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MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

THURSDAY, JUNE 23, 1983
10:50 A.M.

ORIGINAL

Cathleen Slocum, C.S.R.
License No. 2822

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MEMBERS PRESENT

Kenneth Cory, State Controller, Chairperson
Leo T. McCarthy, Lt. Governor, Commissioner

MEMBERS ABSENT

Michael Franchetti, Director of Finance, Commissioner

STAFF PRESENT

Claire Dedrick, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight
Don J. Everitts
Lance Kiley
Jane Smith, Secretary

ALSO PRESENT

N. Gregory Taylor, Deputy Attorney General

I N D E X

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Page

Proceedings 9

Consent Calendar 1

Regular Calendar:

Confirmation of Minutes of Meeting of 5/31/83 3

Report of the Executive Officer 3

C2(f) - Trinidad Homeowners Association 3

C12 - Sadie Ashley and Mary Ashley dba The Spot Resort - 20-year general lease-commercial use 5

James A. Gualco, representing the Applicant 6

James Lewis, representing adjacent landowners 7

Harold Skelton 8

Herman Weber 11

Blake Stevenson 17

Commission action 19

C16 and 17 - Approval of amendment to general lease-Chevron and L.A. County Flood Control District 19

Norman Geroy, El Segundo Refinery 20

Hilman Walker, Chevron Land Department 20

Commission action 21

31 - Land donation by PPG at Owens Dry Lake 21

32 - Lease between City of Monterey and Cannery Row 21

33(2) - Mr. and Mrs. Perrine 22

34 - Bid opening on patented State school lands in Ventura County 23

35 - Authorization for Chevron to enter into a unit agreement 24

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36 - Marathon Petroleum Company 24

37 - Soil boring program State Leases PRC-308, 309, 3120 and 3242 24

38 - Sale of crude oil, Tract 2, Wilmington 25

39 - Approval of second modification of '83-'84 Plan of Development 25

40 - Approve estimated subsidence costs for subsidence vertical and horizontal measurements and studies in Long Beach Harbor, Los Angeles County, during '83-'84 26

41 - File disclaimer as to compensation on behalf of 19.1 acres and USA suing one another 27

43 - Ideal Basic Industries and Bell Marine Company 28

44 - Authorize staff to enter into a reimbursable contract to study natural high water line in Ballona Lagoon, City of Los Angeles 28

Adjournment 28

Certificate of Reporter 29

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PROCEEDINGS

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CHAIRPERSON CORY: We'll call the meeting to order. My apologies for the delays this morning, but there were some other items that were concerning some litigation that had to be dealt with. The Director of Finance will be here or his deputy as time of the budget process and negotiations permit.

The budget is somewhat important to get out and the time is getting short. So it has taken priority at this point on a lot of our things.

Does the staff have? I understand there are some of the items coming off the Consent Calendar.

EXECUTIVE OFFICER DEDRICK: Yes, indeed. Quite a few.

SECRETARY SMITH: He has a list.

CHAIRPERSON CORY: The Consent Calendar for those in the audience are those items which have the preface "C" before the agenda number and there have been questions raised about some of these items. So they are being removed from the Consent Calendar and they will be taken up after we get done with the Consent Calendar.

The first item C2(f) is off the Consent Calendar to the regular calendar. Item C2(m) is off calendar in its entirety. Item C4 is off calendar in its entirety.

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1 Item C12 is off the Consent Calendar, moved to the regular
2 calendar and will be taken up subsequently. C16 is off
3 the Consent Calendar to the regular calendar to be taken
4 up

5 MR. TROUP: Along with C17, Mr. Chairman. They
6 need to move together.

7 CHAIRPERSON CORY: And C17. All right. Amendments
8 to the amendment.

9 Item C17 is off the Consent Calendar, moved to
10 the regular agenda. C23 is off calendar in its entirety
11 and will not be taken up.

12 EXECUTIVE OFFICER DEDRICK: And regular items --

13 CHAIRPERSON CORY: Item 31 which is a regular
14 calendar item, subitem (1) and (3) through (8) are off
15 calendar. We will only take up subitem (2) of Item 31
16 and 42 is off calendar.

