

MEETING BEFORE THE
STATE LANDS COMMISSION
STATE OF CALIFORNIA

1 WORLD WAY
BOARD OF AIRPORT COMMISSIONERS MEETING ROOM
DEPARTMENT OF AIRPORTS ADMINISTRATION BUILDING
LOS ANGELES, CALIFORNIA

FRIDAY, FEBRUARY 27, 1998

10:30 A.M.

REPORTED BY:
Scott Sawyer,
CSR No. 11488
Our File No. 43342

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

MEMBERS PRESENT

Kathleen Connell, Ph.D., State Controller
Tal Finney, Lieutenant Governor's Office
Robin Dezember, Department of Finance

STAFF PRESENT

Robert Hight, Esq.
Executive Officer
Gary L. Gregory
Assistant Executive Officer
Chief, Marine Facilities Division.
Jack Rump, Esq.
Chief Counsel
Paul Thayer
Assistant Executive Officer
Dennis M. Eagan
Deputy Attorney General

ALSO PRESENT

Sharon Shaw
Administrative Assistant II

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

I N D E X

PAGE

Call to Order	4
Minutes Approved	4
Motion to Adopt Consent Calendar Items	5
Item C76, Camp Richardson Lease Issue	5
Motion for Approval on Item C76	13
Item 89, Carquinez Strait Proposal	13
Motion for Action on Item 89	22
Item 90, Informative Item on FEMA Grant Program	22
Update on Mobil Pier Issue	41
Adjournment	44

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

PROCEEDINGS

CONTROLLER CONNELL: I want to call this meeting of the Lands Commission to order, and all three representatives are present here today.

Do we need to ask the representatives of each member to identify themselves for the record?

Would you appreciate that, Bob?

MR. HIGHT: That's not necessary.

CONTROLLER CONNELL: That's fine.

The first item of business will be the adoption of the minutes of the last meeting.

May I have a motion to approve?

REPRESENTATIVE FINNEY: Motion to approve that, Madam Chairman.

REPRESENTATIVE DEZEMBER: Motion to approve.

CONTROLLER CONNELL: The minutes are unanimously adopted.

The next order of business will be the adoption of the consent calendar, and I call on our Executive Officer Robert Hight to indicate which items were removed from our consent calendar.

MR. HIGHT: Item C29 is the only item that has been pulled. And Item C76 we would like to remove from the consent calendar and discuss briefly after your adoption of the consent calendar.

1 CONTROLLER CONNELL: Do I have a motion to
2 adopt the consent calendar as a whole?

3 REPRESENTATIVE FINNEY: Yes.

4 REPRESENTATIVE DEZEMBER: Yes.

5 CONTROLLER CONNELL: It's unanimous.

6 We'll go to the regular calendar then, if
7 that's correct, and Item C76. This is a proposed lease at
8 Camp Richardson in Lake Tahoe. And, Bob, I'll ask you to
9 brief us on this item.

10 MR. HIGHT: Okay. Madam Chairman, I'd like
11 Paul Thayer, Assistant Executive Officer, to present this
12 item.

13 CONTROLLER CONNELL: Thank you.

14 MR. THAYER: Madam Chairman, this item
15 involves a new lease to authorize the reconfiguration of
16 an existing marina. This marina, the Camp Richardson
17 Resort Marina, was first established over 70 years ago and
18 is located on the south side of Lake Tahoe. The map --
19 excuse me. The air photo on the back wall there shows the
20 marina from about two years ago (indicating.) You can see
21 the pier here, the moorings, there's a campground in this
22 area down here with public swimming out here, and some
23 adjacent private property here mostly for summer
24 homes (indicating.)

25 Of the three charts on your left, the one on

1 the right here is the existing lease, and this shows the
2 facilities in more detail (indicating.) This pier here is
3 530 feet long (indicating.) There's about 110 of these
4 mooring buoys with no requirement for any alignment.
5 Closer to the shore, we have about 18 slips here, and
6 there are various concessions in the form of small
7 building shacks along the pier here (indicating.)
8 Refueling occurs in this area, and Jet Skis are also
9 rented.

10 The proposal can be seen in the middle of
11 these charts here (indicating.) What they would like to
12 do with the reconfiguration is basically move the slips
13 that you can see here (indicating) out to the end of the
14 pier, and they would also move the Jet-Ski operation,
15 refueling operation, out to the end of the pier. They
16 would also reconfigure these buoys into a regular grid and
17 establish a navigational channel here that leads to the
18 larger operation (indicating.) The opponents -- and we
19 have received -- there's principally one opponent who
20 lives or occupies a summer home immediately adjacent to
21 the marina. We have also received letters that are very
22 similar from some of the other property owners, and,
23 again, that's in the area on the air photos to the east of
24 the marina itself. Their principal concerns are that
25 their access to their own property may be effected by this

1 project, and they are also concerned about access by
2 emergency vehicles.

3 To analyze and respond to these concerns,
4 the staff prepared a mitigative negative declaration.
5 It's contained on the back of your calendar items, and it
6 also includes a mitigation monitoring plan, which shows
7 all of the different mitigation that's been required by
8 the State Lands Commission as well as the other agencies
9 which have more appropriate jurisdiction over some of the
10 issues. We have also met with the opponents on several
11 occasions to try and address their concerns. Project
12 changes were negotiated with the applicant after
13 incorporating the project, and, as I say, conditions were
14 imposed to deal with a lot of the issues by some of the
15 other agencies.

16 Generally, we feel that the reconfiguration
17 that's proposed as part of the new lease addresses a lot
18 of the concerns. As you can see, the activities that are
19 presently near shore right in here (indicating) where the
20 Jet-Ski leasing and the refueling occur are going to be
21 moved to the end of the pier. And then that result will
22 be that these activities are 700 feet further away from
23 the property owners over in here (indicating), so we think
24 that will have a beneficial effect in terms of safety as
25 well as noise.

