

MEETING  
STATE OF CALIFORNIA  
STATE LANDS COMMISSION

STATE CAPITOL  
ROOM 126  
SACRAMENTO, CALIFORNIA

TUESDAY, DECEMBER 9, 2003  
2:00 P.M.

JAMES F. PETERS, CSR, RPR  
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APPEARANCES

BOARD MEMBERS

Mr. Cruz Bustamante, Chairperson  
Mr. Steve Westly, also represented by  
Ms. Cindy Aronberg  
Ms. Donna Arduin, represented by  
Mr. Fred Klass

STAFF

Mr. Paul Thayer, Executive Officer  
Mr. Jack Rump, Chief Counsel  
Mr. Greg Scott, Assistant Chief, Mineral Resources  
Division  
Mr. Mark Steinhilber, Supervisor, Safety Audit Division

ALSO PRESENT

Ms. Eve Bach, Public Trust Group  
Ms. Ruth Gravanis, Public Trust Group, Treasure Island  
Wetlands Project  
Mr. Alan Hager, Deputy Attorney General  
Mr. John McNab, Save Our Navel Training Center  
Ms. Sandra Threifall, Public Trust Group  
Ms. Maggie Valentine, Citizen

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1 PROCEEDINGS

2 CHAIRPERSON BUSTAMANTE: I'll call this meeting  
3 of the State Lands Commission to order. All who represent  
4 the Commission are present.

5 My name is Lieutenant Governor Cruz Bustamante.  
6 And I'm joined today by Controller Steve Westly and Fred  
7 Klass representing the Department of Finance.

8 For the benefit of those in the audience who are  
9 not familiar with the State Lands Commission, we  
10 administer the properties by the State as well as its  
11 mineral interests. Today we'll here proposals concerning  
12 the leasing and management of these public properties.

13 The first item of business will be the adoption  
14 of the minutes for the Commission's last meeting. And  
15 since Mr. Klass -- have you had any chance to take a look  
16 at the --

17 ACTING COMMISSIONER KLASS: I did, but I don't  
18 have any questions. So I will abstain.

19 CHAIRPERSON BUSTAMANTE: That's fine.

20 COMMISSIONER WESTLY: I'll move to approve the  
21 minutes.

22 CHAIRPERSON BUSTAMANTE: Second.

23 Let the vote show it's 2 to approve and 1  
24 abstention.

25 CHAIRPERSON BUSTAMANTE: The next order of

1 business is Executive Officer's report.

2 Mr. Thayer.

3 EXECUTIVE OFFICER THAYER: Good afternoon, Mr.  
4 Chair and members of the Commission.

5 I wanted to report on just two items. The  
6 principal one has to do with a project which the  
7 Commission can take great pride. It involves the recharge  
8 of the geyser steam fields. The Commission has several  
9 school land parcels in that area, and obtains several  
10 million dollars in revenues for the teachers -- the  
11 state's teachers every year from leasing the fields for  
12 power production.

13 The major inhibitor in preventing additional  
14 production has been the lack of water in the ground, so  
15 there's not enough steam to really generate more than is  
16 presently being generated. However, Santa Rosa  
17 fortuitously was running into a problem with the disposal  
18 of waste water. And so the Commission staff have spent  
19 some time working with the Energy Commission and other  
20 sources to try and generate the money necessary to build a  
21 pipeline, which just was opened last month I believe,  
22 which carries waste water from Santa Rosa up to the  
23 geysers and injects that waste water into the ground where  
24 it will be turned into steam, enhancing the production of  
25 power in a clean way from that area as well as in

1 increasing the revenue that we get from that property for  
2 retired teachers.

3 So I wanted to make sure the Commission was aware  
4 of that. The dedication was just last month.

5 CHAIRPERSON BUSTAMANTE: Any questions?

6 Mr. Westly?

7 COMMISSIONER WESTLY: No questions.

8 EXECUTIVE OFFICER THAYER: The second brief item,  
9 I wanted to just acknowledge that Rick Ludlow is in the  
10 audience. He's one of our attorneys who's going to be  
11 retiring at the end of this month, after working for the  
12 Commission for about 20 years. He's done a great job on  
13 particularly our Long Beach unit and other oil-related  
14 matters, giving great advice. And all of the  
15 Commissioners since he's been here benefited from his good  
16 work. And I want to acknowledge Rick Ludlow.

17 CHAIRPERSON BUSTAMANTE: Rick, why don't you  
18 stand up.

19 (Applause.)

20 EXECUTIVE OFFICER THAYER: And that concludes the  
21 Executive Officer's report.

22 CHAIRPERSON BUSTAMANTE: Great. Thank you.

23 Next, the adoption of the consent calendar.

24 Has everybody had a chance to look at the consent  
25 calendar?

1 Any questions?

2 COMMISSIONER WESTLY: Yes, Mr. Chair. Before we  
3 vote on the consent calendar, I'd like to make a change to  
4 No. 41. Simply, I'd like to delete the authorization of  
5 the staff to transfer the land to another agency. Instead  
6 I'd like to ask the staff to review with my office --  
7 consider the alternatives for dealing with this property  
8 and come back at another meeting with options regarding  
9 the ultimate disposition of the land if we could.

10 EXECUTIVE OFFICER THAYER: Certainly. That could  
11 be done as a unanimous amendment. We could put the item  
12 back on the consent calendar.

13 CHAIRPERSON BUSTAMANTE: Is there any questions?

14 ACTING COMMISSIONER KLASS: No problem.

15 COMMISSIONER WESTLY: What the second issue, if I  
16 could, and, that is, on the offer for us to dedicate on  
17 Broad Beach, I know that there is a legal issue, a  
18 controversy raised by a former -- a coastal commissioner.  
19 And that my office have asked that you brief them on the  
20 issue. And if we could make sure that these OTDs are back  
21 on the calendar for the next meeting, I sure would love if  
22 we could do that.

23 EXECUTIVE OFFICER THAYER: Certainly. If it's  
24 the will of the Commission to do that.

25 CHAIRPERSON BUSTAMANTE: This is with regard to

1 the --

2 EXECUTIVE OFFICER THAYER: -- pipeline.

3 CHAIRPERSON BUSTAMANTE: -- the cap pipeline on  
4 Irene?

5 EXECUTIVE OFFICER THAYER: No, this has to do  
6 with some offers to dedicate for public access along Broad  
7 Beach that the Commission had initially considered back in  
8 October. And we were requested to put over that item  
9 because of some last minute concerns by some of the people  
10 that were affected by it.