17 EXECUTIVE OFFICER DEDRICK: And Item 30.

18 CHAIRPERSON CORY: Item 30 is off calendar?

19 EXECUTIVE OFFICER DEDRICK: Correct.

20 CHAIRPERSON CORY: People who are here for those
21 items, they will not be taken up.

22 So what we have before us is the amended Consent
23 Calendar item. If there is anybody who has any objection
24 to the proposed staff recommendations of those remaining
25 Consent Calendar items, if they'd please indicate their

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1 concern with that now and we will remove those items from
2 the Consent Calendar. Is there anybody in the audience
3 that is concerned about any of those remaining Consent
4 Calendar items?

5 Without objection, then, Mr. McCarthy, we will
6 adopt the Consent Calendar. All of those staff recommendations
7 are approved as presented and we will then start proceeding
8 through the regular calendar.

9 The first item is the confirmation of the
10 minutes of May 31st.

11 Without objection, those minutes will be confirmed.
12 The Executive Officer's Report.

13 EXECUTIVE OFFICER DEDRICK: Very briefly. On
14 April 28th, the Commission authorized the University of
15 California to set some research buoys in Lake Tahoe. They've
16 asked to relocate those and I've given them that permission.

17 CHAIRPERSON CORY: Any concern about that?
18 Questions from Commissioners?

19 Okay. Thank you.

20 The next item is Item (2(f)), Trinidad Island
21 Homeowners Association.

22 Anybody fill us in on this?

23 MR. TROUT: Mr. Chairman, this is for 60 slips
24 in the Huntington Harbor area. The total rent would be
25 \$1412 or roughly be \$126 per slip per year. We understand

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1 that someone representing Trinidad may be here.

2 CHAIRPERSON CORY: Is there a representative
3 of Trinidad here in the audience?

4 EXECUTIVE OFFICER DEDRICK: No.

5 CHAIRPERSON CORY: Okay.

6 MR. TROUT: And staff recommends you adopt the
7 calendar item.

8 CHAIRPERSON CORY: They had expressed some
9 concern that they were being asked to pay too much money;
10 is that the problem?

11 MR. TROUT: Yes, Sir.

12 The rental that's being proposed would come out
13 to \$126 per slip per year. The going market rate in marinas
14 that general area is from \$4 to \$7.50 a foot per month.
15 So we're talking about something in the neighborhood of
16 \$2,000 versus \$126. Now, the difference between them is

17 CHAIRPERSON CORY: You have some justification
18 for this gift of public funds?

19 MR. TROUT: The difference is that the State
20 does not put in the capital improvements. We're just renting
21 land.

22 CHAIRPERSON CORY: So you've discounted it. Our
23 increment is for the property and you believe it is fair
24 market value?

25 MR. TROUT: Yes, sir, it is.

1 COMMISSIONER McCARTHY: That sounds okay to me.

2 CHAIRPERSON CORY: All right. Without objection,
3 Item C2(f) will be approved as presented.

4 The next item is C12.

5 Sadie Ashley and Mary Ashley dba The Spot Resort,
6 approval of 20-year general lease-commercial use.

7 Can we get a quick rundown from the staff on
8 what's before us?

9 MR. KILEY: Mr. Chairman, this is a proposed
10 lease of this parcel -- Let's put it right side up here --
11 with the parcel on the waterward side of the boundary line
12 agreement 198 between us and Mr. Weber here. The Commission
13 would be leasing only the parcel that's on the waterward
14 side of this angular line here and the dock area which
15 is presently used for parking of recreational vehicle
16 type things and this mobile home here.

17 The applicant and Mr. Weber have presented some
18 petitions and some letters here which I'd like to put into
19 the record on their behalf:

20 CHAIRPERSON CORY: Okay.

21 MR. KILEY: I understand there is some opposition
22 to this item.

23 CHAIRPERSON CORY: Okay. Terms of the lease,
24 \$2,796/80 annually with five-year rent review?

25 MR. KILEY: Correct.

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CHAIRPERSON CORY: Is there Mr. Gualco?

MR. GUALCO: I represent the applicant.

CHAIRPERSON CORY: Is there anything you'd like to tell us about? You're happy with the proposal and you're prepared to sign the lease?

MR. GUALCO: We're very happy with it. We're prepared to sign the lease. We've paid the rent assessed to date. We've posted the bond. We've obtained the required insurance. We have a petition from almost 100 percent of the neighbors along the river there asking that the Commission approve the lease. We have 17 letters from people in the vicinity attesting to the applicant's high moral character, integrity, compassion, respectability. She's developed this resort herself from the ground up on landfill. We're asking that the Commission approve the lease.

CHAIRPERSON CORY: Do you have any?

