

16 ACTING COMMISSIONER ACKERMAN: Yes.

17 ACTING COMMISSIONER MORGAN: That's fine.

18 ASSISTANT EXECUTIVE OFFICER TROUT: The second
19 one, then, is whether or not you want to exempt from the
20 lease the areas that are not lined in red, or the unimproved
21 coves, the coves which have no moorings in them at this time,
22 and leave those free for anchorage.

23 CHAIRMAN CORY: Dave.

24 ACTING COMMISSIONER ACKERMAN: My position would
25 be against. We are not talking about enlarging the number of

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1 moorings that were left free for anchoring. The second
2 question on that is whether or not some required level of
3 service be required in those coves to service the anchorages.

4 I think Doug's comments earlier convinced me
5 that there should be some type of at least minimum level
6 of service required by the lessee for those coves.

7 ASSISTANT EXECUTIVE OFFICER TROUT: That is an
8 object --

9 CHAIRMAN CORY: So you have to include them in
10 the lease.

11 ASSISTANT EXECUTIVE OFFICER TROUT: To include
12 them in the lease, the document would prohibit moorings in
13 those areas and would require services.

14 ACTING COMMISSIONER ACKERMAN: That was Doug's
15 point, and that's what I think. But I think that, again,
16 we are talking about a professional operation here.

17 CHAIRMAN CORY: Okay. There's an agreement on
18 that?

19 ACTING COMMISSIONER MORGAN: Yes.

20 CHAIRMAN CORY: Okay. There's another question
21 of exclusion, and that is the existing piers, wharfs and
22 fairways.

23 ASSISTANT EXECUTIVE OFFICER TROUT: Now, that's
24 the third element, then, is the piers and fairways. The
25 staff recommendation would provide a specific exemption for

1 the fairway at Isthmus Harbor which, in view of what Doug
2 has said, staff would probably recommend to be 150 feet,
3 75 feet on each side.

4 CHAIRMAN CORY: It seems to me that what the staff
5 needs to do for those fairways is find out what is existing
6 there so you don't end up changing it and forcing yourself
7 into the Coastal Commission and CEQA. There is an existing
8 fairway structure in each of those things and that's what
9 we are talking about, rather than voting on any specific
10 measurements based upon what the best appears to be. There
11 is some ambivalence as to what the facts are.

12 ACTING COMMISSIONER MORGAN: That's good.

13 CHAIRMAN CORY: Is that agreeable?

14 ACTING COMMISSIONER ACKERMAN: Yes.

15 ACTING COMMISSIONER MORGAN: But no member of the
16 Commission is interested in requiring joint use of piers
17 or anything like that.

18 CHAIRMAN CORY: I think there's some property right
19 problems in accomplishing that legally, and that's what
20 Counsel has told us.

21 Is that correct?

22 MR. TAYLOR: We certainly could not require above
23 the high-water line. You could require joint use below that,
24 but there would be an awful lot of administrative problems
25 with that. It would be a legal problem, requiring any kind of

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1 joint use above the high-water mark.

2 There would be a lot of problems with it legally
3 and practically.

4 CHAIRMAN CORY: Okay. The difficulty -- I don't
5 know what it means. I have got some philosophical problems
6 with someone charging, if we exclude that, so that the
7 implication of that is going to be negotiated with the
8 existing piers and wharfs. I would not want our lease to be
9 used as a charge mechanism. If somebody wants to charge to
10 get on his land or something, any area not covered in this
11 lease, that is his right to do that. But in terms of that
12 added lease, the staff should address itself to that question,
13 that to try to get the bid process or proposal process to
14 be as neutral as possible, the exclusion of those wharfs
15 should not give undue preferential treatment of a competitive
16 advantage to the littoral owner, where if somebody else gets
17 the lease, that then they are going to charge eight zillion
18 dollars to use Brand X's mooring to set foot on the pier.
19 They can do that when they get to the land anyway, I guess,
20 but I don't think the State's property should be used that
21 way.

22 ACTING COMMISSIONER ACKERMAN: The wharfs are
23 on private property.

24 ASSISTANT EXECUTIVE OFFICER TROUT: We would
25 bring those negotiated leases back so that the Commission

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1 could consider the bid package and the various other leases
2 that were negotiated at the same meeting at the same time
3 so that you could see all the terms.

4 CHAIRMAN CORY: Okay. We will have to do the
5 details of that.

6 ACTING COMMISSIONER MORGAN: Yes.

7 CHAIRMAN CORY: So we have got -- what other
8 variables do we have?

9 ACTING COMMISSIONER ACKERMAN: The term.

10 CHAIRMAN CORY: Fifteen year?

11 ASSISTANT EXECUTIVE OFFICER TROUT: We propose
12 15 years, and no speaker has suggested that that is an
13 inappropriate time, so I think maybe that is a good decision.

14 ACTING COMMISSIONER MORGAN: Fifteen years with
15 an annual rent review or have we gotten to that point yet?

16 EXECUTIVE OFFICER NORTHROP: Well, it would depend
17 largely on how you handle the bids, what variables you
18 determine. Because if a percentage of gross is one of the
19 bid factors, then that's going to naturally take care of the
20 inflationary factor, because that's really what we are looking
21 at.

22 ACTING COMMISSIONER MORGAN: Don't we normally
23 do a five year?

24 EXECUTIVE OFFICER NORTHROP: We do a five-year
25 rent review on those areas that are not on a -- we do a

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1 five-year rent-review anyway, yes.

2 CHAIRMAN CORY: Was there a rent review in the
3 last lease?

4 ACTING COMMISSIONER MORGAN: It didn't work if
5 there was.

6 ASSISTANT EXECUTIVE OFFICER TROUT: No.

7 CHAIRMAN CORY: So, we want a 15 year, 5-year
8 rent review?

9 ACTING COMMISSIONER ACKERMAN: Well, again,
10 I think we talked previously about whether or not rent
11 review should be a biddable or negotiable factor in the
12 lease itself, rather than specified. Five years is fine with
13 me, though, if you want that.

14 ACTING COMMISSIONER MORGAN: If we want to
15 specify.

16 ACTING COMMISSIONER ACKERMAN: Specifying a
17 five-year basis is fine.

18 ACTING COMMISSIONER MORGAN: How can we do that?

19 CHAIRMAN CORY: Add one of the variables that the
20 various people who want to bid specify "I'll give you a
21 five-year rent review." "I'll give you a two-year rent
22 review." "I'll give you a 15-year rent review."

23 And then we can look at apples and oranges when
24 we decide how to award the bid.

25 ACTING COMMISSIONER ACKERMAN: Let's go five years.

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1 ACTING COMMISSIONER MORGAN: Okay.

2 CHAIRMAN CORY: Five years.

3 ACTING COMMISSIONER ACKERMAN: Should the
4 lease be subject to being renewable? The current one was
5 not, am I correct, a 15-year nonrenewable lease?

6 ASSISTANT EXECUTIVE OFFICER TROUT: The original
7 lease with the Company had renewals. However those renewals
8 were foregone in exchange for the fixed 15-year period that
9 they got the last time. So there's no renewal in the current
10 lease.