11 CHAIRPERSON BUSTAMANTE: What item is that?

12 EXECUTIVE OFFICER THAYER: It's not on the  
13 calendar this time. And my understanding is the  
14 Controller was just ensuring that this is going to be back  
15 on the agenda for --

16 CHAIRPERSON BUSTAMANTE: Okay. Any other  
17 concerns about the consent calendar?

18 Seeing none.

19 I'd like to entertain a motion.

20 COMMISSIONER WESTLY: So moved.

21 ACTING COMMISSIONER KLASS: Second.

22 EXECUTIVE OFFICER THAYER: Oh, I'm sorry. The  
23 other item, we want to make sure that we have taken off  
24 the items from the consent calendar that are listed here,  
25 that have subsequently -- after this list was made the



1 agenda went out.

2 CHAIRPERSON BUSTAMANTE: Why don't you make a  
3 listing of those that are supposed to be taken off right  
4 now.

5 EXECUTIVE OFFICER THAYER: 16, 21, 22, 25, and  
6 26. And we will hear those at a subsequent meeting.

7 CHAIRPERSON BUSTAMANTE: Okay. More than --  
8 restate your motion or you want to make it again.

9 COMMISSIONER WESTLY: So moved.

10 ACTING COMMISSIONER KLASS: Second.

11 CHAIRPERSON BUSTAMANTE: That was very articulate  
12 and well said. Appreciate the brevity.

13 (Laughter.)

14 CHAIRPERSON BUSTAMANTE: Let the record show that  
15 it was unanimous.

16 I'm assuming, since I didn't ask -- and I guess I  
17 should back up. Was there anybody here who wanted to  
18 speak to the consent calendar? We can go back if there  
19 is.

20 Any hands?

21 EXECUTIVE OFFICER THAYER: We have no slips.

22 CHAIRPERSON BUSTAMANTE: Okay. No, we have no  
23 slips.

24 Let's see. We're going to the regular calendar  
25 at this point?

1 EXECUTIVE OFFICER THAYER: Yes, sir.

2 CHAIRPERSON BUSTAMANTE: Item No. 45; is that  
3 correct?

4 EXECUTIVE OFFICER THAYER: That's correct.

5 CHAIRPERSON BUSTAMANTE: All right. So let's go  
6 to that.

7 EXECUTIVE OFFICER THAYER: Greg Scott from the  
8 Commission staff will make the presentation on this item.

9 CHAIRPERSON BUSTAMANTE: You're all welcome to  
10 stay longer if you'd like.

11 (Thereupon an overhead presentation was  
12 Presented as follows.)

13 CHAIRPERSON BUSTAMANTE: Staff report. Please,  
14 move forward.

15 MINERAL RESOURCES DIVISION ASSISTANT CHIEF SCOTT:  
16 Good afternoon, Honorable Chair, commissioners.  
17 My name is Greg Scott. I'm the Assistant Chief of the  
18 Mineral Resources Division in Long Beach.

19 I'm sharing the podium this afternoon with Mark  
20 Steinhiber to my left of our Division staff. And together  
21 we'll be making a short presentation of staff's  
22 recommendation to release ARCO of its guarantor  
23 performance obligation under the governing agreements of  
24 the Long Beach unit oil operation.

25 We have also provided you with copies of the

1 slide presentation for your convenience.

2 --o0o--

3 MINERAL RESOURCES DIVISION ASSISTANT CHIEF SCOTT:

4 As a background and brief overview, the Long  
5 Beach unit shown in this slide is a large offshore and  
6 onshore oil field operation located in the granted  
7 tidelands of Long Beach. The operation consists of four  
8 manmade drilling production islands that were built in  
9 1965 and produced oil and gas from the Wilmington Field.

10 Current oil production at this time is about  
11 32,000 barrels of oil per day. And the cumulative oil  
12 revenues returned to the State since 1965 is over \$4  
13 billion.

14 The unit continues to generate significant  
15 revenues to the state, with this past fiscal year's  
16 revenues amounting to about \$50 million.

17 --o0o--

18 MINERAL RESOURCES DIVISION ASSISTANT CHIEF SCOTT:

19 This slide shows the relationships of the parties  
20 involved in the Long Beach unit. The City of Long Beach  
21 is the unit operator and also acts as trustee for the  
22 state. Occidental Petroleum Long Beach, Inc. is the  
23 current field contractor, with the subsidiary THUMS  
24 Company as the agent for the field contractor who conducts  
25 the day-to-day field operations. The State of California

1 is a major mineral owner and a major revenue beneficiary  
2 from the oil and gas sales.

3 And the bottom half of the slide is an aerial  
4 view of the unit showing four islands and the onshore  
5 facility, with the interconnecting pipeline superimposed  
6 on the slide.

7 --o0o--

8 MINERAL RESOURCES DIVISION ASSISTANT CHIEF SCOTT:

9 At its April 2000 Commission meeting, the  
10 Commission approved the City of Long Beach's consent to  
11 assign ARCO's 100 percent ownership interest as field  
12 contractor to Occidental Petroleum. That approval,  
13 however, did not include the release of ARCO as guarantor  
14 of its performance obligations. And in the Consent to  
15 Assignment agreement were three conditions that had to be  
16 met for the future release of ARCO as guarantor. And  
17 those three conditions are listed here: The conducting of  
18 the financial audit of the Long Beach unit, joint by the  
19 city and the State; installation of automatic shutdown  
20 valves at all of the primary oil pipelines; and also to  
21 undergo a State-conducted full field safety audit on the  
22 entire Long Beach unit.

23 --o0o--

24 MINERAL RESOURCES DIVISION ASSISTANT CHIEF SCOTT:

25 The status of those three conditions is shown

1 here. The financial audit was the first to be completed,  
2 shortly after the stock sale from ARCO to Occi. That was  
3 done in January of 2000. Very few items were identified  
4 in that audit. Anything that was identified were remedied  
5 immediately. Some procedural changes in the accounting  
6 process were made. And those were taken care of in 2001.  
7 The automatic shutdown valves were installed in December  
8 of 2001. The State and the city inspected and accepted  
9 the installation of those valves in February of 2002.