1 With respect to drainage, I think the
2 applicants were concerned about drainage. And, again, one
3 of the other agencies, the Lahontan Region Water Quality
4 Control Board has adopted some requirements to ensure to
5 protect the water quality in Lake Tahoe.

6 So, in conclusion, because we believe this
7 reconfiguration is generally a benefit both to the public
8 and to the private-property owners, we recommend that you
9 adopt the mitigated negative declaration and approve the
10 move.

11 CONTROLLER CONNELL: Let me ask if there are
12 any questions from my fellow commissioners.

13 Robin?

14 REPRESENTATIVE DEZEMBER: Only one
15 question. In the materials that we have looked at, the
16 mitigation seems to have addressed many of the concerns
17 that have been raised by the property owners.

18 Is that your impression, or are there still
19 major concerns that the property owners have?

20 MR. THAYER: I believe that the property
21 owners are still in opposition to the project, but, if I
22 may, I believe that their concerns are really more with
23 the existing operation. The specific project that is
24 before us today is the reconfiguration of the marina, but
25 they have concerns over the traffic impacts that are

1 already there.

2 CONTROLLER CONNELL: For the public beach,
3 you mean, and for the restaurant that's run by the Forest
4 Service there?

5 MR. THAYER: Yes.

6 Now, the county with respect to that
7 particular issue has adopted an extensive set of
8 conditions. They require, for example, that a traffic
9 plan be developed and that the local fire department sign
10 off on it. So there are other jurisdictions that are
11 looking at these issues, and, in fact, the county is the
12 much more appropriate one with respect to the onshore
13 issues.

14 But no, I can't at this point represent that
15 the opponents have dropped their opposition. We think
16 that a lot of their issues have been met, but there might
17 be more.

18 CONTROLLER CONNELL: Tal, did you have a
19 question?

20 REPRESENTATIVE FINNEY: I was wondering
21 about the forklift ramp.

22 What function did that serve, and what did
23 it work on in the old --

24 MR. THAYER: You can see it better in the
25 air photo right about here (indicating.) There's an

1 existing ramp that people can back their trailers into the
2 water and launch their boats. At low water, which occurs
3 during the droughts that we've had -- not this year, but
4 in other years -- that's difficult to do. So the point of
5 this pier right here is to provide a forklift access to
6 appoint the water further out. We don't think a change is
7 the intensity of use because the same number of boats are
8 going to want to come out here and launch. The same
9 facilities exist. There's no intensification to serve any
10 additional boats.

11 REPRESENTATIVE FINNEY: So they could do
12 that though from this old one?

13 MR. THAYER: Right now they just have the
14 ramp that goes into the water instead.

15 I should say that as part of the discussions
16 with the applicant, he agreed to eliminate the use on the
17 right-hand side of this new pier here (indicating) to
18 further protect the homeowners here (indicating) from
19 excess noise so that the operations occur off the end and
20 on the left-hand side, the side away from the property.

21 CONTROLLER CONNELL: That seems to be the
22 major advantage because if you look at this, this is
23 pretty close here (indicating), and I don't know what the
24 yard distance is between here and here (indicating.)

25 Do you have any sense at what the difference

1 is?

2 MR. THAYER: The overall pier is 530 feet
3 long, so those activities that you're looking at might be
4 as close as 150 feet.

5 CONTROLLER CONNELL: The noise that would be
6 involved in those activities is now being moved all the
7 way down to the very end. I would think that would be
8 preferable.

9 MR. THAYER: Exactly.

10 CONTROLLER CONNELL: If I was a homeowner, I
11 would -- isn't this the part that's public (indicating)?

12 MR. THAYER: Yes.

13 CONTROLLER CONNELL: That's a decision that
14 doesn't get involved in this item; is that correct?

15 MR. THAYER: That is correct.

16 CONTROLLER CONNELL: I think we have someone
17 here who wants to speak to this issue, and if there are
18 others please feel free to identify yourself.

19 Is it Jay Kniep?

20 MR. KNIEP: Yes.

21 CONTROLLER CONNELL: You can come forward if
22 you'd like to and speak.

23 MR. KNIEP: Well, I really don't think I
24 need to say anything. I think you understand the issues,
25 and I'm here in support of the project and representing

1 the applicant. So go ahead with your deliberations.

2 If you have any questions, please feel free
3 to ask.

4 CONTROLLER CONNELL: Is there anyone else
5 who wants to be recognized on this item?

6 (No response.)

7 So none of our opponents are here today.
8 That's always unfortunate because I like to encourage them
9 to state their comments so that we can get them directly.

10 REPRESENTATIVE DEZEMBER: I did notice many
11 of the concerns they had, had to do with concerns other
12 than this project, like having to do with forest service
13 operations in other parts of the area.

14 CONTROLLER CONNELL: I think that the
15 proposed project seems to have actually alleviated some of
16 the confusion. Having been a boater in my past, I don't
17 understand why you wouldn't want to have the buoys the way
18 they're arranged under any circumstances. Boaters do have
19 a history of occasionally having a beer or two, and I
20 would think navigating the channels would make it a real
21 dexterity exercise with or without a drink under your belt
22 as you attempt to anchor your boat for the evening. I
23 think it would be safer just to have the channels more
24 clearly designated. I mean from a safety viewpoint, I
25 think that's an enhancement. And, personally, if I was a

1 homeowner, I would want to get as much of that pier
2 activity away from the beach as I could. And it would
3 seem to me to be safer if you had little kids on the beach
4 that were playing on the beach that you wouldn't want to
5 have boats coming as close to the beach as they did
6 originally with these piers as close as they -- or those
7 little slips as close as they were to the beach. I mean
8 from a safety viewpoint, I think both of them are
9 enhancements.

10 Do I have a motion on this item by my fellow
11 colleagues on the Board?

12 REPRESENTATIVE DEZEMBER: Sure. I'll vote
13 for approval.

14 REPRESENTATIVE FINNEY: I'll second the
15 approval.

16 CONTROLLER CONNELL: It's a unanimous vote.
17 I appreciate your nice presentation. This is really
18 wonderful. In fact, when I looked at this originally it
19 was raining out in Sacramento, so I thought I might make a
20 personal tour to Lake Tahoe. But then I was reminded by
21 my staff that it was probably raining in Lake Tahoe also,
22 so I decided against it.