11 Normally, on this kind of thing, the window would
12 be for the minimum with the percentage of gross remaining
13 fixed. Now, there's all different kinds of ways to go.
14 We can use the minimum, the percent of gross or the rent
15 review as all bid factors, or you can fix any one of those.
16 You can specify five years and minimums, and just have the
17 percentage of gross being the bid factor. That seems to
18 be the cleanest one as far as the staff is concerned.

19 ACTING COMMISSIONER ACKERMAN: Let's go non-
20 renewable.

21 ACTING COMMISSIONER MORGAN: Nonrenewable.

22 CHAIRMAN CORY: Nonrenewable, okay.

23 What other?

24 EXECUTIVE OFFICER NORTHROP: Well, I would like
25 to have, perhaps I don't understand, but I would like to have

1 defined, if you could, Mr. Ackerman, particularly your
2 comment that you'd like to have more variables in the bid
3 package. And I'd kind of like to get some idea. We are
4 working the original package, as they have the percent with
5 a fixed cash amount of 17 percent which comes out to
6 \$125,000, contrary to what Mr. Fennie's representative
7 said this morning. We came to it as 17 percent of the gross
8 and not at some other number.

9 But we'd like to know what other variables you
10 see other than the percentage. Do you see the fixed amount
11 or the cash up front as a variable, too?

12 ACTING COMMISSIONER ACKERMAN: It could be, but
13 there's five or six different options.

14 EXECUTIVE OFFICER NORTHROP: We'd kind of like
15 to get more.

16 CHAIRMAN CORY: Specifically, what do you want
17 in there?

18 ACTING COMMISSIONER ACKERMAN: What I am concerned
19 about is that the percentage of gross be the only option to
20 determine who gets the lease, because what I think should
21 weigh very heavily on it, is the ability of a leaseholder
22 to provide a certain level of service. In fact, we have
23 spent all morning not discussing the money but discussing the
24 services out there. I think that's really what's in my
25 mind just as important, if not more important, than the

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1 dollars involved.

2 EXECUTIVE OFFICER NORTHROP: AS I understand it,
3 then, the big percentage would be the only variable factor
4 on the economic side.

5 ACTING COMMISSIONER ACKERMAN: Correct.

6 MR. TAYLOR: No, I think you had two. One was
7 the fee schedule. Yes, that is economic.

8 ACTING COMMISSIONER ACKERMAN: I think that the
9 clearest two options is whether or not you set a minimum
10 or fixed price for annual rent plus a percentage or you
11 leave both of those open for a bid and you deal with the
12 minimum setting on one or both. And the staff has recommended
13 a hundred twenty-five set plus 17 percent as a minimum.

14 ACTING COMMISSIONER MORGAN: My impression, Dave,
15 of where you are going -- the staff is trying to structure
16 it and my impression of where you were going to say, "Here,
17 public bidders. We have this property around Catalina
18 with X number of moorings and we expect to get a minimum of
19 this return. Give us your ideas on how you would do that
20 for us."

21 And then sit down and discuss it.

22 ACTING COMMISSIONER ACKERMAN: Yes, within
23 guidelines that I am not willing to open the thing wide open.

24 ACTING COMMISSIONER MORGAN: What do you mean,
25 not open wide open?

1 ACTING COMMISSIONER ACKERMAN: Well, let's
2 bid the thing out, but under the guidelines as suggested
3 by the staff. I'd like to see.

4 Maybe we are getting down to a determination
5 of who is a qualified bidder in this thing, how we make
6 that determination.

7 CHAIRMAN CORY: Should we require, in terms
8 of the list of services that you have indicated and there
9 has been a lot of discussion on that, the solid waste, the
10 patrol boat, the anchorage and mooring assistance, the fire
11 and rescue services, to require the bidder to submit what
12 he is agreeing to provide?

13 ACTING COMMISSIONER ACKERMAN: And how he proposes
14 to do it.

15 CHAIRMAN CORY: But specifically leave that
16 open-ended. But each bidder would then come in and say,
17 "This is what I propose to do in these areas"?

18 ACTING COMMISSIONER ACKERMAN: Again, the testimony
19 today has gone to the point that the Island Company is
20 the only one that provides this level of service.
21 No one else can come in under the circumstances and do other-
22 wise. We haven't seen any proposals before us to show how
23 anyone even proposes to do it or whether or not they can
24 do it.

25 Perhaps we would reject all of those as coming

1 to the same conclusions, but we don't have that option before
2 us now. I think we should. Am I confusing things?

3 ASSISTANT EXECUTIVE OFFICER TROUT: Yes.

4 EXECUTIVE OFFICER NORPHROP: Mr. Trout said he
5 understands.

6 ASSISTANT EXECUTIVE OFFICER TROUT: I understand.
7 I think it means, though, that the Commission is going to
8 have to look at an array of proposals as to how these
9 things would be fulfilled and make a choice.

10 CHAIRMAN CORY: I would think that those are
11 the kinds of variables. If you want those in there, it's
12 going to be a tough meeting when it goes to awarding this
13 thing. If you are going to live with those tough ones,
14 I'll sit here and tough it out with you. That's fine.

15 I just don't think we should go into that
16 blindly, that those are some tough policy considerations,
17 which there's going to be a lot of Monday-morning quarter-
18 backing on.

19 ACTING COMMISSIONER ACKERMAN: I am, if you are,
20 prepared to make a decision now.

21 CHAIRMAN CORY: I don't know how to define it.
22 That's my problem. That's why I am willing to go along.

23 ACTING COMMISSIONER ACKERMAN: Maybe it's some-
24 thing that I don't want to get into.

25 CHAIRMAN CORY: If you want to make solicitations

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1 to those items, the other two that were on the staff list
2 were rescue, fire fighting and availability of towing and
3 repair service.

4 ACTING COMMISSIONER ACKERMAN: Doesn't the staff
5 have to come to a determination of accepting bids from
6 qualified bidders? Part of the method of determining
7 qualified bidders is their ability to provide services as
8 outlined in the bid?

9 ASSISTANT EXECUTIVE OFFICER TROUT: Yes.

10 EXECUTIVE OFFICER NORTHROP: Yes. That's the
11 reason, Mr. Ackerman, that we put the letters A through I
12 in the sheet, as these are things that we felt were absolute
13 minimums.

14 ACTING COMMISSIONER ACKERMAN: No. My question is
15 is the Commission the one that has to make that determination
16 because it looks like we are going to have to make that
17 determination anyway?

18 ACTING COMMISSIONER MORGAN: It's a choice
19 between --

20 CHAIRMAN CORY: Either specifying in the bid or
21 leaving it open for proposals from the bidders.

22 ACTING COMMISSIONER ACKERMAN: But even if we
23 specify in the bid, we would have to reevaluate a prospective
24 bidder's response as to how they're going to do these things.
25 That's what I am saying.

1 MR. TAYLOR: One of the elements of the bid would
2 have to be that in the discretion of the Commission, you
3 would review the qualifications of the various people who
4 are bidding and decide which was the most qualified in your
5 sole judgment, and they would have to understand that.
6 That wouldn't be as clear by the same kind of subjective
7 standards as would be the percentage of gross, but it's
8 an area which would have to be worked out.