10 And, finally, the full field safety audit was  
11 performed through the State Lands Safety Audit Program by  
12 State Lands engineers and inspectors as well as an  
13 electrical consultant. And because of the size --  
14 physical size and complexity of the Long Beach unit this  
15 third condition took the longest time to complete, which  
16 occurred this last November.

17 And Mark Steinhilber to my left, the State Lands  
18 Safety Audit Supervisor, will continue the presentation  
19 now with a brief summary of that safety audit.

20 --o0o--

21 SAFETY AUDIT SUPERVISOR STEINHILBER: The  
22 objective of each safety audit is to ensure that the  
23 operating company has a comprehensive safety and  
24 environmental program done through onsite verification,  
25 and to ensure that each facility is designed, maintained,

1 and operated in a manner compliant with current industry  
2 codes, regulations, and meets the standard of best  
3 achievable protection.

4 --o0o--

5 SAFETY AUDIT SUPERVISOR STEINHILBER: Each safety  
6 audit uses a team approach. We have an equipment  
7 functionality integrity team that looks at the condition  
8 and maintenance of onsite; we have an electrical team that  
9 looks at the condition and maintenance for the electrical;  
10 a technical team of engineers that looks at the facility  
11 design, safety control systems, and other critical  
12 features; and, finally, an administrative team that  
13 reviews operating manuals, spill-prevention plans,  
14 training, and other safety programs. A list of action  
15 items is developed as part of the safety audit and is  
16 issued for the formal report.

17 --o0o--

18 SAFETY AUDIT SUPERVISOR STEINHILBER: The action  
19 items are assigned priorities according to risk, with a  
20 high risk potential being considered Priority 1. And that  
21 would have risk potential for injury, oil spill, or other  
22 adverse or environmental impact or significant property  
23 damage. Priority 2 has a moderate risk. And Priority 3  
24 has a low risk potential.

25 Each priority level action item has a time limit

1 identified for corrective action. And that timeframe  
2 starts when the report is issued.

3 --o0o--

4 SAFETY AUDIT SUPERVISOR STEINHILBER: These are  
5 the results. We have a total of 3,197 action items that  
6 were identified. Now, because the Long Beach unit  
7 comprises essentially six facilities comparable to the  
8 other ones we'd audited, this equates to about 500 items  
9 per facility.

10 Of those, 198 -- that would be this number  
11 here -- were high priority, Priority 1; 637, Priority 2;  
12 and 2300 are of the low priority or low risk.

13 A large share of the items fell in the electrical  
14 type. And this resulted mainly due to the age and  
15 condition of equipment or how it was installed 40 years  
16 ago.

17 --o0o--

18 SAFETY AUDIT SUPERVISOR STEINHILBER: In the  
19 follow-up phase after the report was issued, 30 days are  
20 allotted for resolution of the Priority 1 items, with 120  
21 days and 180 days for the other priorities.

22 At the time the report was issued, the THUMS  
23 Company already had 53 percent of all the action items  
24 corrected.

25 --o0o--

1 SAFETY AUDIT SUPERVISOR STEINHILBER: This goes  
2 into a little more detail of their responsiveness during  
3 the follow-up phase. You can see that when the report was  
4 issued, 53 percent of all the items were already  
5 corrected. At the 30-day timeframe 96 percent of all  
6 those Priority 1 items had been resolved. The next  
7 timeframe, 60 percent of the Priority 2 were complete.  
8 And then finishing up, the final 180-day timeframe, 99  
9 percent of all Priority 3s were complete, with an overall  
10 percentage of 96 percent complete at that timeframe.

11 We did achieve final completion of all items at  
12 about 510 days. That's a year and five months after the  
13 report was issued.

14 Each item that was not completed within the  
15 appropriate time limits, THUMS provided planning for the  
16 best long-term solutions, they provided inter-risk  
17 mitigation. And many of these items required major design  
18 work, numerous subcontractors, suppliers, and  
19 installations at multiple locations.

20 --o0o--

21 SAFETY AUDIT SUPERVISOR STEINHILBER: Safety was  
22 never compromised or reduced by hurried installations that  
23 were attempting to meet our rather arbitrary time  
24 deadlines.

25 --o0o--



1 SAFETY AUDIT SUPERVISOR STEINHILBER: This shows  
2 the audit timelines, with completion in November of 2003.  
3 And that was signified by a letter of completion that was  
4 issued on November 12th, 2003, included as Exhibit A in  
5 the calendar item.

6 --o0o--

7 SAFETY AUDIT SUPERVISOR STEINHILBER: The major  
8 improvements that were made to the Long Beach unit include  
9 the automatic shutdown valves that were one of the  
10 conditions for release of ARCO. There were numerous  
11 electrical code items corrected. Safety valve settings on  
12 pressure vessels were corrected. Plans and operating  
13 procedures were reviewed and updated. Over one and a half  
14 million dollars was invested in other facility and system  
15 upgrades. And there was also a safety system and  
16 automation upgrade that was put in. So there's computer  
17 controlled safety systems at these facilities.

18 --o0o--

19 SAFETY AUDIT SUPERVISOR STEINHILBER: The  
20 benefits to California are that there's a reduced  
21 likelihood of environmental damage or major catastrophe  
22 that could affect public health and safety. We verified  
23 that best achievable protection is achieved and that  
24 uninterrupted revenue continues to the State of  
25 California.

1                   --o0o--

2                   SAFETY AUDIT SUPERVISOR STEINHILBER: The  
3 Commission staff recommends that ARCO be released from its  
4 guarantor obligations under the governing agreements of  
5 the Long Beach unit.

6                   CHAIRPERSON BUSTAMANTE: The large number of  
7 action items, does that give you -- does that raise  
8 questions about the other facilities that are aging and  
9 that have not had yet this full audit?

10                  SAFETY AUDIT SUPERVISOR STEINHILBER: We have a  
11 program to audit all of the facilities. We have four  
12 additional facilities that we're going to be working  
13 through in the next year and a half. And that will  
14 complete all of the State facilities within the five-year  
15 plan.

16                  CHAIRPERSON BUSTAMANTE: Within the five-year  
17 plan.

18                  That will be the same level of audit as well  
19 as --

20                  SAFETY AUDIT SUPERVISOR STEINHILBER: Yes, sir.

21                  CHAIRPERSON BUSTAMANTE: Okay. I have no  
22 questions. I think that you've been very thorough. This  
23 process appears to be -- having been done very thoroughly,  
24 I don't have any additional questions.