COMMISSIONER McCARTHY: I'm just trying to understand the mail. Are your letters of support from the neighbors in the area in here? You submitted them for the record?

MR. GUALCO: Yes, we did.

COMMISSIONER McCARTHY: So it's part of this?

MR. GUALCO: Right. We have letters from competitors of Sadie Ashley,

1 patrons of The Spot, civil leaders of Rio Vista, the police
2 department in Rio Vista, her friends, bankers in the area,
3 businessmen, tenants, local farmers that use the place as
4 a gathering spot.

5 CHAIRPERSON CORY: Satisfied customers?

6 MR. GUALCO: Right, very satisfied customers.

7 COMMISSIONER McCARTHY: And the only other use
8 was that it be turned over to the State Parks Department
9 for development and use. That's what one letter said.

10 MR. KILEY: I don't know anything about that
11 proposal.

12 EXECUTIVE OFFICER DEDRICK: That proposal has
13 never been made from the --

14 COMMISSIONER McCARTHY: So it's contained within
15 this letter but not submitted to anyone before?

16 EXECUTIVE OFFICER DEDRICK: As far as we know
17 we haven't seen anything like that.

18 COMMISSIONER McCARTHY: Thank you, sir.

19 CHAIRPERSON CORY: Thank you, Mr. Gualco.

20 We have a Mr. Lewis.

21 MR. LEWIS: Yes. I'm here representing the
22 adjacent landowners, your Honor, and I would just withdraw
23 at this time. I don't have anything to add to what Mr.
24 Gualco said. We're in favor of the lease.

25 CHAIRPERSON CORY: Mr. Harold Skelton.

1 MR. SKELTON: Here.

2 CHAIRPERSON CORY: Would you like to comment on
3 this item?

4 Come on up and identify yourself and tell us --
5 MR. SKELTON: Harold Skelton. My brother-in-

6 law is Mr. Weber.

7 CHAIRPERSON CORY: Okay. You wish to make a
8 presentation?

9 MR. SKELTON: Yes.

10 CHAIRPERSON CORY: Sit down and tell us what you
11 have to tell us.

12 MR. SKELTON: Well, under the circumstances, the
13 litigation that's going on, the way she obtained the
14 property next door, and also you've got the letters there
15 that was written. I don't think this should be decided
16 on at this time until it's established who owns the property
17 that she's now on. According to the State and to the
18 surveyors, it belongs to Mr. Weber.

19 MR. KILEY: Mr. Chairman, the litigation involves
20 this parcel here behind the boundary line agreement which
21 is shown as belonging to Mr. Weber. We don't dispute his
22 ownership of that property and any action you take today
23 won't involve title to that property in any way, shape or
24 form. The action we're asking you to take involves only
25 the part that the State admittedly owns with respect to

1 Mr. Weber.

2 CHAIRPERSON CORY: Admittedly by whom?

3 MR. KILEY: By Mr. Weber.

4 Mr. Weber is a signatory to the boundary line
5 agreement here.

6 MR. SKELTON: The only other thing I can say about
7 it, this here property is so small that if she has to conform
8 to the same permit that we had to, it's not large enough
9 to do anything with because her sewer, well and everything,
10 is on Mr. Weber's property and if he, in fact, gets his
11 property back, she's not going to have a well, sewer or
12 nothing else on that piece of property.

13 CHAIRPERSON CORY: Let me ask the staff. Do not
14 we require those are conditions of the lease and if somebody
15 doesn't have adequate sewage, water and those sorts of things,
16 then their lease isn't much good?

17 MR. KILEY: That's correct. Her lease will be
18 conditional upon her having the correct permits to operate
19 the type of business that she has.

20 CHAIRPERSON CORY: Mr. Gualco, do you and your
21 client understand? There seems to be some dispute between
22 your client and someone else that we're not involved with.

23 MR. GUALCO: There is a misunderstanding. There
24 is a septic tank on this State property. There are leach
25 lines and a well can easily be put in there and we are

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1 operating with all the proper county permits.

2 CHAIRPERSON CORY: But if you do not have those
3 permits, you understand that what we are offering you is
4 nothing?

5 MR. GUALCO: But we have them all, so there's
6 no problem.

7 CHAIRPERSON CORY: I just wanted to get that into
8 the record so everybody understands.

9 MR. SKELTON: Well, at this time, according to
10 all the records we've been able to dig up, there is no
11 well on that property. I know there's no well on that
12 property and there's no leach lines. Her sewer line runs
13 across the driveway. Mr. Weber's property line is right
14 in the middle of that driveway. That sewer comes across
15 onto his property.