9 ACTING COMMISSIONER MORGAN: Dave, it sounds
10 like you'd like to exercise some judgment rather than just
11 have a person say, "Yes, I will provide these things."

12 ACTING COMMISSIONER ACKERMAN: They can't just
13 say yes or no.

14 ACTING COMMISSIONER MORGAN: They can.

15 ACTING COMMISSIONER ACKERMAN: If they can do
16 that, I'll go down to Denny Carpenter and I will go into
17 partnership with him on this and bid this one out.

18 CHAIRMAN CORY: That would be wrong.

19 (Laughter.)

20 CHAIRMAN CORY: I understand that.

21 EXECUTIVE OFFICER NORTHRUP: The staff understands
22 that that has to be done where we make the judgment, we
23 bring it to the Commission and then we expect you to ask us
24 on what we based our judgment before we awarded the bids.
25 We expect that to stand up to scrutiny.

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1 CHAIRMAN CORY: I would like to make it clear that
2 I have a difference from the staff's viewpoint in the
3 question of rescue and fire fighting, that to require that
4 we should have -- that's why I sort of like it open-ended
5 so we can say you bidders come in with what you are proposing
6 And I think Doug was forthright in listing what services they
7 have and pointing out that fire is not their biggest problem.
8 If you have got a fire on water, it's a problem, but that's
9 not the major difficulty. It is the level of seamanship,
10 manpower, quality of manpower, that's a lot more important.

11 I do not want to give to the County or someone
12 else the hammer over the private entrepreneur to cancel his
13 lease through indirect action, whether it is Bombard,
14 Island Company, Conservancy, Pioneer, Fy-Tek, what-have-you.
15 So that on those variables, leaving them open, I am willing
16 to go along with this. It's going to be another tough
17 day for us when we get to it.

18 ACTING COMMISSIONER ACKERMAN: Okay.

19 ACTING COMMISSIONER MORGAN: Okay.

20 CHAIRMAN CORY: We are going to solicit from the
21 bidders how they propose to meet those. I am trying to clean
22 up some language in terms of implications.

23 Solid waste disposal, in my mind, solid waste
24 collection and disposal, without the use of the term "uplands".
25 It seems to me if somebody has an aerosol can that makes

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1 solid waste disappear, that's an adequate solution as long
2 as they can prove in the submittal with their bid that
3 they can do that, rather than us specifying that it be an
4 uplands disposal. It's going to have to be legal. It's going
5 to have to be environmentally sound. But I don't think
6 we need to get into that.

7 And in E, the towing and mechanical repair
8 services to boaters on leased premises, I don't really care
9 whether the man leases his premises, rents it or hangs it
10 from a skyhook, as long as he can demonstrate it's there
11 and it's adequate.

12 ACTING COMMISSIONER ACKERMAN: I agree.

13 CHAIRMAN CORY: G, I'm not sure that I understand,
14 which your staff has talked about noninterference with
15 services designed to provide access to the upland.

16 ASSISTANT EXECUTIVE OFFICER TROUT: What staff
17 was trying to do here was exactly what the lady from the
18 Girl Scouts was concerned about, and in the lease proposal,
19 we have said that, for example, that the less shall not
20 unreasonably interfere with an access to those lands and
21 services designed to provide access to those lands. In other
22 words, we don't want the person --

23 CHAIRMAN CORY: When you have done an accurate
24 job of weighing out those fairways as to how they are exist-
25 ing, are you not inviting trouble by having this in there?

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1 ASSISTANT EXECUTIVE OFFICER TROUT: Our concern
2 was that this circumstances might change.

3 EXECUTIVE OFFICER NORTHROP: I think the thing
4 that brought the entire thing to the attention of the staff
5 was just this issue. It was the interference of someone's
6 service area which brought this whole thing to the staff,
7 and we have got into this whole thing. Had that non-
8 interference been complied with earlier, I doubt we'd be
9 here this afternoon. So I think it is germane to what we
10 are doing.

11 CHAIRMAN CORY: But if you have got excluded
12 from this lease, specified fairways for those service
13 areas, you are telling me that you don't think you have
14 adequately defined the fairway, or you can't adequately
15 define it, and that you are incompetent, and therefore we
16 have got to have another safeguard. Or if I was interpreting
17 the lease, I would say that in addition to the fairway
18 somebody can decide that he's going to bring an aircraft
19 carrier in there and the lessee has to take out all of these
20 moorings to accommodate the aircraft carrier that's
21 going to show up one day.

22 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, I'd
23 like to respond, if I may.

24 CHAIRMAN CORY: Yes.

25 EXECUTIVE OFFICER NORTHROP: I think your point is

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1 well taken and my competency I will have to leave to you
2 today to judge.

3 (Laughter.)

4 EXECUTIVE OFFICER NORTHROP: I'm afraid that's
5 not a good deal either.

6 (Laughter.)

7 CHAIRMAN CORY: It was just a facetious remark,
8 Mr. Executive Officer, don't get upset.

9 EXECUTIVE OFFICER NORTHROP: I think we really
10 looked at this as an item of which we can cancel the whole
11 lease. If they interfere with that, that gives us lease
12 cancellation ability, and I'm not sure where the fairways
13 stack up.

14 I'm not in love with that G, but it's just a
15 thought that it does give us a lease cancellation possibility

16 CHAIRMAN CORY: But, does that give the third
17 party the right to interfere with the lessee by coming in
18 and saying, "Hey, I want to bring four aircraft carriers in
19 here and we are all going to water ski behind them, and those
20 existing moorings are interfering with it."

21 I just don't want to give rise to a certain amount
22 of emotional tensions on the other side. I don't know who's
23 going to win what on this but it would seem to me that whoever
24 the winning bidder is should have maximum probability to go
25 ahead with his business. And if that's necessary, then let's

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1 include it, but I can't understand for sure what it means,
2 and I think we are going to end up litigating over it.

3 ACTING COMMISSIONER MORGAN: Let me ask Greg
4 a question.

5 Are you there?

6 MR. TAYLOR: Yes.

7 ACTING COMMISSIONER MORGAN: If the staff felt
8 that there was interference with services being provided
9 for access to the uplands, would that be a basis for them to
10 terminate the lease or will you have to have a phrase in
11 the contract?

12 MR. TAYLOR: Well, I think you are going to have
13 to have a phrase in the contract. I think you can provide
14 that element of judgment. If you do that it's going to have
15 an effect on the program that a person is going to propose
16 to put in and what they are ultimately going to do. But it
17 can be required and that's the recommendation.

18 CHAIRMAN CORY: I guess the question, if you sort
19 of take it out of this section particularly, it is going to
20 change that. That's a proposal area for proposed bidders.
21 It shouldn't be something that they address themselves to.

22 MR. TAYLOR: I don't think that's a problem for
23 a bidder at all.

24 CHAIRMAN CORY: We need to address ourselves to
25 the access and make sure that the moving party in that

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1 question is the State, not some gadfly who wants to cause
2 trouble for whatever difficulty. I guess that's the area
3 where we have to look. If we are looking at 300 feet and
4 150 feet on the fairways, and then, in addition, there has
5 to be some reason why that would be included if we needed
6 it.