23 Then we will move along, Mr. Hight, to
24 Item 89, and this is an adoption of a mitigated negative
25 declaration and plan for the Carquinez Strait.

1 And if you would present that item, please.

2 MR. HIGHT: I would like Dwight Sanders, who
3 is the Manager of the Commission's Planning and
4 Environmental Section, to present this item. Dwight has
5 labored in the fields for a number of years to bring all
6 of the various local entities and governmental interests
7 to the table to all arrive at what we believe is a very
8 fine project.

9 So I'll let Dwight present the item now.

10 MR. SANDERS: Thank you very much, Bob.
11 Good morning, Commissioners.

12 Madam Chairman, I don't have an apple, but I
13 think I have a plum here.

14 CONTROLLER CONNELL: That will do.

15 MR. SANDERS: This is a project in which
16 everyone agrees has been a consensual process voluntarily
17 arrived at. It has involved extensive cooperation amongst
18 the commercial-industry representatives in the area, plus
19 public-interest groups and government. It's been, in
20 effect, a bottom-up project that has allowed interests in
21 the people within the Carquinez Strait to voice what they
22 feel is important for their community, and they regard it
23 as a community; the community of the Strait.

24 The effort was really initiated by this
25 commission in conjunction with a decision on the

1 Cogeneration Project in Crockett in 1993. As a
2 consequence of that, we have come to you with a plan that
3 has really four major policy areas of concern. Let me
4 emphasize those for the record.

5 Number one, outdoor recreation, public
6 access, visitor serving facilities, and tourism to promote
7 the region as a destination. And in light of that goal,
8 let me advise the Commission that it's my understanding
9 that Sunset Magazine is presently working on an article on
10 the Carquinez Strait for the spring, and it will be based
11 on the book that was written as part of this project and
12 plan that is before you today.

13 Second major area of policy and interest is
14 protection, restoration, and enhancement of natural,
15 scenic, historic and cultural resources. The area is
16 replete with historical interests. At one time Benicia
17 supported a ship-building industry that built clipper
18 ships.

19 The third area of concern was the mitigation
20 or plan-implementation strategy that benefits and enhances
21 the natural and commercial resources of the area.

22 And, lastly, the integration into the
23 planning process of a means to implement the proposed
24 plan.

25 The Staff had the assistance of a couple of

1 groups in the formation of this plan. One, a group
2 composed of state, federal, and local resource agencies
3 that assisted us in dealing with some of the resources,
4 the natural resources, within the Carquinez Strait area.
5 The second group was an advisory group that was made up of
6 one-third government representatives, one-third commercial
7 and industry representatives from the region, and
8 one-third public-interest-group representatives from the
9 region. The plan has been unanimously approved by those
10 two task forces, and has also been unanimously accepted by
11 a counsel, an MOU Counsel, which is a commission that was
12 initiated that is composed of the cities of Hercules,
13 Martinez, Benicia, Vallejo, County of Contra Costa, County
14 of Solano, the East Bay Regional Park District, the
15 Greater Vallejo Recreation District, and the Commission
16 itself.

17 If the Commission approves the plan today as
18 the Staff recommends, then each one of the entities that I
19 just mentioned will take the plan back to their
20 decision-making bodies for its consideration by that
21 body. The ultimate goal is to have each of the entities I
22 listed adopt this plan also as a planning document so that
23 all of the entities within the community that is the
24 Carquinez Strait will be guided by the principles and
25 guidelines that are contained within this plan.

1 The place mat that you have before you,
2 Madam Chair, is a representation --

3 CONTROLLER CONNELL: Is a nice idea for
4 lunch. Are you serving lunch, Bob?

5 MR. SANDERS: With spring coming, we thought
6 perhaps we would have place mats and picnic baskets and so
7 forth.

8 CONTROLLER CONNELL: I appreciate that. My
9 children will love this when we go on picnics.

10 MR. SANDERS: The map that you have before
11 you is, in effect, a characterization of not only the
12 region, it's the -- while the primary emphasis of the plan
13 is on the strait itself and the immediately adjacent
14 lands, the plan will ultimately affect all that you see
15 there. It will help maintain open space, it will help
16 improve access to the Carquinez Strait and the region as a
17 whole, and we think it's a good project for the Commission
18 to adopt at this point.

19 And I'd be happy to answer any questions at
20 this point.

21 CONTROLLER CONNELL: I have a couple of
22 questions. This seems like a paradigm process that you
23 used to get consensus. Since we just had a Staff retreat
24 on the importance of achieving consensus and public goals,
25 I'd like to know how long this process took.

1 MR. SANDERS: The process began in -- was
2 begun in July of 1993, but it began in earnest probably
3 seven to ten months after that. So approximately
4 two-and-a-half to three years.

5 CONTROLLER CONNELL: And who was the initial
6 catalyst for setting up this triangular relationship
7 between government, and business, and the citizens?

8 MR. SANDERS: Actually, the Commission was.

9 CONTROLLER CONNELL: I want to thank the
10 Staff. That's excellent.

11 Have you thought of writing a journal
12 article on this, Bob, for one of those planning
13 magazines?

14 MR. HIGHT: I hadn't, but that's a very good
15 idea. We'll do it.

16 CONTROLLER CONNELL: Each year we do a staff
17 retreat in the Controller's Office, and we let the Staff
18 chose topics that are the strategic purpose of the Staff
19 retreat. Last year it was "Change." This year it's
20 "Consensus." So we try to work on that theme for the
21 year. This year it's "Creating Consensus." And there is
22 very little that is out there in terms of case studies
23 that relate to California public-policy-consensus
24 activities as we strove to find stuff for our retreats.
25 And I couldn't find anything that was germane, but this

1 would be a wonderful example of where you could achieve
2 that kind of consensus. And for those of us who are
3 engaged in governmental service, I think it would be
4 illustrative of what we could achieve if we go about this
5 process. Of course, we had the advantage of timing here.
6 So many of our decisions in government are done on an
7 urgent basis that we don't really have the opportunity of
8 bringing people along and educating them, but I think this
9 might be a worthwhile contribution to the whole
10 public-policy management arena.