16 CHAIRPERSON CORY: That is --

17 MR. SKELTON: That's basically all I've got to
18 say.

19 CHAIRPERSON CORY: That's a problem that your
20 litigation or your brother-in-law's litigation will resolve
21 as to what those facts are.

22 MR. SKELTON: That's the reason I say it should
23 be held off until we see what's going to happen.

24 CHAIRPERSON CORY: What we're thinking about in
25 our standard lease form makes it conditional upon people

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1 having adequate sewage treatment, permits to make sure they
2 aren't fouling the water and if for some reason you win
3 that lawsuit and they don't have that --

4 MR. SKELTON: We spent the last three weeks
5 looking for permits for that leach line for her trailer,
6 which we can't even find. No permits at all. The only
7 permit we could find is a use permit and a permit for the
8 well. That's all.

9 CHAIRPERSON CORY: Okay. Mr. Weber.

10 MR. WEBER: I don't have much to add to this except
11 that we were told that if we could prove that she would
12 be an unfit tenant, that they would take this into
13 consideration. Okay. We have supplied you with pictures.
14 We've supplied you with police reports, accident reports,
15 and letters from neighbors and various people that know
16 what's going on in the area. If a sample of how she's going
17 to take care of the State property reflects onto my
18 property, you can look at mine that she's on now and she's
19 going to take care of the State property in the same manner
20 which is a total mess.

21 CHAIRPERSON CORY: I'm looking at counsel. Do
22 I want to ask the questions to what their dispute is over?

23 MR. HIGHT: It's irrelevant, I think, Mr. Chairman,
24 to the issue before the Commission, but --

25 CHAIRPERSON CORY: Well, it seems to be relevant,

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1 I guess, to the point that that which we're doing is
2 conditional, that I do not want to prejudice if somebody is,
3 from looking at that area, it looks like it is a combined
4 operation.

5 MR. KILEY: It is in fact a combined operation.
6 It occupies both parcels at the present time.

7 CHAIRPERSON CORY: And that if somehow the
8 litigation is resolved in favor of Mr. Weber, I do not want
9 to prejudice the State's position that we have something,
10 you know, have an airplane that isn't going to fly in trying
11 to make it work. They would still have to have after-the-
12 fact adequate permits or they could not function with that
13 lease.

14 MR. KILEY: That's correct.

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

16 CHAIRPERSON CORY: And you will check to make sure
17 that there are adequate permits before any lease, if this
18 is approved today, is executed?

19 MR. KILEY: That's correct.

20 CHAIRPERSON CORY: That everybody has full, legal,
21 proper permits?

22 MR. KILEY: That's correct.

23 CHAIRPERSON CORY: Mr. Gualco is concerned about
24 something.

25 MR. GUALCO: Yes. May I say just one more thing.

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1 Based upon Mr. Weber's complaints, all of the county
2 representatives from the County of Sacramento have been down
3 to The Spot again recently and have talked with Mrs. Ashley.
4 They can't understand what Mr. Weber is complaining about
5 because she has all of her required permits and they've all
6 been checked out within the last two weeks by the County of
7 Sacramento. So we don't know what he's talking about. The
8 leach lines are on the State property. The septic tank is
9 on the State property. A well can easily be drilled, if
10 necessary, on the State property. Mr. Weber in his boundary
11 line agreement quitclaimed any interest in this property.
12 The State vice-versa quitclaimed any interest in the property
13 that's in litigation. So the property is being very well
14 maintained. There are no complaints by any county officials
15 at all. It's just a personal animosity problem arising out
16 of the lawsuit is all it is.

17 The State Lands Commission parcel is a one-acre
18 parcel, a parcel that can be operated as a viable economic
19 unit just as well as the other one-acre parcel can be which
20 is in litigation. The problem being that the ramp going down
21 from the levee is on the State Lands Commission property and
22 that's what Mr. Weber's concern is.

23 MR. KILEY: As you can see from the aerial here,
24 the majority of the present access there appears to be on
25 the State Lands Commission parcel and we feel, the staff feels,

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1 that there probably is a good chance that some kind of an
2 economic entity, although considerably smaller, could be run
3 on the State parcel as a separate entity.