25                  Does the Controller or Finance --

1           ACTING COMMISSIONER KLASS: Just a follow-up to  
2 yours, Mr. Chairman. Just I, too, was concerned about the  
3 number of high priority action issues. I'm just, out of  
4 curiosity, I suppose, as much as anything else, trying to  
5 get a feel for how serious these things were.

6           I mean was there equipment that was going to blow  
7 at any time? Or just, you know --

8           SAFETY AUDIT SUPERVISOR STEINHILBER: No.

9           ACTING COMMISSIONER KLASS: -- what was the  
10 condition of this place?

11           SAFETY AUDIT SUPERVISOR STEINHILBER: In many  
12 cases, the Priority 1 items were things that posed  
13 potentially a risk to operating personnel where they could  
14 be injured, and we need to call them out perhaps on an  
15 OSHA-type code problem. So we have to call that out as a  
16 Priority 1.

17           And the company involved got on these items  
18 immediately and typically had those identified and  
19 resolved right away.

20           The ones that were problematic were design-type  
21 problems that occur because the codes change over the  
22 years. And then the appropriate solution is to get a good  
23 design solution in place and then allow it time to be  
24 installed or brought up to that code and not compromise  
25 safety while you're doing it. So we think that they have

1 done an excellent job, achieved very good balance, and we  
2 have an ultimate good long-term solution.

3 ACTING COMMISSIONER KLASS: And in terms of the  
4 safety to the public, are you comfortable that a five-year  
5 timeframe where you'd do all these facilities is  
6 reasonable? Should it be speeded up? Are there any  
7 imminent problems out there?

8 SAFETY AUDIT SUPERVISOR STEINHILBER: The audit  
9 program has learned a lot in doing the initial audits.  
10 And we believe that the audits are getting better, they're  
11 more on the mark. And these ones, although they had to  
12 wait, we have done some prioritization as to which ones we  
13 need to get to and in what order. And a five-year  
14 timeframe appears to be fine. We also have an inspection  
15 program that is looking at all of these facilities on a  
16 monthly basis, and they're dealing with any day-to-day  
17 operational problems at them.

18 ACTING COMMISSIONER KLASS: Thank you.

19 CHAIRPERSON BUSTAMANTE: Mr. Controller?

20 COMMISSIONER WESTLY: Just one observation and  
21 then a question. I'm truly impressed. You've tracked so  
22 carefully 3,200 remediation issues. And I'm absolutely  
23 delighted to hear they've all been resolved to your  
24 satisfaction.

25 I think as a broader perceptual issue, I just

1 wanted to ask: Is a facility like this now in your  
2 opinion safer than an oil platform like Holly?

3 SAFETY AUDIT SUPERVISOR STEINHILBER: Absolutely.  
4 There's inherent differences between these islands and a  
5 platform. The island has a large containment volume that  
6 will contain, you know, spills much better than a  
7 platform.

8 And then from the second standpoint, it's much  
9 larger in surface area. So you don't have equipment on  
10 top of each other, and it lowers the risk significantly.

11 So they are inherently safer than a platform.  
12 The only things that are similar are the sub-sea  
13 pipelines. And now with the automatic shutdown valves,  
14 they're set up exactly the same and they're safer.

15 CHAIRPERSON BUSTAMANTE: One last question. Have  
16 you thought about perhaps sending out some kind of an  
17 advisory letter to those who have not yet been audited,  
18 giving them some general benefit of the experiences that  
19 you've learned here so that -- I mean I consider something  
20 that's likely to put someone's life at risk not only a  
21 Priority 1, but something that, especially if you're  
22 learning because of aged facilities, that you might want  
23 to pass that information along to other like facilities  
24 that have like systems?

25 SAFETY AUDIT SUPERVISOR STEINHILBER: We have

1 been sharing the audit reports with the companies that are  
2 to be audited next so that they learn from the previous  
3 audits.

4 CHAIRPERSON BUSTAMANTE: Also might drop the  
5 number of action items.

6 SAFETY AUDIT SUPERVISOR STEINHILBER: The numbers  
7 have been dropping with them as they learn what we're  
8 looking for and they go through and try and resolve things  
9 before we get there.

10 CHAIRPERSON BUSTAMANTE: All right.

11 SAFETY AUDIT SUPERVISOR STEINHILBER: We've done  
12 two other audits since the ARCO -- or since the Long Beach  
13 unit was completed.

14 CHAIRPERSON BUSTAMANTE: Are the representatives  
15 here?

16 MINERAL RESOURCES DIVISION ASSISTANT CHIEF SCOTT:  
17 Occi has representatives here, yes.

18 CHAIRPERSON BUSTAMANTE: Do they want to say  
19 anything?

20 I'm assuming not.

21 Any other questions by the Commission?

22 Is there a motion?

23 ACTING COMMISSIONER KLASS: I'll move the staff  
24 recommendation.

25 COMMISSIONER WESTLY: Second.

1 CHAIRPERSON BUSTAMANTE: Let the record show that  
2 it's a unanimous vote.

3 And that I believe concludes the regular  
4 calendar.

5 There is a period of time after the regular  
6 calendar in which we allow people to come forward and to  
7 speak on a variety of issues. We have requests from seven  
8 or eight people.

9 Check that. About five people.

10 And is there an Eve -- is Eve Bach here?

11 Please come forward.

12 Ruth Gravanis is up next.

13 And where are they going to be speaking from?  
14 Will they be speaking from that microphone here?

15 In that area called the speaker's area.

16 Welcome, Eve.

17 MR. BACH: Thank you.

18 CHAIRPERSON BUSTAMANTE: Is the button turned on?

19 EXECUTIVE OFFICER THAYER: Yes.

20 CHAIRPERSON BUSTAMANTE: Okay, good.

21 MS. BACH: Good afternoon. I'm Eve Bach. And  
22 I'm the Chair of the Public Trust Group, which is an  
23 organization is in the San Francisco Bay Area.

24 We come to you as -- in your role as guardians of  
25 the long-term interests of the public in our public trust

1 lands.

2 In the current climate where long-term interests  
3 are so often sacrificed to short-term advantage, we have  
4 decided that you need our help.

5 CHAIRPERSON BUSTAMANTE: Thank you.

6 (Laughter.)