7 MR. TAYLOR: Well, there will be a provision in
8 the lease that fairways and reasonable access will be
9 provided. How that is further defined are good concerns,
10 and we will have to go back and look at the package and
11 see.

12 CHAIRMAN CORY: Shore boat services and freshwater
13 provision. So those are proposal items where we are asking
14 prospective bidders to explain to us how they plan on meeting
15 those, and we will make a value judgment.

16 ACTING COMMISSIONER MORGAN: I think there probably
17 should be a request for any other services or ideas.

18 CHAIRMAN CORY: Or what whistles and bells they
19 are going to put on the camel.

20 ACTING COMMISSIONER MORGAN: What they intend to
21 do with the operation.

22 ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Chairman,
23 just to make sure we have gone through this and our notes
24 are correct, may I read back what we think?

25 ACTING COMMISSIONER MORGAN: Oh, no.

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1 ASSISTANT EXECUTIVE OFFICER TROUT: One, the
2 Commission has made the decision they wish to lease the
3 areas around Catalina. They have abandoned and not accepted
4 the no lease option.

5 Second, the Commission wishes to lease all of
6 the available areas including the unimproved coves. The
7 Commission has agreed to exempt from the lease process the
8 current Pebbly Beach Leases of Catalina Freight Lines and
9 Standard Oil Company, and to split out the areas --

10 ACTING COMMISSIONER MORGAN: I'm sorry, could you
11 say that again on Pebbly Beach?

12 ASSISTANT EXECUTIVE OFFICER TROUT: At Pebbly
13 Beach, the Commission has agreed to take out of the bid
14 process, of the lease process, the current areas operated
15 by Catalina Freight Lines and by Standard Oil Company at
16 Pebbly Beach. These are two separate areas there.

17 The Commission has decided to split out the
18 areas where there are improved uplands and negotiate leases
19 separately -- and direct the staff to negotiate leases
20 with the upland tenants, and bring those back at the same
21 time.

22 The Commission has decided --

23 ACTING COMMISSIONER MORGAN: Wait a minute.

24 ASSISTANT EXECUTIVE OFFICER TROUT: -- to go out
25 to bid on the new lease.

1 CHAIRMAN CORY: Would you please go over that
2 last point?

3 ACTING COMMISSIONER MORGAN: Does that make
4 sense to do that at the same time? I mean I am assuming
5 that the owner of the island is still potentially a bidder
6 on this project. Does it make sense for us to harass them?
7 At the same time that they are putting together a bid package,
8 should we be negotiating with the bidder?

9 ASSISTANT EXECUTIVE OFFICER TROUT: Well, if
10 the Island Company should be a successful bidder and come
11 in with all the areas, then the Commission could just not
12 lease and just throw those into the mix, if they wished.

13 ACTING COMMISSIONER MORGAN: I don't know.

14 CHAIRMAN CORY: Susie's point is that if this is
15 an open-ended bidding process, to have the Island Company
16 and the Conservancy having to negotiate these negotiated
17 leases at the same time that they are having to get together
18 a bid proposal, they are dealing with a lot more variables
19 than the other bidders.

20 ACTING COMMISSIONER ACKERMAN: That's not fair.

21 CHAIRMAN CORY: And at the same time, the time
22 frame of that added lease that's going to be negotiated with
23 the littoral owner may not necessarily be tied at the same
24 time.

25 MR. TAYLOR: There could be an interim lease or

1 something like that.

2 ASSISTANT EXECUTIVE OFFICER TROUT: There would
3 have to be some provision for carryover because all of the
4 current leases would expire.

5 CHAIRMAN CORY: Well, if it goes together, if
6 I understand what you are saying, fine, but if it doesn't,
7 we would not want to impose the identical time requirement
8 on two of them, if everybody puts them together.

9 ACTING COMMISSIONER MORGAN: Well, this is a
10 completely different issue also is that I'm concerned about
11 having the staff involved in negotiations with an interested
12 party. It is either that this is just a hand-off bidding
13 process with separate bidders or it isn't. And you put
14 yourself in a bad position if you are negotiating with
15 one of the interested parties, I think, even if it is a
16 completely different lease.

17 ACTING COMMISSIONER ACKERMAN: You're not even
18 an attorney.

19 ACTING COMMISSIONER MORGAN: I have had that
20 unit for too long.

21 CHAIRMAN CORY: Go ahead.

22 ASSISTANT EXECUTIVE OFFICER TROUT: The lease
23 term would be for 15 years with the services to be provided
24 as developed by the lessee in the bid package, solid waste
25 pickup and legal disposal, patrol boats, anchorage and

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1 mooring assistance, insurance of availability of towing and
2 mechanical repair services, annual servicing of all mooring
3 equipment, shore boat services, freshwater reprovisioning
4 and a reworked non-interference or cooperative clause.

5 CHAIRMAN CORY: That's in a clause elsewhere
6 in the standard part of the lease, not in anything that
7 the bidders have to concern themselves with other than
8 complying.

9 ASSISTANT EXECUTIVE OFFICER TROUT: Right.

10 ACTING COMMISSIONER MORGAN: I have one question.
11 When you said legal disposal, does that also mean environ-
12 mentally sound, which is what Ken mentioned?

13 ASSISTANT EXECUTIVE OFFICER TROUT: Yes.

14 ACTING COMMISSIONER MORGAN: Okay.

15 ASSISTANT EXECUTIVE OFFICER TROUT: I think in
16 this day and age that's probably the same thing.

17 And perhaps not.

18 ACTING COMMISSIONER ACKERMAN: We also need to
19 accommodate for the mooring rate schedule.

20 ASSISTANT EXECUTIVE OFFICER TROUT: I have still
21 got a couple of more things to go through.

22 We would require, as part of the bid package
23 submission of a rent schedule or fees as part of the bid,
24 that the bid would be on the basis of \$125,000, annual
25 minimum, and a 17 percent of gross income minimum bid,

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1 with the percentage of gross income being a bid factor in
2 terms of this area.

3 ACTING COMMISSIONER ACKERMAN: Okay.

4 CHAIRMAN CORY: Okay.

5 All right. Then we have other provisions that
6 we must deal with in there which relate to transferability
7 and grandfathering.

8 ASSISTANT EXECUTIVE OFFICER TROUT: That's correct

9 ACTING COMMISSIONER ACKERMAN: Do those have to
10 be specified to a prospective bidder now?

11 CHAIRMAN CORY: I would think so.

12 ACTING COMMISSIONER ACKERMAN: Or are they
13 administrative matters?

14 CHAIRMAN CORY: I would think that we would have
15 to spell it out because it's likely to affect the potential
16 revenue of the bidder. So it seems to me the bidder has
17 to know what it is.

18 ACTING COMMISSIONER MORGAN: Something like
19 "It is our intention, in having such a lease --"

20 ACTING COMMISSIONER ACKERMAN: From a personal
21 feeling, grandfathering means all existing leaseholders
22 shall be grandfathered for the term of the lease.