4 MR. WEBER: I'd like to have the State Lands
5 propose that we postpone this thing until after the
6 litigation on the other parcel is done.

7 CHAIRPERSON CORY: Our difficulty, not knowing who
8 is right in the dispute, would be to forego the State's
9 revenue and its option during the interim if, in fact, Miss
10 Ashley is in fact rightful owner or tenant or whatever.
11 It seems to me to be prejudging your case given that the
12 staff is ensuring me that legally we're protected. I'm sort
13 of inclined to go ahead and understanding you're going to
14 live or die based upon your litigation. That's what courts
15 are for and that's what lawsuits are about.

16 MR. WEBER: But I asked one of your representatives
17 in State Lands whether she had a permit to put her mobile
18 home on State property and they told me absolutely not.
19 Did she move it on first and then ask for permits or did she
20 get a permit and then move it on?

21 CHAIRPERSON CORY: That, Mr. Weber, unfortunately
22 given State lands and the condition of State lands throughout
23 the state, the answers to those up and down the state are
24 not totally satisfactory from my viewpoint and they may not
25 be from yours, but we need to get people under lease and

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1 take the condition that we find. Now, the staff will go
2 through the entire list of permits and make sure that all
3 permits are there and that they're being complied with. If
4 somebody doesn't comply with those permits, they'll be in
5 violation of the lease and subject to termination. As long
6 as everybody understands that, I think -- I don't know where
7 the Governor is on this -- but I think that's about as far
8 as we can go. I don't think we can preclude our option of
9 renting our property based upon your difficulties.

10 MR. WEBER: Well, at one time I was told that they
11 would only lease to adjacent landowner and I am the adjacent
12 landowner. Sadie Ashley owns no land in the vicinity at all.
13 So she can't be an adjacent landowner.

14 COMMISSIONER McCARTHY: May I just make this comment,
15 Mr. Chairman.

16 Sir, I'm always sensitive to someone's concern about
17 what they perceive as an unattractive neighbor and I get from
18 a tone of a couple of the letters a concern about the traffic
19 in and out of the place with noise. There may be, whether
20 there's any drunk drivers around, and so on.

21 Please try to appreciate that this Commission
22 doesn't make those law enforcement type judgments. That's
23 really a judgment of the county sheriff's office or the
24 local -- this is an unincorporated area we're dealing with
25 here; isn't it?

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1 MR. KILEY: That's correct.

2
3 COMMISSIONER McCARTHY: So it's the county sheriff's
4 office. Now, if there were some overwhelming case being
5 presented by the county sheriff's office, if it was a big
6 problem here, maybe that would relate in an unspoken way
7 to our judgment. Short of that and conflicting letters
8 in the file because there are a number of letters that I've
9 just read here that go exactly the opposite to what you're
10 saying, testimony given by people who say they also live
11 in the area. Looking at this through our eyes, seeing this
12 contradiction, seeing an absence of some compelling evidence,
13 how do we ever get to the point of trying to make in effect
14 a land use judgment which is really a county-local
15 government judgment. See?

16 MR. WEBER: Yes. I have one question.

17 COMMISSIONER McCARTHY: This forum is not for that
18 purpose.

19 MR. WEBER: I realize that.

20 COMMISSIONER McCARTHY: We don't want to ignore
21 in a cold way your concerns about this. We're just
22 suggesting this forum.

23 MR. WEBER: Do you have the handwritten note that
24 came from the Sheriff's Department in Sacramento County in
25 regards to The Spot? If not, I have it in my file. Would
you care to see it?

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1 COMMISSIONER McCARTHY: It's not in this group of
2 letters that I just looked at.

3 MR. WEBER: It should be there because I gave it
4 to Blake Stevenson. I have a copy of that letter in my
5 file here.

6 COMMISSIONER McCARTHY: I guess what I was trying
7 to say is if under existing law the law enforcement
8 authority there, the sheriff in this case feels that the
9 conditions are bad enough, he would exercise the authority
10 to move against what's going on. We're not in a position
11 to make a judgment.

12 MR. WEBER: Would you care to read this, sir?

13 COMMISSIONER McCARTHY: Please hand it up. I'd
14 be happy to.

15 MR. STEVENSON: Mr. Commissioner, I'm Blake
16 Stevenson. I did receive such a letter which is being
17 transmitted to you now. What it is is a police report
18 regarding a certain incident where there were fisticuffs
19 at The Spot and it is the official police report as to one
20 single incident.