7 MS. BACH: The Public Trust Group was founded in  
8 the wake of the 1993 BRAC military base closings, which  
9 almost completely removed the Navy from the San Francisco  
10 Bay Area, and left behind about 10,000 acres of waterfront  
11 property.

12 The founder of our group -- one of the founders  
13 was Sylvia McLaughlin, a name that is probably familiar to  
14 you as one of three women responsible for saving San  
15 Francisco Bay. Her concern and ours was that the  
16 preservation of the public trust was to make sure that the  
17 public trust would be preserved when the military finally  
18 conveys closed bases for civilian reuse, a process that is  
19 taking longer than most people thought it would.

20 Sylvia knew the value of the public trust since  
21 it had been so important in her efforts to stop the  
22 wholesale filling of the Bay that threatened to convert  
23 the Bay into a meandering stream. At the time of her  
24 efforts there were anguished cries that there was  
25 portending economic collapse if the public trust was to be



1 enforced. She heard echoes of those cries when the bases  
2 were closed and the issues of redeveloping rose to the  
3 surface.

4 From where we stand now, in the 21st Century,  
5 it's really inconceivable to us that the Bay Area would  
6 have been better off if bay fill had been allowed to  
7 continue if those short-term interests to develop real  
8 estate had been allowed to trump the ancient doctrine of  
9 the public trust.

10 We believe that in the 22nd century the value of  
11 respecting the public trust in the redevelopment of the  
12 former bases will be similarly apparent. And we think for  
13 that reason that you have an important work to do.

14 In addition to the work you are already doing, we  
15 strongly believe that there needs to be a ramping up of  
16 education and outreach to the public on public trust  
17 issues. In our work, both in the San Francisco Bay -- and  
18 Ruth Gravanis and Sandy Threifall will talk about examples  
19 at Treasure Island and in Oakland, what we have seen are  
20 processes for involving the public that are not robust  
21 enough given what is at stake. And we think that you  
22 really need to give some attention to how to improve those  
23 processes and then to launch some educational efforts.  
24 And I will let them talk about specific proposals.

25 Thank you for your time.

1           CHAIRPERSON BUSTAMANTE: Thank you, Eve. I think  
2 the Controller has a comment for Eve. I think the  
3 Controller has either a comment or a question.

4           COMMISSIONER WESTLY: I just wanted to say  
5 briefly just thank you for being here. I know a good bit  
6 about your group. And I think what you're doing is  
7 absolutely essential.

8           I moved to the San Francisco Bay Area in 1957  
9 when the Bay Shore Freeway was still in fact on the Bay  
10 Shore. A lot has changed since then. And your group's  
11 efforts to reduce further landfill have been essential.  
12 And I'd just like to -- because I have to go to another  
13 meeting -- urge the staff to do whatever we can to improve  
14 the perception as well as the reality that we're doing  
15 everything possible to involve and solicit community  
16 feedback. This is important. And I think we can work  
17 with you on that.

18           MS. BACH: Well, thank you. We're on the same  
19 side of the page.

20           COMMISSIONER WESTLY: Okay. Thanks.

21           CHAIRPERSON BUSTAMANTE: Also, we'll be having a  
22 meeting on February the 2nd in San Francisco. So if  
23 there's something that you're interested in putting on the  
24 agenda, perhaps you can approach the staff with that.

25           MS. BACH: That's great. Thanks.

1           CHAIRPERSON BUSTAMANTE: Please.

2           MS. GRAVANIS: Good afternoon, Commissioners.  
3 I'm Ruth Gravanis. I live in San Francisco. And I'm here  
4 today because I would really to do anything to get out of  
5 town and avoid the last minute campaigning in the Mayor's  
6 race.

7           (Laughter.)

8           CHAIRPERSON BUSTAMANTE: Well I think that's a  
9 compliment.

10          (Laughter.)

11          MS. GRAVANIS: In addition to being a member of  
12 the Public Trust Group, I'm also the director of a small  
13 organization called the Treasure Island Wetlands Project.  
14 And I have been interested in the natural resources of all  
15 of our closing military bases in the Bay Area since I work  
16 for the Save San Francisco Bay Association and have  
17 continued those interests as I work with the other members  
18 of the Public Trust Group to kind of monitor or watchdog  
19 the activities. It's not just to Treasure Island, but  
20 also Mare Island, the Alameda Naval Air Station, and  
21 Hunters Point Shipyard and others.

22          Treasure Island, as you know, is -- we use the  
23 term "Treasure Island" often to refer to two islands,  
24 Treasure Island and Yerba Buena Island, collectively known  
25 as Naval Station, Treasure Island. And as we speak,

1 legislation is being drafted to allow a public trust  
2 exchange which would lift the trust from a portion of  
3 Treasure Island, the human-made island, and to transfer it  
4 to Yerba Buena Island, which is the natural island. And  
5 our organization has no objections to having an exchange  
6 of some kinds take place. We recognize that there is a  
7 very, very large support for the construction of housing  
8 on Treasure Island, and we're not opposed to some  
9 residential uses on this island even though in the strict  
10 sense because it is former bay -- former tidelands, none  
11 of it should be privatized. But we agree that an exchange  
12 is -- could be appropriate if it's the right one and if it  
13 results in a net public benefit.

14 Our fears are, as Eve alluded to, that there has  
15 not been adequate public outreach and opportunities for  
16 public input. And we are asking for your help to make it  
17 known to the powers that be and the various agencies that  
18 are trustees that you expect evidence of due public  
19 process before a proposal related to public trust comes  
20 before you as the Commission.

21 With Treasure Island, there's going to be a  
22 public hearing tomorrow before the Treasure Island  
23 Development Authority, which is San Francisco's second  
24 redevelopment agency. And there's going to be discussion  
25 of a proposed trade. The proposed trade has not yet been

1 made public. So members of the public are not going to  
2 have an opportunity to look at it ahead of time. I've  
3 seen it because I'm one of those peculiar people who has  
4 nothing else to do than to go down to the city library on  
5 Friday afternoon and demand a document that none of the  
6 librarians even know is there until the right person gets  
7 back from her coffee break who can find it.

8 But that's not really what I call adequate public  
9 release of a document that's going to be brought before a  
10 public hearing. And we feel that it's very important that  
11 before the legislation is approved, that the local  
12 government, the San Francisco Board of Supervisors, not  
13 just the Treasure Island Development Authority, and the  
14 citizens of San Francisco have an opportunity to look at  
15 the configuration and to comment on it and to exercise  
16 their best judgment in determining whether or not a true  
17 net benefit clearly will result from this particular  
18 exchange.