23 ACTING COMMISSIONER MORGAN: The people, not the
24 boats.

25 ACTING COMMISSIONER ACKERMAN: Well, again, I'm

1 not sure. Again, you can't do that necessarily because
2 if a group of people buy a 60-foot boat to fit in a 45-foot
3 slot, it won't fit.

4 Doug accurately explained that. Within your
5 waiting list provisions in the coves, you have to accommodate
6 that, but the buoy or existing leaseholders shall be
7 grandfathered within the other realm for 15 years.

8 CHAIRMAN CORY: By grandfathering, the concept
9 is that they have, in essence, a first refusal right during
10 the course of the lease.

11 ACTING COMMISSIONER ACKERMAN: That's right.

12 CHAIRMAN CORY: The rates are whatever the
13 rates turn out to be, and we are not grandfathering an
14 existing rate schedule.

15 ACTING COMMISSIONER ACKERMAN: Correct.

16 CHAIRMAN CORY: And that the term, again, is
17 for the term of the lease, and we get to the question of
18 transferability.

19 ASSISTANT EXECUTIVE OFFICER TROUT: Do we
20 understand, then, that grandfathering is to be accepted
21 and that it would be rather than for one year, it would be
22 for the term of the lease or as much thereof as they want?

ACTING COMMISSIONER ACKERMAN: One year.

24 ACTING COMMISSIONER MORGAN: It sounds like its
25 15 years, but each year they get to renew.

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1 ACTING COMMISSIONER ACKERMAN: The current
2 leaseholders shall have the option to renew it 15 times
3 if they want to.

4 ACTING COMMISSIONER MORGAN: If they want to.
5 Now, were you suggesting, Ken, that they need to have
6 a rate schedule similar to nonleaseholders, nonowners?

7 CHAIRMAN CORY: I think that question would
8 come in with the proposal, but there are those who thought,
9 as per some of the discussion, that they were going to
10 be grandfathered on the old rental rates as lessees.

11 What can be charged? Will they be able to charge
12 the going rate for these or historically discount them?
13 I don't think it would be explicitly fair but if that
14 is the going rate, then the rates go along.

15 ACTING COMMISSIONER ACKERMAN: Right.

16 ACTING COMMISSIONER MORGAN: Okay.

17 CHAIRMAN CORY: Transferability. Saving the
18 best to last.

19 ACTING COMMISSIONER ACKERMAN: I don't know.
20 It seems practical, just on a purely practical basis, to
21 provide some method of transferability, either a transfer
22 fee or a percentage of selling price going to the State
23 for the master lease, getting to the State.

24 ACTING COMMISSIONER MORGAN: I am on the other
25 side, again. I don't think we should allow transfers.

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1 CHAIRMAN CORY: What do you do in the case of
2 the multiple or corporate owner? Do you have a solution?

3 ACTING COMMISSIONER MORGAN: Let's ask the staff.

4 CHAIRMAN CORY: We asked them and they didn't
5 have any answers, as I understand it. Is that a misstatement
6 of fact?

7 MS. MOCHON: Slightly.

8 CHAIRMAN CORY: Okay.

9 ACTING COMMISSIONER ACKERMAN: I could still go
10 back to my earlier statement that if we set up a prohibition
11 of transfer, give me 15 minutes and I can probably find
12 a way around it somewhere. I just don't know if that's
13 going to work.

14 CHAIRMAN CORY: You're too sneaky.

15 (Laughter,)

16 ACTING COMMISSIONER ACKERMAN: I don't know if
17 that's really manageable. If we are starting from scratch,
18 maybe, but we are grandfathering in existing members.

19 EXECUTIVE OFFICER NORTHROP: I think
20 Doug Bombard's --

21 MR. TAYLOR: Well, why don't we leave this for
22 a telephone contact to each of the staff members.

23 EXECUTIVE OFFICER NORTHROP: Doug's got a solution
24 I think.

25 ACTING COMMISSIONER MORGAN: The thing that bothers

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1 me is a public access Mr. Northrop -- as a public entity,
2 I just don't feel that I can continue to support --

3 ACTING COMMISSIONER ACKERMAN: Susie, the only
4 reason I really even offered that is because, again, those
5 moorings over there are vacant. As Doug said, there's
6 only probably three or four days out of the year where you
7 can't get a mooring anywhere around the Island. I don't
8 call that denying public access. They can be used all the
9 time. If those were permanent moorings for boats, 365 days
10 a year, that would be different. But they are not. Those
11 are available.

12 We are not talking about Marina del Rey or the
13 Long Beach Marina and that. That's different.

14 So, that's why I feel that way.

15 CHAIRMAN CORY: Doug, you had some suggestions
16 on transferability earlier, as I recall. Would you repeat
17 those?

18 MR. BOMBARD: I wasn't listening to your conver-
19 sation. Were you talking about the private moorings,
20 transferring?

21 ACTING COMMISSIONER MORGAN: Yes.

22 MR. BOMBARD: Well, my suggestion was that instead
23 of using a bill of sale, you could make up a document that
24 would be approved by the staff and it would have the type
25 of wording on it that you use in your income tax, that the

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1 foregoing is true and correct under the penalty of
2 perjury, and so on and so forth.

3 And then the State would figure out what percent
4 that they wanted the purchase price, and that would give
5 you another source of income on the sale of these moorings.

6 CHAIRMAN CORY: Transferability with a percentage,
7 and we would have some enforcement mechanism.

8 MR. TAYLOR: There is one other problem with
9 transferability that you haven't talked about. These
10 people have paid for the improvements. Many of these
11 people -- he has two classes. He has one where he gives
12 leases to people where he has constructed the improvements.
13 The other one is if the people were out there and were
14 grandfathered --

15 ASSISTANT EXECUTIVE OFFICER TROUT: That's taking
16 care of your grandfathers.

17 MR. BOMBARD: These people have all owned their
18 moorings. Not necessarily the present people, but the
19 moorings date back prior to 1961. Some of them date back
20 into the twenties and thirties.

21 CHAIRMAN CORY: Transferability that we are talk-
22 ing about are those cases where some private person puts
23 the hardware in place, as I understand it.

24 MR. BOMBARD: Yes, or the mooring service that
25 was prior to Catalina Mooring Service, which was called

1 the Isthmus Mooring Service, installed them and sold the
2 gear to the individuals.

3 ACTING COMMISSIONER ACKERMAN: In other words,
4 you still have a buoy, some chain, line, and other things
5 that someone owns. The price of that, if you were to go out
6 and buy it, would be \$1500, \$1800, \$2,000. The real price
7 is whatever the bid demand will bring for it, which is the
8 last problem.

9 MR. BOMBARD: That's approximately 303 moorings.
10 It's exactly 303 moorings. And they were the moorings that
11 were installed, as I say, prior to 1961, so they are in the
12 more desirable locations.

13 The price of these moorings varies because of
14 the desirability of the location. There's a few moorings
15 on the east side of the Isthmus that go in the \$10,000 to
16 \$12,000 range if they sell. The moorings on the west side
17 of the Isthmus go for \$40,000. But it's the desirability
18 of the location.