21 MR. WEBER: Read the handwritten note, sir.

22 COMMISSIONER McCARTHY: That's what I read, sir.

23 MR. STEVENSON: It should be noted I think also
24 for the record that the single comment made here is not
25 made in an official capacity on behalf of the sheriff's

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1 department but by the person who transmitted this report
2 from the records.

3 MR. TROUT: We do have a copy and we'll put it
4 in the record.

5 COMMISSIONER McCARTHY: What this police report
6 says is that there was an ugly fistfight. I guess the
7 point I was trying to make most respectfully to you as a
8 property owner with important rights is that that sheriff
9 is empowered under the law to make those judgments and to
10 see whether there is a cumulative succession of acts showing
11 that something ought to be done about the permit given to
12 this entity to operate there. The Sheriff's office is the
13 one that's in a position to closely investigate and to come
14 to those conclusions, not us sitting here on the State
15 Lands Commission. That's the only point I was trying to
16 make.

17 CHAIRPERSON CORY: Is there anyone else in the
18 audience on this item?

19 Without objection --

20 COMMISSIONER McCARTHY: I just want to conclude,
21 Mr. Weber, by saying that there are a number of other
22 letters in here which perhaps you might want to look at --
23 they're part of the public record -- that come from
24 apparently neighbors and other business people in the
25 area that are strongly supportive of our allowing this

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1 action to proceed.

2 CHAIRPERSON CORY: Without objection from
3 Commissioners, since there are two of us here, we will
4 approve the lease as presented with the conditions of the
5 understanding of the staff is to enforce all of the permit
6 requirements.

7 Okay. Which item?

8 EXECUTIVE OFFICER DEDRICK: C16 and 17, Mr.
9 Chairman.

10 CHAIRPERSON CORY: C16 and 17. These are approval
11 of amendments in El Segundo for Chevron. They're wishing
12 to replace some eroded beach area. They're wanting an
13 annual rental. What is the issue here?

14 EXECUTIVE OFFICER DEDRICK: The County has
15 informed us that they wanted to speak to the issue which
16 is why we recommended it go off the Consent Calendar. Now,
17 as I understand it, the basic issue is that the County
18 wants -- is it the County?

19 MR. TROUT: [Nodding head.]

20 EXECUTIVE OFFICER DEDRICK: -- wants \$100,000
21 in annual maintenance cost from Chevron. The staff does
22 not feel that that is within the purview of the State Lands
23 Commission lease. That would be a separate agreement,
24 deal, that needs to be cut between Chevron and the County
25 independent of this lease.

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1 CHAIRPERSON CORY: Is there anyone in the
2 audience on 16 or 17 that wishes to speak?

3 MR. LEROY: Mr. Chairman, Chevron is represented.
4 We don't have a presentation unless there's questions to
5 be asked. We'd be happy to answer questions.

6 CHAIRPERSON CORY: Both of you are from Chevron?

7 MR. LEROY: Yes.

8 CHAIRPERSON CORY: Okay. Is there anybody from
9 the County who wants to explain their concern?

10 EXECUTIVE OFFICER DEDRICK: What is your name,
11 sir?

12 MR. LEROY: My name is Norman Leroy, Manager
13 of Environmental Affairs for the El Segundo Refinery, and
14 this is Hilman Walker who is in our Chevron Land Department.

15 MR. WALKER: Mr. Chairman, for the record, I'd
16 like to state that Chevron is willing to enter into such
17 an agreement with the County for the maintenance of the
18 beach, both for lifeguard and maintenance service. We
19 place the amount, after talking with Supervisor Dana's
20 office in the neighborhood of 100,000, 120,000.

21 CHAIRPERSON CORY: But that's something you were
22 going to conclude?

23 MR. WALKER: That's correct.

24 CHAIRPERSON CORY: That sounds very good and
25 the people of California appreciate your added help in

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1 our time of need.

2 MR. WALKER: All right. Thank you.

3 COMMISSIONER MCCARTHY: Another tax deduction.

4 [Laughter.]

5 CHAIRPERSON CORY: Without objection, Item 16
6 and 17 will be approved as presented.

7 Then we go to Item 31. This is acceptance of
8 a land donation by Pittsburg Plate Glass at Owens Dry Lake,
9 some upland property as I understand.