11 MR. HIGHT: Yes.

12 CONTROLLER CONNELL: The second question I
13 have is kind of a rhetorical one. I was speaking with
14 Robin about whether Grizzly Bay is actually named after
15 Grizzly Bears, and if so --

16 MR. SANDERS: That I can't recall.

17 CONTROLLER CONNELL: These are the kinds of
18 things that you have to expect us to be curious about. If
19 I'm having a picnic this year up in this area, I want to
20 know if I'm going to have to put an additional place mat
21 there, if you get the point.

22 MR. SANDERS: Yes.

23 CONTROLLER CONNELL: Are there any questions
24 by any other members of the Commission?

25 REPRESENTATIVE FINNEY: Yes.

1 Does this takes into account the
2 preservation of parks, or does it also involve expansion
3 of parks or monuments or things like that?

4 MR. SANDERS: Well, both. It recognizes the
5 existing facilities, but it has as one of its goals to
6 increase park areas and public access to, in effect, the
7 Carquinez Strait itself with the East Bay Regional Parks
8 District being a major component of this effort. And the
9 other entities have seen, or have had the opportunity to
10 see, what each has planned and have been able to better
11 prioritize and coordinate acquisitions or restoration of
12 facilities. So, for example, the East Bay Regional Park
13 District will be restoring the Equity Pier (phonetic),
14 which is an old, dilapidated facility right at the moment,
15 and it will be restored and will provide the public an
16 opportunity to go out --

17 REPRESENTATIVE FINNEY: No surfer worries
18 about that one?

19 MR. SANDERS: No.

20 REPRESENTATIVE FINNEY: Or windsurfing
21 worries?

22 MR. SANDERS: No.

23 CONTROLLER CONNELL: Robin, before your
24 appearance on this board, we spent in this room about
25 three and-a-half hours one morning talking to all of the

1 surfer advocates on the entire West Coast, and it was
2 really a very enjoyable and educational experience. It
3 was great. I learned a great deal about surfing
4 conditions.

5 REPRESENTATIVE FINNEY: We had a windsurfing
6 one before that.

7 REPRESENTATIVE DEZEMBER: It's a very
8 exciting board.

9 CONTROLLER CONNELL: It's a very educational
10 experience. It's like Recreation Magazine.

11 REPRESENTATIVE FINNEY: The last question
12 would be -- seeing how this Chair and the members of this
13 Commission have all been veterans of many a wetland war,
14 the Grizzly Bay, or the extreme wetlands there, is this
15 something that's slated for preservation, or is there some
16 type of management plan in place over that? What could we
17 expect on that?

18 MR. SANDERS: The plan, in effect,
19 incorporates what's known as the Tri-City Open Space Area,
20 which includes that area. It was an area that was
21 cooperatively planned by the City of Vallejo, the City of
22 Fairfield, and the City of Benicia. And one of the
23 benefits of this process that we went through was, in
24 effect, the marriage of that planning area to this one
25 (indicating.) And that's why I mentioned that the area

1 that you see there is really the area that will be
2 impacted by this plan.

3 REPRESENTATIVE FINNEY: So it's slated to be
4 preserved?

5 MR. SANDERS: Open space.

6 REPRESENTATIVE FINNEY: Open space.

7 Does is it have any type of protection?

8 MR. SANDERS: Yes, it has a separate plan
9 with provisions whose major aim is to keep the area's open
10 space.

11 CONTROLLER CONNELL: I, again, want to
12 congratulate the Staff on this presentation. Both the
13 written materials and the visual presentation has been
14 very helpful, and we love place mats.

15 MR. SANDERS: We can get you a complete set.

16 CONTROLLER CONNELL: Do I have a motion for
17 action on this item?

18 REPRESENTATIVE FINNEY: I'll move for
19 action.

20 REPRESENTATIVE DEZEMBER: I'll second it.

21 CONTROLLER CONNELL: It's unanimous then.

22 Now, the next item is Item 90. It's an
23 informative item on the status of the FEMA Grant Program,
24 and I don't know who on the Staff is going to make this
25 presentation.

1 Bob?

2 MR. HIGHT: Gary Gregory, Assistant
3 Executive Officer and Manager of Marine Facilities
4 Division, will make the initial presentation with
5 Martin Eskijian on his staff who has done yeoman's work
6 putting together this grant and fighting with FEMA.

7 CONTROLLER CONNELL: Why is it we have no
8 photographs for this item?

9 MR. HIGHT: We have slides. We wanted to be
10 multimedia.

11 MR. GREGORY: Madam Chairman and
12 Commissioners, this is an informational item dealing with
13 seismic and fire detection and suppression guidelines for
14 marine oil terminals. In the past we have given
15 presentations to the Commissioners about problems with
16 deterioration, and in some cases the severe damage to
17 marine oil terminals in the State of California, and we
18 want to give you a presentation on damage to marine
19 facilities in, for example, Kobe, which was as a result of
20 an earthquake. The issues and the situation in the State
21 of California is not very far different from what we see
22 in Kobe, and we strongly believe, and presented to the
23 Commissioners before, that we have a risk that we need to
24 deal with. In dealing with that risk, we looked for
25 sources of financing to look at the sorts of issues, to

1 develop the sorts of guidelines, given the small staff we
2 have.

3 In October of 1995, the Commissioners
4 authorized us to go forward and look for additional
5 funding through FEMA and the Office of Emergency Services,
6 and we have done that. And I'm happy to report that in
7 spite of taking a fair amount of time, over two years, and
8 working hard with these two organizations, we have been
9 successful, and we have, in fact, acquired funding.