19 ACTING COMMISSIONER MORGAN: Dave, I can't agree
20 on this one.

21 ACTING COMMISSIONER ACKERMAN: I go along with
22 Doug's concept of the percentage, transfer plus a percentage.

23 CHAIRMAN CORY: What percentage?

24 ACTING COMMISSIONER ACKERMAN: Fifty and come down.

25 CHAIRMAN CORY: You want to prohibit it and you

1 want 50?

2 ACTING COMMISSIONER ACKERMAN: I just threw
3 that out.

4 CHAIRMAN CORY: I have trouble dealing with the
5 concept of the enforcibility of the nontransfer concept.
6 I don't know how you can mechanically handle that. If staff
7 has a concept of enforcement, I'd like to hear it, because,
8 if not, I'm going to vote for a transfer fee and probably
9 50 percent.

10 ACTING COMMISSIONER MORGAN: But how would you
11 collect the transfer fee?

12 MR. HIGHT: The lessee.

13 MR. TAYLOR: When they registered. It would be
14 up to the lessee.

15 CHAIRMAN CORY: There are still going to be
16 problems, but at least you have got a mechanism.

17 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, staff
18 has discussed this in two sessions and we suggest maybe that
19 if the ownership makeup changes more than 50 percent of the
20 boat, then in that case, like anything else, half of it
21 belongs, or the better half of it belongs to somebody else.

22 CHAIRMAN CORY: The boat or the mooring?

23 EXECUTIVE OFFICER NORTHROP: Fifty percent
24 ownership of the boat changes, that it would no longer be
25 one and it would be the same as selling the boat.

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1 CHAIRMAN CORY: They are different concepts.
2 There is the ownership in a mooring and the ownership of
3 the boat.

4 MR. TAYLOR: Let me go back. I have injected
5 some confusion in here.

6 Your understanding, or your previous statement,
7 was, that everyone is going to pay the same rate. Now, is
8 that correct, or is it going to be a tiered rent? If
9 everyone's going to pay the same rate --

10 CHAIRMAN CORY: That's up to the bidders when
11 they come in with their schedules.

12 ACTING COMMISSIONER ACKERMAN: Rent is usually
13 based upon the size of the bid.

14 MR. TAYLOR: No. The problem is, are you going
15 to recognize the prior improvements of the other people?
16 If the answer to that is no, then that puts the people all
17 on equality. All of them, then, are lessees and the person
18 at the end of the lease who owns the equipment has the
19 right to take it out or make some arrangements with a new
20 master lessee for picking up the cost of those improvements.

21 Then all people after this are going to be
22 treated as sublessees, no Class I and Class II, Class I
23 being those that own their improvements, and Class II being
24 those who don't.

25 CHAIRMAN CORY: But that's something that the

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1 prospective bidders would have to put in the bid schedule.

2 MR. TAYLOR: Well, that's not really the question
3 because it makes a difference in how you tier out the rest
4 of this. If everyone is on an equality basis back at
5 that part, then you have a different situation when it comes
6 down to that. Do I make myself clear?

7 ACTING COMMISSIONER MORGAN: No.

8 MR. TAYLOR: I'm sorry.

9 CHAIRMAN CORY: It seems to me, the way we have
10 structured it thus far, is that each bidder will submit
11 a fee schedule and he will deal with that as he deems fit
12 in terms of what those fees should be. If he wants to
13 charge everybody the same whether they have got their own
14 hardware or not, that's one of the things we will be dealing
15 with when the bids come in.

16 ACTING COMMISSIONER ACKERMAN: What interest
17 does a prospective bidder have in the State's relationship
18 in taking a percentage of the transfer fee?

19 CHAIRMAN CORY: Probably none.

20 ACTING COMMISSIONER ACKERMAN: None. So why would
21 that be a consideration in his proposal?

22 MR. HIGHT: If he had a percentage of the take,
23 then he might be interested in it.

24 MR. TAYLOR: Well, you are going to say that after
25 300 bids they are transferable and as to the 300 bids, they

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1 are not transferable first on the list. That's the way Bombard
2 runs it at this present time.

3 Is that what we're talking about?

4 We are talking about the whole thing that every
5 spot has a lease and is transferable. Once it goes out
6 from the master lessee, everyone has a right to transfer.

7 ACTING COMMISSIONER ACKERMAN: It's their lease.

8 ASSISTANT EXECUTIVE OFFICER TROUT: Well, we
9 may be trying to give birth to a whale here because at the
10 end of December, under the lease, everybody has to get
11 their equipment off of the State's land within 90 days, and
12 that includes the people --

13 ACTING COMMISSIONER ACKERMAN: Technically.

14 ASSISTANT EXECUTIVE OFFICER TROUT: What?

15 ACTING COMMISSIONER ACKERMAN: Technically.

16 ASSISTANT EXECUTIVE OFFICER TROUT: Legally,
17 under the terms of the current lease, on those, they have
18 to get everything off the land within 90 days. That's the
19 way it reads right now.

20 ACTING COMMISSIONER ACKERMAN: Right.

21 ASSISTANT EXECUTIVE OFFICER TROUT: Therefore,
22 the new lessee in really coming in, if he either buys or
23 installs all of the moorings, there is really nothing to
24 transfer. All there are are subleases which are being
25 grandfathered into the current owners and lessees.

1 So, perhaps we don't even need a transferability
2 provision because we are saying that you can't transfer
3 your sublease. Now, that's what we are really getting down
4 to, not to the ownership of the mooring, any longer, but
5 whether or not you can transfer a sublease on down, without
6 going back to a priority list of bidders by cove and lake.

7 That's the area we are focusing in on, because
8 the guy can take his \$1800 worth of chain and go back to
9 Newport or whatever, after the 30th of December. Or he
10 could sell it to the new lessee.

11 So, really, we are focusing just on the subleases
12 that the new lessee will enter into, and whether or not
13 you are going to permit those to be transferred from
14 father to son, from aunt to uncle, from friend to friend
15 for value or not, or whether you are going to force them to
16 go back to a priority list.

17 ACTING COMMISSIONER MORGAN: And I think they
18 should go back to a priority list.

19 ASSISTANT EXECUTIVE OFFICER TROUT: But if you
20 allow the subleases to be transferred on a year-to-year
21 basis, if you allowed them to be transferred, the easiest
22 way is to require the certification that Doug talked about
23 and require the lessees to collect a portion of that upon
24 assignment of the sublease and include it directly to the
25 State without taking a percentage.

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1 ACTING COMMISSIONER MORGAN: And I guess the
2 only reason this is important, since we are talking about
3 bidding, is a bidder would have to determine how they would
4 manage the provisions that we set forth, and that would be
5 a consideration in their proposal and their costs.

6 CHAIRMAN CORY: Or if we don't address ourselves
7 to it, the bidder could think that that is a profit center
8 for him. If we don't specify a priority system or a
9 transfer mechanism, the bidder could say, "Well, that's
10 how I can come out on this deal. I am going to make it up
11 on the transfers."

12 So, you have got to address yourselves to it.

13 ACTING COMMISSIONER ACKERMAN: How does Avalon
14 do it?

15 ASSISTANT EXECUTIVE OFFICER TROUT: Avalon
16 allows the transfer of moorings and collects a transfer
17 fee, and Betty may know what the transfer fee is.