19 We understand that renegotiations with developers  
20 have to be done in closed session. But there are many  
21 aspects of what's being discussed in closed session that  
22 actually relates to public policy matters such as the  
23 ultimate land-use plan and the amount of benefits that  
24 will actually accrue to the public as the result of the  
25 land-use plan that will be based on public trust exchanges

1 finally adopted.

2           So I guess in short, prior to the time when the  
3 trade actually comes before you, it would be good if  
4 everyone knew that you're going to be asking, "Oh, by the  
5 way, what was the opportunity for participatory democracy  
6 that went into the development of this proposal."

7           I'd also like to mention that one of the things  
8 the Public Trust Group has been doing is trying to reach  
9 the general public with information about what the public  
10 trust is, what the tidelands trust legislation is. And  
11 that is, of course, very, very difficult. And we have  
12 been issuing some handouts and going to public  
13 presentations. And we're grateful to the State Lands  
14 Commission staff for giving us some handouts that we were  
15 able to distribute at a recent conference on the estuary,  
16 and we were also able to make handouts out of information  
17 we downloaded from your website. And we made copies of  
18 Mark Dowie's article from Orion Magazine. I hope you're  
19 familiar with that. It was a very good article about  
20 Public Trust Doctrine.

21           But these things are geared for a pretty  
22 knowledgeable, elite, if you will, section of the  
23 population. And we would really, really like your help in  
24 the production of materials that could reach the general  
25 public about the importance of the public property right

1 that the public trust offers to them, and also find other  
2 venues to reach a much, much larger segment of the people  
3 of California to help them understand how fantastic public  
4 trust resources are and how important it is to protect  
5 them and how important your work is.

6 Thank you.

7 CHAIRPERSON BUSTAMANTE: Thank you.

8 We have John McNab, who was next.

9 I'm sorry. Did any of the Commissioners have any  
10 questions or comments?

11 John McNab, and then Sandra Threifall. Is that  
12 the way you pronounce it? I'm sorry.

13 Is that to be distributed?

14 MR. McNAB: Yes, John McNab representing Save our  
15 NTC in San Diego California.

16 And this is -- what we're going to do is look at  
17 some history of what happens when the State Lands  
18 Commission does not protect public rights to state  
19 tidelands.

20 Naval Training Center at San Diego as shown on  
21 the front cover -- anyone in the audience could get some  
22 also -- sits at the mouth -- one of two mouths of the San  
23 Diego River right on the San Diego Harbor. Over 70 acres  
24 of public tidelands below the history tide -- high mean  
25 tideline were extinguished for the express purpose of

1 constructing office buildings and 350 private homes. This  
2 was to facilitate a deal where private commercialization  
3 of public lands would pay for rehabilitation costs of  
4 historic buildings for what was termed a Civic Arts and  
5 Cultural Center, a waterside ballpark, a Southern  
6 California Fort Mason Center. In fact, the developer was  
7 to provide over \$50.7 million for the construction of this  
8 park and public center.

9           Instead, through incremental bait and switch, the  
10 developer has been relieved of all obligations by the  
11 local redevelopment agency to fund public improvement. In  
12 fact, they have become -- the public areas have become  
13 profit centers for him. The State and federal government  
14 have stepped in to provide funds for these public  
15 improvements, which he gets a profit cut on.

16           Now, a \$1 billion public campus, a modern public  
17 campus, capable of being reused for a multiple of public  
18 purposes, has been lost. The little remaining public  
19 areas are zoned commercial and they are treated as  
20 stepchildren to maximization of the base for the most  
21 profitable commercial use for the developer. Roads have  
22 already been gridlocked and next-to-no public parking has  
23 been set aside for the public areas.

24           Not only has the public lost use of their  
25 tidelands; 80 percent of property tax revenues has been



1 lost to the developer. This is \$200 million over the next  
2 40 years. Because this public property had zero tax base,  
3 80 percent is achieved.

4 This is historic development priorities on other  
5 public lands across the state, including Treasure Island.  
6 And the battle between Los Angeles and San Diego for the  
7 football Chargers' use of public -- of commercializing  
8 public lands for strictly commercial uses.

9 The State suffers lost property tax revenues as  
10 lost property tax revenues dedicated for schools is  
11 backfilled by the State. Further, this is a resulting of  
12 graph, which our research has shown is considerable on  
13 this project.

14 The public lost a jewel that defined what the  
15 California Coastal Act was created to protect. You know,  
16 if you take a look at the Coastal Act, NTC is -- on every  
17 major tenant applies, yet it didn't.

18 It has severely weakened the public tidelands  
19 protection. It compromises public safety. What we had is  
20 when there was this big fire in San Diego, everyone had to  
21 go down to QualCom Stadium, which is our football stadium.  
22 They couldn't get meals, they couldn't get water, they  
23 couldn't -- public toilets. We had 8,800 beds sitting at  
24 Naval Training Center that were crushed for private use.  
25 We had 150,000 meals per day capacity, hot meals per day

1 capacity, crushed for private development. We had  
2 warehouses. We had everything we needed to protect public  
3 safety. And we gave that up in order to lose millions at  
4 the State and local level.

5 It has drained local funds that should be going  
6 to local services, such as the fire and police, because,  
7 again, it's relieving the developer of his obligations.

8 It's drained State tax funds through tax  
9 diversion by -- and shady development -- developer tax  
10 rights. And it has damaged the beauty and future  
11 possibilities of rightful use of our prime coastal  
12 property.

13 Particularly after the State has been on the  
14 other side of the isle on our lawsuits, both in Los  
15 Angeles and in San Diego, our Naval Training Center, where  
16 the public attempted to protect public tidelands, we  
17 really feel that you should be taking a look at this  
18 Exhibit A what happens when --

19 CHAIRPERSON BUSTAMANTE: Mr. McNab --

20 MR. McNAB: So thank you very much.

21 CHAIRPERSON BUSTAMANTE: Thank you.

22 Any questions?

23 MS. THRELFALL: Good afternoon. That's a hard  
24 act to follow.

25 My name is Sandy Threifall, and I am also a

1 member of the Public Trust Group in the San Francisco Bay  
2 Area.