10 I'd like you to meet Mark Eskijian. He is a
11 Senior Engineer of Petroleum Structures. He is accredited
12 nationwide and internationally with his understanding of
13 port structures and dealing with seismic issues. He'll
14 give you a brief presentation today.

15 MR. ESKIJIAN: Thank you, Gary.

16 Good morning, Madam Chairman, Commissioners,
17 and ladies and gentlemen. It's my pleasure to be here to
18 speak for a few minutes about this program. Feel free to
19 ask any kind of informational question, or if there's
20 something you don't understand or a term I use that you
21 don't quite follow, speak up and say whatever it is, and I
22 will try to take care of it. And there are pictures here
23 if you want to see them.

24 The funding was initiated on February 5th of
25 this year; \$500,000 from FEMA. A note about this money:

1 This money is funded as part of mitigation monies that
2 comes as a result of the January 17th, 1994, Northridge
3 Earthquake, and it comes with a couple of strings
4 attached: String number one is that the agency that
5 accepts the money must match it with a third 25 percent
6 time of our's as money. So for every \$100,000, we submit
7 a bill to FEMA, and they return a check for \$75,000. The
8 \$25,000 is our time --

9 COMMISSIONER CONNELL: But it's staff?

10 MR. ESKIJIAN: Yes, it's staff.

11 The other string attached to the grant is
12 that technically the effort has to be within the
13 tri-county area that was hit by the Northridge Earthquake,
14 including Los Angeles, Ventura, and Orange County. And
15 the idea of the funding was so that next time we
16 experience a moderate or severe earthquake in Southern
17 California, we have taken steps so the damage level, the
18 loss of life, and the financial burden is not as great as
19 what happened in Northridge. And FEMA's intent is to
20 spend the money now, so you don't have as big a problem
21 down the road.

22 CONTROLLER CONNELL: Do you know how
23 frustrating it is for those of us who live in Los Angeles
24 to hear with such certainty the words "next time"?

25 MR. ESKIJIAN: You're not as bad off as

1 Northern California.

2 CONTROLLER CONNELL: This is really
3 encouraging. I was in Modesto last night, and I saw some
4 beautiful property there. Maybe this is a good time to
5 leave Los Angeles.

6 MR. ESKIJIAN: I'll give you those numbers.
7 It's kind of shocking, and this is kind of relevant to
8 what we're saying. There's a 50-percent probability of
9 having greater than a 7.5 earthquake on the Hayward Fault
10 in the next 30 years. And not being a probability expert,
11 but if you take that 30 years and divide it by .5, that's
12 one chance that's it's going to happen in 60 years.

13 CONTROLLER CONNELL: And when does that
14 probability start? Where are we on this 60-year
15 continuum? Are we getting near the end?

16 MR. ESKIJIAN: What's important is that the
17 Hayward Fault --

18 CONTROLLER CONNELL: A time series might be
19 appropriate here.

20 MR. ESKIJIAN: -- is right adjacent to the
21 ports in the Carquinez Strait area where we have a lot of
22 marine oil terminals, so that's why I mentioned that.

23 And in Southern California, we have the
24 Newport-Inglewood, the Long Beach Fault, and the Palos
25 Verdes Fault. And the Newport-Inglewood they say the

1 recurrence interval is about 340 years; that we would have
2 similar to what we had with the Long Beach Earthquake in
3 1933. So your clock started in 1933, and we've got about
4 a 300-year clock.

5 CONTROLLER CONNELL: And we have 300 years?

6 MR. ESKIJIAN: Yes, but it could happen
7 tomorrow.

8 CONTROLLER CONNELL: And where's the 60-year
9 calendar starting?

10 MR. ESKIJIAN: That's already started.

11 CONTROLLER CONNELL: And that's where?

12 MR. ESKIJIAN: The Bay Area.

13 CONTROLLER CONNELL: And it started when?
14 Nineteen what?

15 MR. ESKIJIAN: I'm guessing in '95 or '96.
16 Within your lifetime, there's a very high chance that you
17 will have the 7.5 earthquake, but experts disagree on
18 this.

19 CONTROLLER CONNELL: It sounds like the
20 statistics are with you in Southern California more than
21 they are in Northern California.

22 MR. ESKIJIAN: But that's only one fault.
23 There's a lot of other faults.

24 The need for this work is that it satisfies
25 our statutory requirements of the Lempert-Keene-Seastrand

1 Oil Spill Prevention and Response Act of 1990. And I'm
2 sure you've heard these quotes before but, "We are here to
3 adopt rules, regulations, and guidelines for the location,
4 type, character, and performance standards for new and
5 existing marine oil terminals in California, and also to
6 have the best achievable protection for the public health,
7 safety, and the environment. And that's what we're
8 satisfying with this task.

9 It may come as a surprise to you, but there
10 are no standards out there in the United States currently
11 to address this problem specifically. I'm on two national
12 ASCE committees, which stands for the American Society of
13 Civil Engineers. Both of those committees are tasked with
14 these jobs. As of right now, and in the next five years,
15 the standards are not going to exist. One of the other
16 issues that's critical to this need is that there really
17 is no accurate determination of the seismic risk
18 offshore. You're probably aware of the very intense
19 studies going on now for farmland in California, but when
20 you start to talk about the Bay and you start to talk
21 about offshore faults, people tend to start being a little
22 bit vague about what's going on. And this study will be
23 much more focused on the port areas and the tri-county
24 area and come up with very specific seismic risk
25 assessments for the areas of Southern California.

1 CONTROLLER CONNELL: Can I interrupt you at
2 this point and ask a question?

3 MR. ESKIJIAN: Yes.

4 CONTROLLER CONNELL: Are you saying we have
5 never had a study done of what the potential damage might
6 be with various earthquake intervals on our ports and our
7 marinas?

8 MR. ESKIJIAN: Let's put it this way: The
9 group that is tasked to do that is the Lawrence Livermore
10 National Laboratory of Livermore, California. They have
11 completed the work for the offshore Santa Barbara Channel
12 Area for the oil platforms. That kind of intense offshore
13 work has never systematically been done for a large area
14 section offshore Southern California to my knowledge.