10 EXECUTIVE OFFICER DEDRICK: That's correct, Mr.
11 Chairman.

12 CHAIRPERSON CORY: Anybody in the audience on
13 this item?

14 Questions from Commissioners?

15 Without objection, Item 31 is approved as
16 presented.

17 Item 32, determinations under PRC 6701 et seq.
18 concerning a lease between the City of Monterey and Cannery
19 Row.

20 Is there anybody in the audience that's in
21 opposition to this?

22 Is there any questions of Commissioners or any --

23 MR. KILEY: There's a date change.

24 MR. HIGHT: Mr. Chairman, on page 6 of the calendar
25 item, August 31st needs to be changed to August 4th. We'll

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1 just note that for the record.

2 CHAIRPERSON CORY: There's an amendment of the
3 date change and I presume the people from the Cannery Row
4 Company are aware of this change and are happy with it?

5 MR. KILEY: Yes, they are.

6 MR. HUBBARD: Yes, sir, that's fine.

7 MR. KILEY: There's a corresponding change within
8 the body of the calendar, too, but it's not critical to
9 your action. It should be changed in both places.

10 CHAIRPERSON CORY: Without objection, Item 32
11 approved as presented.

12 Item 33, we'll be only taking up 33, sub (2) --
13 and, staff, it's a lot better when you use numbers, then
14 you use letters and then you go back to numbers.

15 MR. TROUT: We stand corrected. You've counseled
16 us once before.

17 CHAIRPERSON CORY: That's why I took occasion
18 to point it out to you.

19 We are at 33.2, I guess. We're on the Dewey
20 Decimal System on this calendar item.

21 COMMISSIONER McCARTHY: Need a Master's in
22 Library Science.

23 CHAIRPERSON CORY: This is the extractive
24 development of Mr. and Mrs. Perrine.

25 EXECUTIVE OFFICER DEDRICK: I think it's Perrine.

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1 CHAIRPERSON CORY: And tell us about this permit.

2 MR. TROUT: A number of years ago several people
3 around the shores of Clear Lake applied for geothermal
4 prospecting permits on the thought that this was going
5 to be a big boom area. When we put this calendar item
6 together, it appeared that the Commission should reject
7 all of the eight applications. Since that time the
8 applicants 1 and 3 through 8 or A and C through whatever,
9 have withdrawn their applications or agreed to withdraw
10 their applications which leaves us only with the number
11 2 item and we're recommending that the lease be cancelled.
12 We've tried over the period of time to get them to complete
13 their permit by applying and getting environmental impact
14 reports, doing the other work that's required. Mr. Everitts
15 can answer any detailed questions, but in effect we're
16 just terminating permits that aren't moving.

17 CHAIRPERSON CORY: Anybody in the audience on
18 this item?

19 Questions?

20 Without objection, Item 33, sub 2, cancellation
21 will be approved as the staff recommended.

22 Item 34, a bid opening on certain patented State
23 school lands in Ventura County.

24 MR. HIGHT: And we didn't receive any bids,
25 Mr. Chairman.

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1 MR. TROUT: Informative item only. There were
2 no bids received.

3 CHAIRPERSON CORY: Item 35, authorization for
4 Chevron to enter into a unit agreement in order to protect
5 State from drainage easement in Sacramento County.

6 Anybody in the audience on this?

7 Questions from Commissioners?

8 Without objection, 35 is approved as presented.

9 Item 36, assignment of State oil and gas lease
10 from Marathon Petroleum Company to Marathon Oil Company
11 in Santa Barbara County.

12 Is there anybody in the audience on this item?

13 Our security interests are protected?

14 EXECUTIVE OFFICER DEDRICK: Yes.

15 MR. HIGHT: Correct, Mr. Chairman.

16 CHAIRPERSON CORY: Questions from Commissioners?

17 Without objection, Item 36 is approved as
18 presented.

19 Item 37, proposed soil boring program on State
20 leases PRC 308, 309, 3120 and 3242, Santa Barbara County.

21 Anybody in the audience on this?

22 EXECUTIVE OFFICER DEDRICK: I would like to say
23 for the record, Mr. Chairman, that as in all issues that
24 relate to Santa Barbara County, this has been worked out
25 in close cooperation with the County and Diane Guzman who

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1 is Director of Environmental Planning has said that they
2 have no problems with this item.