18 MS. LOUIE: I believe it's \$200 or \$400 per
19 transfer fee.

20 ACTING COMMISSIONER ACKERMAN: Does anyone know
21 how much the last mooring in Avalon Bay sold for?

22 ASSISTANT EXECUTIVE OFFICER TROUT: The problem
23 with an answer to that is that you have got to know where it
24 is in the cove and in the bay and how big of a mooring it
25 was, because it is size relevant.

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1 MR. DeBOARD: It's a \$1250 transfer fee no
2 matter what the size is.

3 CHAIRMAN CORY: \$1200?

4 We wanted to do transfer fees. It's about dinner-
5 time.

6 ACTING COMMISSIONER ACKERMAN: The only reason
7 this came up originally in our discussion way back was that
8 we didn't feel it was appropriate for people who were leasing
9 State lands to sell that lease without any approval or
10 any involvement with the State.

11 It's like me buying and selling a lease for a
12 camping space in a State park. You can't do that, or
13 shouldn't be able to.

14 CHAIRMAN CORY: What is your position?

15 ACTING COMMISSIONER MORGAN: Even if you
16 trespassed and put your fire grate there, you shouldn't
17 be allowed to.

18 CHAIRMAN CORY: Good job.

19 Somebody give me a proposal.

20 ACTING COMMISSIONER ACKERMAN: Do you want to
21 throw one out and see if one of us can buy it?

22 What if we just mirror what they do in Avalon?

23 MR. TAYLOR: There's Alamitos Bay, which has a
24 list and no transfers. When you look at either one, you
25 might want to have staff give you a presentation.

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1 CHAIRMAN CORY: We have done that, and all it
2 did was confuse the issue. It's time to make a decision.

3 ACTING COMMISSIONER ACKERMAN: I propose we
4 do what is done in Avalon.

5 ASSISTANT EXECUTIVE OFFICER TROUT: In other
6 words, the lease will allow the transferability of subleases
7 and require the lessee to collect a \$1250 transfer fee and
8 pay it to the State without deduction.

9 ACTING COMMISSIONER ACKERMAN: Yes. I just
10 float that one out to see if there is votes for it.

11 At least we have a comparable situation on the
12 Island already.

13 ACTING COMMISSIONER MORGAN: That guarantees that
14 we will never use the waiting list, is that right?

15 MR. TAYLOR: No, if someone decides not to pay
16 the \$1250, then it goes to the waiting list.

17 ACTING COMMISSIONER MORGAN: That guarantees
18 that we will never use the waiting list, I think, from a
19 practical point of view. That's what it means.

20 CHAIRMAN CORY: You would have the fee, the
21 transfer fee, in excess of the market value.

22 ACTING COMMISSIONER ACKERMAN: Like again, we
23 have got a guarantee that a prospective bidder in here
24 doesn't see this as a gold mine for themselves and get in
25 on this. We have a duty to guard the boaters against that,

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1 too.

2 ACTING COMMISSIONER MORGAN: Right. But the way
3 it has been stated, it says the sublease, and that means
4 every mooring could be transferred.

5 ASSISTANT EXECUTIVE OFFICER TROUT: Staff has
6 serious reservations as to whether the Avalon fee is
7 reasonable in view of the value of the transfer.

8 CHAIRMAN CORY: What do you mean by reasonable,
9 too high or too low?

10 ASSISTANT EXECUTIVE OFFICER TROUT: Too low.

11 ACTING COMMISSIONER MORGAN: It seems to me
12 that if a person is not going to use the lease, they should
13 revert to the leaseholder and the next person on the waiting
14 list should be given an opportunity to take that lease or
15 turn it down.

16 What I thought we were talking about was to allow
17 the person who owns the mooring the ability to sell that
18 mooring in the spot on public land where it is, but if we
19 are talking about the first, then we are guaranteeing, I think,
20 that the 700 people who are there with their moorings
21 which are currently used, will never turn over. They will
22 just keep being transferred without any supervision.

23 ACTING COMMISSIONER ACKERMAN: Under the current
24 arrangements, do leased moorings sell?

25 MR. TAYLOR: No.

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1 CHAIRMAN CORY: Those are the ones that the
2 waiting list rotates off of.

3 ACTING COMMISSIONER ACKERMAN: I think any
4 transferability should be concerned only with the owned
5 moorings.

6 ASSISTANT EXECUTIVE OFFICER TROUT: Again,
7 I want to point out, that the owned moorings go away on
8 December 30th, and the new lessee will own all of the moorings,
9 all 700-plus moorings, starting with the new operation.

10 The idea is that all of the -- the current owner
11 either takes his moorings out or sells them to the new
12 lessee, one or the other.

13 So the problem is with transferring the subleases
14 not only moorings, any longer.

15 ACTING COMMISSIONER MORGAN: That requires an
16 EIR?

17 ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Taylor
18 said no.

19 ACTING COMMISSIONER MORGAN: So we have 300
20 moorings that are going to be ripped out?

21 ASSISTANT EXECUTIVE OFFICER TROUT: That would be
22 a replacement, because the lease would be --

23 MR. TAYLOR: Repair or replacement.

24 ASSISTANT EXECUTIVE OFFICER TROUT: They would
25 have to be replaced and placed.

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1 ACTING COMMISSIONER ACKERMAN: No one's going to
2 rip out any moorings out there. It's not going to happen.
3 Let's deal with reality.

4 ACTING COMMISSIONER MORGAN: Okay. So you are
5 talking about subleases, transferability of subleases?

6 ASSISTANT EXECUTIVE OFFICER TROUT: Yes.

7 ACTING COMMISSIONER MORGAN: And you are talking
8 about all of them, not just those from the owned moorings?

9 ASSISTANT EXECUTIVE OFFICER TROUT: That's what
10 we are talking about.

11 ACTING COMMISSIONER MORGAN: That's ridiculous.
12 It does sound a little ridiculous, doesn't it?

13 That is unbelievable to me.

14 ACTING COMMISSIONER ACKERMAN: Maybe as long
15 as the grandfathering takes into account all owners
16 of the lease, if you are in full ownership and all that,
17 maybe we could prohibit.

18 ACTING COMMISSIONER MORGAN: What do you want to
19 do?

20 CHAIRMAN CORY: Draft the prohibition of
21 transferability.

22 ACTING COMMISSIONER MORGAN: Maybe when we see
23 it in writing we can react to it better.

24 CHAIRMAN CORY: How soon could you have this
25 ready?

1 ASSISTANT EXECUTIVE OFFICER TROUT: Monday
2 morning.

3 EXECUTIVE OFFICER NORTHROP: This is Friday night.

4 MR. TAYLOR: It will have to be Tuesday morning.
5 It's going to take us all day.

6 CHAIRMAN CORY: Are the two of you available
7 on Tuesday?

8 ACTING COMMISSIONER MORGAN: I don't have any
9 idea.

10 ACTING COMMISSIONER ACKERMAN: Yes.

11 CHAIRMAN CORY: Can you check?

12 Because we have made enough variables that I
13 think we ought to look at the camel in print.

14 EXECUTIVE OFFICER NORTHROP: This one item?

15 CHAIRMAN CORY: The whole thing.

16 EXECUTIVE OFFICER NORTHROP: Give us till
17 Tuesday, will you please?

18 ASSISTANT EXECUTIVE OFFICER TROUT: The staff
19 recommended nontransferability, and I think the language
20 is already in it. Jane, if you will read it, maybe we
21 can solve the problem?