15 MR. GREGORY: But the answer is, there have
16 not been offshore studies done. They have done land-side
17 studies that have made projections outward but nothing
18 actually focussing on the seashore and offshore
19 facilities.

20 CONTROLLER CONNELL: Wouldn't this become
21 imperative to any water district that empties it's sewage
22 into the ocean because they are running huge pipelines
23 into the ocean, whether it's at a two-mile, three-mile, or
24 five-mile extension? I mean, the Los Angeles Water
25 District does that.

1 MR. GREGORY: Yes, ma'am.

2 In Martin's presentation you'll see that the
3 development of that seismic risk by Lawrence Livermore
4 Laboratories is part of the whole package. That can also
5 stand alone for anybody who chooses to use that
6 information to look at the true seismic risks for
7 offshore, whether it be pipelines going offshore,
8 platforms out there, or other activities that could be
9 occurring offshore.

10 CONTROLLER CONNELL: It might be worthwhile
11 once we get this work done, Martin, to consider bringing
12 together some of these local agencies that have costal
13 activities and give them a seminar for a day on what
14 you've learned because I think this information would be
15 extraordinarily valuable for them to help refine their
16 liability exposure in case of an earthquake. It's very
17 much a part of -- in my investment banking life, we did
18 some utility bonds, and it's certainly a major issue for
19 the issuance of bonds to the question of this whole
20 interruption of service. And I would think these various
21 utility districts would be interested in having this
22 information, or at least their underwriters would.

23 MR. ESKIJIAN: Let me make another comment
24 about the seismic thing. If you're a platform owner
25 offshore Southern California you have done what's called a

1 "Site Specific Seismic Analysis" for your platform "x",
2 and you will hire a geotechnical firm that will come out
3 and do it specifically for that platform. But as a
4 regulator, I have no way to check what that geotechnical
5 person has done. We also don't have a global view of that
6 whole offshore area of Southern California, and this task
7 would fill in that gap. So it has been done for specific
8 sites, for specific purposes, for specific projects, but
9 nothing overall where the regulator can say, "Your number
10 is too low." And that's one of the good things to come
11 out of this study.

12 The tsunami risk is even more exciting. And
13 that is that today we're not aware of anybody doing a
14 detailed tsunami-threat assessment for the ports of the
15 Los Angeles area, and I'll talk a little bit more about
16 the way that study is formed, but it's dependent on the
17 seismic-fault information obtained from the seismic
18 study.

19 In summarizing, again, there's no standards
20 that we know of for seismic criteria, which is this return
21 period. And that is, how large is it, and what's the
22 projected return period? And coupled with that is, what
23 do you design or reassess a structure to?

24 "Loading combinations" is an engineering
25 term which relates to how you combine the various loads,

1 like earthquake loads, impact loads, etcetera. There is
2 nothing out there that applies to marine oil terminals
3 specifically.

4 "Safety factors." What kind of safety
5 factors are there for a structure that's been out there
6 for 30 years or 50 years versus safety factors for a new
7 structure?

8 We have no standards for fire detection and
9 suppression systems. We have no requirement for different
10 tankers of different sizes to have different fire-flow
11 rates or different amounts of foam that have to be on
12 hand, and we think that sort of thing needs to be in
13 place. Now, we sort of captured that into this earthquake
14 study as part of this package that's part of the FEMA
15 Grant.

16 "Liquefaction" is a major problem that was
17 one of the major issues with the Kobe Earthquake in many
18 of their ports and harbor areas, and we're going to
19 address that and come up with a criteria for displacement
20 and for analyzing liquefaction in the ways that we can do
21 that more readily.

22 CONTROLLER CONNELL: Could you take a moment
23 to define it for those are us who are nonscientific.

24 MR. ESKIJIAN: Liquefaction would be the
25 failure of a soil as it's vibrated in an earthquake and

1 because of the nature of the soil and the groundwater
2 table when it gets -- when the ground motions and the
3 bedrock hits it, it becomes unstable and it can settle for
4 many feet. When I was in Kobe we had three to four feet,
5 over a meter of settling, and it caused tremendous damage
6 to structures there and associated collateral uses of
7 facilities.

8 CONTROLLER CONNELL: Is that what basically
9 happened in the Marina District in San Francisco in the
10 earthquake?

11 MR. ESKIJIAN: Yes, it is. It's very
12 interesting. If you overlay the Earthquake of 1904 with
13 this earthquake, you will find the exact overlay locations
14 between those two earthquakes. It's the ground that's
15 creating the problems, not the structures. Even if the
16 structure is well-designed, if the ground fails under you
17 you're lost.

18 MR. GREGORY: And we would call an
19 "unmitigated liquefaction" the areas on film
20 (indicating.) There's no special precautions taken to
21 strengthen the soils, and they failed in an earthquake.
22 In the presentation we gave you earlier about the Kobe
23 Earthquake, parts of the port area were unmitigated soil,
24 and they failed. There was billions of dollars of damage,
25 and the whole port was rendered useless. But there was an

1 amusement park where the soils had been mitigated for
2 liquefaction, and the amusement park was basically
3 undamaged and usable in a few days.

4 CONTROLLER CONNELL: Are the ports in
5 Long Beach and Los Angeles and Oakland mitigated for
6 liquefaction?

7 MR. ESKIJIAN: That's a good question, and
8 the answer is in the critical areas I believe they are.
9 One shocking thing is that in the Port of Los Angeles
10 there was an area near one of the port facilities that
11 settled three to six inches as a result of the Northridge
12 Earthquake.