3 CHAIRPERSON CORY: Questions?

4 Without objection, Item 37 is approved as
5 presented.

6 Item 38, proposed sale of crude oil, Tract 2
7 in Wilmington.

8 EXECUTIVE OFFICER DEDRICK: 25-cent minimum.

9 CHAIRPERSON CORY: This is going out to bid?

10 MR. HIGHT: Yes.

11 CHAIRPERSON CORY: Is there anybody in the
12 audience on this item?

13 Questions from Commissioners?

14 Without objection, Item 38 is approved as
15 presented.

16 Item 39, approval of second modification of the
17 '83-'84 Plan of Development.

18 MR. TAYLOR: I have a statement on that.

19 CHAIRPERSON CORY: Okay.

20 MR. TAYLOR: Mr. Chairman, this item is being
21 raised because of the barrel tax or the business license
22 tax which was unilaterally increased by the City of
23 Long Beach. Providing for the payment of that fund does
24 not constitute the State's acquiescence and the validity
25 of the City's action or in its conformity with the previous

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1 understanding between the City and State in 1964 when the
2 City and State were supposed to have settled this. Up
3 until two years ago the City of Long Beach remitted all
4 of the funds to the tidelands trust. Two years ago they
5 stopped doing that. Now they are increasing this amount
6 by approximately \$5 a barrel.

7 It's my understanding that the effect of this
8 action will cost the State about \$40 million over the
9 life of the field. We have previously advised you that
10 we have no legal objection to that item, but it was a matter
11 which was indicated would be called to the attention of
12 the appropriate State agencies if the City sought to take
13 that action. This action today does not say that the State
14 is waiving any right to talk about that at the time the
15 payment would come due. The manner in which you challenge
16 taxes is --

17 CHAIRPERSON CORY: Pay them.

18 MR. TAYLOR: Pay them and then challenge.

19 EXECUTIVE OFFICER DEDRICK: The other major portion
20 of the items, Commissioners, is the repair of the two
21 islands that were damaged in the big storm in March.

22 CHAIRPERSON CORY: Okay. Without objection,
23 Item 39 is approved as presented.

24 Item 40, approve estimated subsidence costs of
25 205,000 for subsidence vertical and horizontal measurements

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1 and studies in the Long Beach Harbor, Los Angeles County,
2 during '83-'84.

3 Questions from anybody in the audience?

4 Questions from Commissioners?

5 Without objection, Item 40 is approved.

6 I guess we should, since we're somewhat close
7 to a relevant item, acknowledge publicly that we hope

8 "Moose" gets well from his appendicitis, I believe?

9 EXECUTIVE OFFICER DEDRICK: That was the latest
10 report is that they think that is wrong.

11 CHAIRPERSON CORY: Okay. Even shotputters can
12 have problems.

13 Item 41, file disclaimer as to compensation on
14 behalf of 19.1 acres and the United States of America suing
15 one another.

16 MR. TAYLOR: That disclaimer is based on the
17 fact that the Federal Government is not taking any reserve
18 interest of the State or other agencies and we're only
19 disclaiming as to our nonreserved interest. We should
20 make that clear. We're not kissing off the entire parcel.
21 We reserve the right to fish on this parcel which they're
22 taking subject to.

23 CHAIRPERSON CORY: Okay. Anybody in the
24 audience?

25 Questions from Commissioners?

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1 Without objection, Item 41 is approved as
2 presented.

3 Item 42 is off calendar.

4 Item 43, authorization to bring litigation against
5 Ideal Basic Industries and Bell Marine Company concerning
6 title and dredging in tide and submerged lands in South
7 San Francisco Bay.

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

10 Without objection, Item 43 is approved as
11 presented.

12 Item 44, request to authorize the staff to enter
13 into a reimbursable contract with an engineering firm to
14 study natural high water line in Ballona Lagoon, City of
15 Los Angeles.

16 Questions from Commissioners?

17 Anybody in the audience on this?

18 Without objection, Item 44 is approved as
19 presented.

20 Is there any other items?

21 EXECUTIVE OFFICER DEDRICK: No, that is it.

22 CHAIRPERSON CORY: Okay. Thank you very much.

23 Again, I apologize for the lateness in start.

24 [Thereupon the State Lands Commission
25 Meeting was adjourned at 11:25 a.m.]

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CERTIFICATE OF SHORTHAND REPORTER

I, CATHLEEN SLOCUM, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission Meeting was reported in shorthand by me, Cathleen Slocum, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 7 day of July, 1983.

Cathleen Slocum
CATHLEEN SLOCUM
Certified Shorthand Reporter
License No. 2822

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