3 My point that I'd like to share with you today is  
4 what I believe to be Statute 6206, which requires that  
5 public trust revenues be reinvested in public trust uses.  
6 And I think this is a very critical issue, especially  
7 given the state -- city, county, and the state economies  
8 at this grim stage.

9 The example I would like to bring up concerns the  
10 Port of and the City of Oakland. Now, the City of Oakland  
11 has a lake called Lake Merritt, which was the first bird  
12 refuge -- national bird refuge in the country. So we're  
13 very proud of it. It also, oddly enough, is tidelands  
14 trust; which when you think about it makes a lot of sense,  
15 the coming and going in the marsh and so on.

16 Well, the Port realized that they had  
17 responsibilities in that area given that it was trust  
18 land. So they designated roughly \$1.5 million a year for  
19 the last eight years, that I know of, to the City of  
20 Oakland for the maintenance of this public trust area.  
21 The City of Oakland chose to put it into the General Fund.  
22 And I'm sure the General Fund appreciated it, but Lake  
23 Merritt saw none of it.

24 When we went to the city and asked for an  
25 accounting, we were told that it was for police and fire.

1 And that's a legitimate use. My concern is that this type  
2 of reuse of tidelands revenues could get very difficult as  
3 the stress of the local budgets increase.

4 I would love to see those funds used for tideland  
5 trust purposes. Lake Merritt would very much appreciate  
6 that revenue stream in order to improve habitat and water  
7 quality.

8 It's a situation that is out of our hands.  
9 Unfortunately, it falls to the Commission and the  
10 Commission staff, who have a very heavy burden. And I'm  
11 sure 1.5 million sounds like a very small amount of money.  
12 I see it as an example, as much as anything else of the  
13 importance of an accounting of how the tideland trust  
14 revenues are applied to tideland trust uses.

15 And herein I'd like to support my partners from  
16 the Bay Area. The notion -- and, again, this is a staff  
17 request, I realize -- is a workshop of some sort where  
18 either the Commissioners or the Commissioners'  
19 representatives could come to key metropolitan areas that  
20 are rich in tideland trust lands, and it's really a very  
21 well kept secret.

22 I do my best to let the city council know how  
23 important this is, and other members of the community.  
24 But I think a workshop model would be ideal for letting  
25 people realize that the public trust is something that

1 belongs to all of us for eternity. And that seems like a  
2 very strange word to use, but that's -- we are the holders  
3 or the keepers and you are the guardians. And a workshop  
4 format, perhaps development of a brochure or literature  
5 that could be easy to hand out. We're more than willing  
6 to be the mouthpiece, but we want to make sure that we're  
7 supporting the principles that your staff have developed  
8 and supported.

9           We do appreciate the update to the website. It  
10 has made it much easier to let people know. Just go to  
11 SLC.CA.GOV and you'll find it all. Not everyone's willing  
12 to do that, but we do encourage them.

13           So I truly support any way that you can support  
14 your incredible staff -- and they are incredible, given  
15 that they have the whole state to worry about -- and  
16 helping us be the educators of this great policy.

17           Thank you very much for your time.

18           CHAIRPERSON BUSTAMANTE: Thank you, Sandra.

19           If I could ask staff, what she just described, is  
20 that legal?

21           EXECUTIVE OFFICER THAYER: As she described it,  
22 it may very well not be. And as the Commission knows,  
23 we're always struggling with the issues she's identified,  
24 which is how public trust revenues are expended and  
25 whether they're going for public trust uses or community

1 uses. And the example that I give of where the Commission  
2 did step in is at the Port of Los Angeles lawsuit, which  
3 was where Los Angeles was diverting revenues from the Port  
4 of Los Angeles for things like a convention center  
5 downtown, things like this. And the conclusion of that  
6 was a settlement which returned \$62 million to the Port.  
7 That's a success story. There are a lot of others like  
8 this where we hear things and we have to go in and  
9 investigate.

10 CHAIRPERSON BUSTAMANTE: Have you reviewed this  
11 particular issue?

12 EXECUTIVE OFFICER THAYER: I'm not familiar with  
13 it. Some of our staff might be.

14 CHAIRPERSON BUSTAMANTE: Well, I mean I think  
15 that we have a responsibility now to follow up --

16 EXECUTIVE OFFICER THAYER: Absolutely.

17 CHAIRPERSON BUSTAMANTE: -- on something that has  
18 been brought to our attention. And, you know, perhaps  
19 some type of an -- initially an advisory to all  
20 municipalities that are using these funds and maybe  
21 initially asking them if they need any clarification. And  
22 then following that up with something a little bit more  
23 direct.

24 EXECUTIVE OFFICER THAYER: Certainly.

25 We will investigate this, as we have the others

1 as they've come up; if they haven't come to the  
2 Commission's attention.

3 We did send -- you'll recall, I think at the  
4 Chairman's direction we adopted -- we prepared a public  
5 trust policy paper to help explain what the doctrine was,  
6 and there was a staff report largely written by the  
7 Attorney General's Office on that. And that's on the  
8 website. I think that's some of what you're referring to.  
9 We sent copies of that to every granted -- or municipality  
10 managing grant lands. But that's not enough. It's always  
11 an ongoing effort.

12 MS. THRELFALL: If I might interject. It's a  
13 wonderful paper. But paper is something we have way too  
14 much of.

15 And I'm thinking that's where a workshop model or  
16 a presentation for the tidelands by a staff member to  
17 these boards, these commissions, and these councils could  
18 better communicate the idea.

19 Thank you very much.

20 CHAIRPERSON BUSTAMANTE: Thank you.

21 And I believe Commissioner Klass has a question.

22 ACTING COMMISSIONER KLASS: Sandra, could you go  
23 back over the facts one more time. I'm particularly  
24 interested, having sat on the coastal conservancy which  
25 provided the City of Oakland a grant to help restore Lake

1 Merritt. So I just wanted to get the story.

2 MS. THRELFALL: Oh, I'm curious to see where that  
3 ended up.

4 I'm sorry.

5 I know it's difficult to be a city council person  
6 or a city staff person anywhere in this state given the  
7 economic situation as it is.

8 We started looking into this about -- I want to  
9 say 1996, 1997. And the city has been leaning -- the city  
10 and port in Oakland have sort of like a stepsibling  
11 relationship. They don't work well together. And the  
12 city always felt that the port was rich and the city was  
13 poor. They didn't seem to understand that the port was  
14 rich of tideland trust revenue funds that the port could  
15 not give over.