13 Do you know how close Northridge is to the
14 Port of Los Angeles?

15 CONTROLLER CONNELL: Yes, I live in
16 Los Angeles.

17 MR. GREGORY: Well, there was severe damage
18 to one facility in Los Angeles.

19 CONTROLLER CONNELL: Are you telling me that
20 the local courts are unaware of this liquefaction?

21 MR. ESKIJIAN: They're aware of it.

22 MR. GREGORY: They are, in fact, aware of
23 it. Each port administration or area or whatever the
24 geopolitical subdivision happens to be has made it's own
25 decisions as to what the level of safety is they will use,

1 and what the level of mitigation is they will use. There
2 are no standard practices anywhere in the world, and no
3 standard practices in California, for the development of
4 these port facilities. So they are choosing their own.
5 Whether that's good public policy or not, I don't think
6 so. But it has happened that way over time, and it
7 remains that way today.

8 CONTROLLER CONNELL: Does there need to be a
9 state policy on this, Bob, or are you thinking that when
10 you finish this that you might come back to this board
11 with a suggestion?

12 MR. HIGHT: Yes.

13 Our goal is that this will provide us with
14 adequate information that there can either be a state
15 policy, or we can make sure that the ports either come up
16 to that standard, or if they are already up to that
17 standard, then they are okay.

18 MR. GREGORY: Specifically under our
19 jurisdiction and specifically for this grant on marine oil
20 terminals, but all of this information applies just as
21 well to other types of terminals, such as container
22 terminals. And really what we hope to develop is a
23 standard that people can look at and say, "Yes, this meets
24 our needs, it's a good standard, and probably could be
25 adopted statewide, nationwide, and worldwide for that

1 matter in terms of how it all fits together."

2 This is literally the first time this has
3 ever been looked at. It's amazing how little work has
4 been done on maritime issues on a nationwide or statewide
5 study basis.

6 REPRESENTATIVE FINNEY: How do you mitigate
7 liquefaction? What do you do? Do you put concrete in the
8 soil or something?

9 MR. ESKIJIAN: One approach is what we call
10 a "Swill Column" (phonetic) where you drill down so many
11 feet or in so many square feet or meters, and you bore a
12 hole and fill it with a sand or gravel substance so that
13 when the water begins to liquefy, and as things begin to
14 happen, the water will shoot up the sand column, and the
15 swill will remain.

16 MR. GREGORY: It's a very interesting
17 process. The Marine Facilities Division is right next to
18 an area where they are building a new building for the
19 Chancellor of the Cal State University System, and they
20 are using exactly that process. So for about four months,
21 we just shook all day long as they were putting these
22 columns in and removing the soil. It's a very interesting
23 process and apparently quite successful. That was the
24 same sort of technique that was used for the amusement
25 park that I discussed earlier.

1 REPRESENTATIVE FINNEY: So it creates escape
2 routes for the water?

3 MR. GREGORY: Yes. Exactly.

4 CONTROLLER CONNELL: Is this liquefaction
5 problem present in any location other than the marine oil
6 areas that would deal with state exposure? I'm trying to
7 think about the U.C. campuses that might be on or near an
8 ocean where there is landfill. In other words, does the
9 State have exposure more than just on the marine
10 facilities?

11 MR. GREGORY: That exposure, I think, has
12 been addressed somewhat by the Seismic Safety Commission,
13 and there's been a number of programs and maps that are
14 being developed for onshore areas. It really depends upon
15 the type of soil and the specific location. It's
16 tremendously variable.

17 REPRESENTATIVE DEZEMBER: It does exist as a
18 problem, I know, in some of the central valleys and some
19 of the southern valleys of the state. That's where we did
20 the Prison Construction Program, and we had liquefaction
21 problems in the soil. So I know it does occur in the
22 desert areas.

23 MR. ESKIJIAN: Moving right along, I want to
24 say two words about "underwater inspection criteria." I
25 know that sounds like a real simple thing, but there is no

1 standard on things such as: What types of inspection, how
2 frequent, and what do you want to find? There is no
3 standard out there. We just talked to one of our
4 operators a couple weeks ago, and in 30 years the concrete
5 had never been inspected under the water, and they saw no
6 problem with that. In 30 years of use? Other people
7 would say three to five to seven years maximum.

8 I mentioned the two collateral projects.
9 The first one is the Seismic Hazard Assessment under the
10 direction of Dr. Robert Murray at the Lawrence Livermore
11 National Laboratory in Livermore, California. That comes
12 out to the tune of around \$500,000. The Tsunami Hazard
13 Assessment is under the direction of Dr. Costas Synolakis
14 at the University of Southern California also funded to
15 the tune of \$500,000.

16 Both of those projects are dependent on our
17 project and our guidelines and future regulations being
18 implemented. FEMA people do not want to see those
19 projects that cannot stand on their own. They are
20 dependent on our project.

21 Is the project portable? We believe it is
22 very portable. There's very little difference between
23 California, Alaska, ports of Seattle, and Hawaii
24 problems. We think it applies to the East Coast of the
25 United States. There are seismic issues there that people

1 have kind of ignored for the past couple-hundred years.
2 We also believe it has international applications to the
3 Pacific Rim, South America, and other high-seismic
4 regions. We're also talking with PIANC, which is the
5 international body of engineers for ports and harbors
6 involved in seismic issues, and they are aware of our
7 activities, and we do talk to them also.

8 Just in summary, we have started the clock.
9 We're running into the year 2001, and it's not a
10 Space Odyssey. We're real, and we plan to develop these
11 criteria and standards and move ahead and meet our
12 deadline we hope. And that concludes the presentation.

13 Are there any questions?

14 CONTROLLER CONNELL: Thank you,
15 Mr. Eskijian.

16 Mr. Gregory, I have a question. Where do we
17 go next if we need to have follow-up funding? Do we go
18 back to FEMA?

19 MR. GREGORY: I think not. We are, in fact,
20 examining that now. This FEMA money came to deal with
21 mitigation measures resulting from a particular
22 earthquake. As that money goes away, we will have to look
23 for other funding sources either from FEMA or outside of
24 FEMA. We have also put in budget-change proposals looking
25 for additional-funding information to develop these

1 criteria.

2 REPRESENTATIVE DEZEMBER: We haven't
3 reviewed those. If there are recent ones, we haven't
4 reviewed those. I don't know about the past budget
5 cycle. I wasn't really involved with that at that time.