22 CHAIRMAN CORY: No. I'm talking about the whole
23 camel.

24 We are sitting here and, in essence, drafting
25 something, and it seems to me that we can come back in here

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1 in a work session and see what the whole thing looks like
2 and see if we have covered it so we know what it is and
3 what it looks like.

4 MR. TAYLOR: It will have to be Tuesday.

5 ASSISTANT EXECUTIVE OFFICER TROUT: Well, the
6 Commission is approving these items in terms of the proposal,
7 and the Commission would like to look at the actual
8 wording in the bid package that implements these procedural
9 policies you have now made?

10 CHAIRMAN CORY: We will recess this meeting
11 until Tuesday.

12 MR. TAYLOR: What was your schedule for Tuesday?

13 EXECUTIVE OFFICER NORTHROP: Can we set it for
14 10:00 o'clock on Tuesday, Mr. Chairman?

15 CHAIRMAN CORY: Well, I'm not sure whether or
16 not she has got something to do. You want to do it at
17 noon, Tuesday?

18 ACTING COMMISSIONER MORGAN: That's the safest
19 thing.

20 CHAIRMAN CORY: Twelve o'clock on Tuesday.

21 EXECUTIVE OFFICER NORTHROP: Fine. That's fine.

22 CHAIRMAN CORY: Well, we will recess the meeting
23 to a place certain that the staff will have Monday, wherever
24 you find us a room. It will be here in Sacramento, either
25 here or at the Capitol.

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1 EXECUTIVE OFFICER NORTHROP: It will probably
2 be at the Capitol, and Diane will work on the room.

3 CHAIRMAN CORY: We ought to look at it as a whole.
4 We have drafted a proposal, and I think it ought to come
5 back to us so that we know what we are doing.

6 ASSISTANT EXECUTIVE OFFICER TROUT: Let me
7 suggest, perhaps, that we say that it will be in the
8 Department of Finance Conference Room, and then, if it's
9 not in that room, we can post a notice as to where it is
10 at that time.

11 MR. TAYLOR: If we can't get that room, the
12 notice will be posted on the main door at the Department
13 of Finance.

14 ACTING COMMISSIONER MORGAN: That is fine.

15 EXECUTIVE OFFICER NORTHROP: If it is not there.

16 CHAIRMAN CORY: Okay. Are there any option points
17 in the proposal to be laid out?

18 ACTING COMMISSIONER MORGAN: How are we going
19 to deal with what comes back?

20 ASSISTANT EXECUTIVE OFFICER TROUT: Let me
21 ask staff that has lived with this for four or five months
22 now if they have any questions or if there are any unresolved
23 issues that you want to get direction from the Commission
24 on?

25 MS. LOUIE: I don't think so.

1 MS. MOCHON: No.

2 MR. TAYLOR: It is my understanding that today
3 you're asking the staff to bring you back a proposal, you
4 will look at the proposal, and then at that time you will
5 determine what way you are going to go, whether you will
6 accept that proposal or go back and talk about anything
7 else.

8 CHAIRMAN CORY: I want to have some flexibility
9 at that time to make the technical changes to accomplish
10 basically what the consensus, the varying degrees of
11 consensus, has been here.

12 ACTING COMMISSIONER MORGAN: Do we need to get
13 together to do that, or --

14 MR. TAYLOR: I think it would be better to do
15 that in a meeting.

16 ACTING COMMISSIONER MORGAN: In a meeting.

17 Okay. Then we will have something before the
18 meeting to look at?

19 CHAIRMAN CORY: What I am wondering about, is
20 when something is done in writing, it looks different
21 than if it is not. We need to have the ability to
22 change it to make it correct without going through the
23 whole thing.

24 EXECUTIVE OFFICER NORTHROP: All right.

25 CHAIRMAN CORY: We will recess this meeting

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1 to Tuesday.

2 ACTING COMMISSIONER ACKERMAN: One last thing.
3 A lot of comment was directed to the Commission this time
4 for holding its meeting in Sacramento necessitating
5 considerable expense and numerous people to come up here.
6 Apparently the way, either intentionally or unintentionally,
7 that we have set things up, possibly a more concerned
8 audience would be at our next meeting when we actually
9 have proposals before us.

10 MS. SCHUSTER: You were supposed to have them
11 today.

12 ACTING COMMISSIONER ACKERMAN: Pardon?

13 MS. SCHUSTER: You were supposed to have them
14 today.

15 ACTING COMMISSIONER ACKERMAN: No, we weren't.
16 Since this was a public hearing, we didn't have
17 proposals before us today from the other parties.

18 MS. SCHUSTER: That's their fault.

19 CHAIRMAN CORY: I don't think we need to get
20 into that. Do you have any final comments you wish to make?

21 ACTING COMMISSIONER ACKERMAN: My final
22 comment is that I think at the next meeting we will have
23 all the proposals laid out with all the specifics, and it
24 should be held in Los Angeles.

25 (Applause.)

1 CHAIRMAN CORY: It's just not -- I don't think
2 it's possible to get there.

3 ACTING COMMISSIONER ACKERMAN: This would be
4 in December?

5 CHAIRMAN CORY: Oh.

6 ACTING COMMISSIONER ACKERMAN: No, I mean not
7 the one on Tuesday. I mean the one where we float it out
8 with the staff analysis and we have the actual proposals
9 before us on the management of the Island.

10 CHAIRMAN CORY: We will ask the staff to try
11 to come in with recommendations and dates and times and
12 whether or not that's feasible, and try to accommodate
13 that.

14 EXECUTIVE OFFICER NORTHROP: We have pretty much
15 bracketed the day because of holidays and the other problems.

16 CHAIRMAN CORY: We will deal with that on Tuesday.
17 Okay?

18 EXECUTIVE OFFICER NORTHROP: Yes.

19 CHAIRMAN CORY: I hear what you are saying.

20 Piece it together. Is there any other items?

21 Has the staff got any other variables?

22 Okay. We will recess this meeting and we have
23 an Executive Session on a matter of litigation.

24 (Thereupon the October 30th meeting
25 of the State Lands Commission was

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adjourned at 5:55 p.m.)

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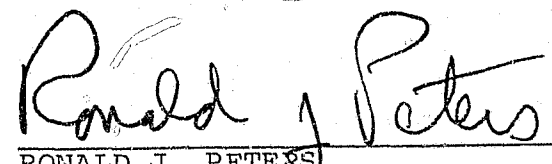
CERTIFICATE OF SHORTHAND REPORTER

I, RONALD J. PETERS, Certified Shorthand Reporter of the State of California, do hereby certify:

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of NOVEMBER, 1981.



RONALD J. PETERS
Certified Shorthand Reporter
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