6 MR. HIGHT: This is for the new budget
7 cycle.

8 CONTROLLER CONNELL: Well, I'm concerned
9 that we end up with a study that does become stale because
10 we don't have the dollars to move forward and set the
11 stage for implementation. It does us no good if we have a
12 scientifically and well-respected base study, and we're
13 sitting here, and we do nothing with it. And we end up
14 having an earthquake, and then the State can be held
15 responsible, at least in part, because we had failed to
16 address the problem that existed out there. So I would
17 like us to think ahead.

18 MR. GREGORY: Yes, ma'am. Part of this
19 money that comes from the FEMA Grant came to us because we
20 have the authority and the ability to implement mitigation
21 changes. And without that authority, we would not have
22 received these grants, and that's why Lawrence Livermore
23 and the USC grant are tied to ours because we can
24 implement the information that comes from them. So this
25 absolutely requires us to implement this. If we don't

1 implement something, FEMA will come back and try and take
2 the money back after it's spent.

3 But there are other steps that need to be
4 taken. We're looking at marine oil terminals here, and
5 there are other issues with other types of facilities that
6 need to be looked at. And the information that will be
7 developed here, or much of it, will be forwarded to those
8 facilities.

9 MR. HIGHT: We will be very mindful as we
10 proceed down this road about implementation. And as we
11 start to develop some information, we will report back to
12 you. And if we need money, we will yell very loudly.

13 CONTROLLER CONNELL: I would hate to have
14 this information available and not have this board act on
15 it.

16 REPRESENTATIVE DEZEMBER: Are there state
17 statutory directives in this area such as there are for
18 hospitals for example?

19 MR. GREGORY: Not dealing with marine
20 structures.

21 CONTROLLER CONNELL: I would like to ask a
22 question that's appropriate now on the agenda, Mr. Hight.

23 Could give us a brief update on how we're
24 doing on our favorite surfer beach issue, the removal of
25 the Mobil Oil Pier in Ventura County?

1 MR. HIGHT: Yes.

2 CONTROLLER CONNELL: And maybe from Robin's
3 viewpoint, you could just give him a brief context of the
4 history of this.

5 MR. HIGHT: Let me give you a brief
6 overview, and if I miss any pieces of this Al Willard is
7 here. There is a pier that was used --

8 REPRESENTATIVE DEZEMBER: I could shorten it
9 somewhat because when we met in my early staff briefing in
10 November, I believe, you went over this as an example of
11 an interesting and detailed project. So I have some vague
12 remembrance of this.

13 MR. HIGHT: Kind of jumping to the bottom
14 line is after the Lands Commission authorized the removal,
15 the Costal Commission heard the item, and they likewise
16 authorized the removal. The contractor immediately
17 started the removal, and they got about two or three weeks
18 into it before the bad weather hit. And as we predicted,
19 the bad weather didn't help the pier any, and, in fact, it
20 further damaged it which resulted in having to put in more
21 braces so they could take it out, which doesn't make
22 sense. They were taking it out by having equipment at the
23 end and then backing up. So some of the pier was slightly
24 damaged, so they had to brace it so it would hold up the
25 equipment, but they are moving along very fast.

1 And, Al, how far along are they?

2 MR. WILLARD: It's just about that status
3 right now. They are attempting to put in more piles to
4 support the existing pier so that they could move heavier
5 equipment out there to do the actual demolition work. But
6 El Nino has not helped us any, and it slowed the project
7 down a bit, but they are proceeding.

8 REPRESENTATIVE FINNEY: How much of the pier
9 have you lost so far?

10 MR. WILLARD: Mainly some piles were broken
11 off and lost. And these piles, of course, were supporting
12 the pier structure itself, and they have to be replaced or
13 at least additional support provided for it.

14 CONTROLLER CONNELL: Are you suggesting that
15 those piles are out there somewhere in the shallow
16 waters? Are they going to become a hazard for surfers?

17 MR. WILLARD: I'm not suggesting where those
18 piles are. They were wooden piles, and quite likely they
19 could be driftwood along the beach somewhere.

20 MR. HIGHT: This was precisely one of the
21 concerns that we had.

22 CONTROLLER CONNELL: That's what we raised.

23 MR. HIGHT: Right.

24 CONTROLLER CONNELL: Did they go to a more
25 expedited process? Remember, we encouraged them to go to

1 almost a seven-day-a-week calendar to get this done.

2 MR. WILLARD: Yes, they have been working
3 religiously out there, and it was just the weather that
4 came along and just stopped everything because they
5 couldn't work out there with the surf being what it was.

6 MR. HIGHT: The surf actually came over the
7 pier on occasion.

8 CONTROLLER CONNELL: Thank you, Mr. Hight.

9 Are there any other updates that we need to
10 do today? Do we need to go into session for any reason on
11 a litigation update, Dennis? Do you have anything to
12 offer us on any of our outstanding litigation?

13 MR. EAGAN: No, unless there's any
14 questions.

15 CONTROLLER CONNELL: Do we want an update on
16 our favorite lawsuit? Is there any need to do that
17 today?

18 MR. HIGHT: No.

19 CONTROLLER CONNELL: All right. Then if
20 there are no other comments by the Members of the
21 Commission, we have recessed.

22 * * *

23

24

25

1 STATE OF CALIFORNIA)
2 COUNTY OF LOS ANGELES) ss.

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

I, Scott Sawyer CSR 11488 a Certified Shorthand Reporter in and for the State of California, do hereby certify:

That the foregoing proceeding was taken down by me in shorthand at the time and place named therein and was thereafter reduced to typewriting under my supervision; that this transcript is a true record of the testimony given by the witnesses and contains a full, true and correct record of the proceedings which took place at the time and place set forth in the caption hereto as shown by my original stenographic notes.

I further certify that I have no interest in the event of the action.

EXECUTED this 13th day of March, 1998.
Scott Sawyer
Scott Sawyer CSR No. 11488