16 Well, the port, in a very sensitive way I  
17 believe, said, "Well, Lake Merritt falls under your  
18 jurisdiction. It is a tidelands trust. We can set aside  
19 X number of dollars that we will give to you for  
20 maintenance of this body of water." And city of course  
21 said, "Yahoo." But then it went into the General Fund.

22 So a couple of us appealed to city staff to get  
23 an accounting of it and got nowhere. Finally, we appealed  
24 to a city council member who was able to get the city  
25 staff to look into it. And I regret that I did not bring



1 the report with me. But they gave us a report that  
2 indicated that it was used for police and fire, and that  
3 that was certainly a safety issue at Lake Merritt. My  
4 sense was certainly that could be a safety issue, but that  
5 doesn't deal with water quality or any of the other issues  
6 that Lake Merritt as a body of water is faced with.

7 And I remember at the time talking to one of your  
8 staff members. And I think the L.A. case was just  
9 beginning to get unbelievable. And they said, "Sandy, we  
10 hear what you're saying. We really do. It's just that at  
11 this point today \$1.5 million we can't give time to." And  
12 I did -- I mean I understand that. I truly do.

13 The frustration has been, coming from an advocate  
14 position, not an attorney, but an advocate for the trust,  
15 it's hard to be clear with a council or a city staff that  
16 this is a misuse of funds. And it was simply out of my  
17 realm. But it's --

18 ACTING COMMISSIONER KLASS: If you could perhaps  
19 supply me with that information, I'd appreciate it,  
20 through the coastal conservancy angle as well. I mean I  
21 would be very interested in asking the city about this.  
22 They may come up with a reasonable explanation. But the  
23 conservancy has been concerned in the past about providing  
24 grants to local governments that then haven't held up with  
25 their share of providing public trust purposes with the

1 money that they get, and accepting -- for example, helping  
2 out a man in a -- if you could segregate the timing with  
3 some additional information, I'd appreciate it.

4 MS. THRELFALL: I would be delighted. Thank you  
5 for asking. And thank you for this time.

6 CHAIRPERSON BUSTAMANTE: Thank you.

7 The last person under public comment is Maggie  
8 Valentine.

9 Welcome.

10 MS. VALENTINE: Thank you.

11 Yes, my name is Maggie Valentine. I'm from San  
12 Diego. And I'd like to speak about the misuse of public  
13 trust lands.

14 Mission Bay Park is a regional park run by the  
15 City of San Diego. It is owner and trustee of public  
16 tidelands. It was first a California State Park slated to  
17 retain its status as a coastal natural resource, harboring  
18 seven endangered species.

19 The public envisioned a wildlife preserve, trail  
20 rides, youth camps, fishing, kayaking, hiking, and  
21 overnight camping.

22 The city made other plans. Instead of an open  
23 space preserve for 15 million annual visitors, the city  
24 has over the past 40 years allowed in the park a garbage  
25 dump, a toxic dump, sewage treatment plant, six resort

1 hotels, and Sea World, also a six-lane highway connecting  
2 them. This loss of State Park status on these public  
3 tidelands led to their disastrous commercialization by  
4 developers and the politicians who contributed to them.

5 To prevent like losses of irreplaceable public  
6 tidelands, immediate action is needed:

7 1. This Commission should publicize a full  
8 inventory of our coastal tidelands resources, including  
9 maps and status data.

10 2. State Lands should acknowledge the political  
11 kickbacks and back schemes for short-term profit, all  
12 often through redevelopment, at the expense of public  
13 coastal access.

14 3. No more houses allowed on public tidelands,  
15 which violates constitutional law.

16 This is a statewide problem. San Diego, Mission  
17 Bay Park, Naval Training Center, Long Beach Waterfront  
18 Park, losses of Queensway Bay Project, and the  
19 commercialization being pursued of San Francisco's  
20 Treasure Island and Mare Island.

21 We need to stop this process. These are  
22 treasures that we can't get back. And I'm asking you just  
23 to follow the law. Keep these tidelands public. Keep the  
24 uses as it's stated in the law. This is what made  
25 California beautiful. It made it great. It made it not

1 only a place wonderful to live, but a destination for  
2 people -- visitors from other places. If we lose these  
3 lands and let them get commercialized like this, they will  
4 be gone forever and then we all lose, all of us.

5 So I'm asking you just to be strong and follow  
6 the law and don't let this happen.

7 And Mission Bay is another one of those places  
8 where the revenue generated there went into the city  
9 treasury for years and was not used in Mission Bay. We're  
10 finding now that it will be changed and that they will  
11 have to use it there, clean up some of this toxic waste  
12 and dumps, et cetera.

13 Thank you very much.

14 CHAIRPERSON BUSTAMANTE: Thank you.

15 I don't have any additional requests to speak.

16 Paul, do you have any comments on any of the  
17 speakers?

18 EXECUTIVE OFFICER THAYER: Yes, I'd like to  
19 respond to some of these. We were not aware of all the  
20 issues that were going to be raised. Although we were  
21 aware of a couple people who were going to come up today.

22 Let me start by saying that with respect to the  
23 San Francisco group, the Public Trust Working Group, that  
24 as a staff we very much appreciate their involvement with  
25 public trust. As the commissioners know from the

1 testimony we received from other parts of the state, this  
2 is the only group we know of that's dedicated to working  
3 on public trust issues as public trust issues. And most  
4 of the members of this group are very knowledgeable about  
5 what the public trust is and like to see those principles  
6 implemented in the waterfront development that occurs  
7 around San Francisco Bay. So we very much appreciate  
8 their involvement, and we've worked with them on a variety  
9 of projects.

10 We also agree that it's important to establish  
11 good communications with these groups so that we  
12 understand their perspective on the subjects. And I think  
13 all of these people in one way or another we've worked  
14 with in the past and would like to continue to do so in  
15 the future.

16 I think they've made some suggestions here today  
17 that make a lot of sense in terms of improving what we've  
18 done so far. We can always improve. And a concept of  
19 doing a public trust workshop to discuss the principles of  
20 the Public Trust Doctrine is great. Blake Stevenson, one  
21 of our attorneys, went down to a luncheon the last couple  
22 months to do just that in Oakland. And others of our  
23 staff have been down to San Pedro to do the same thing  
24 with a citizens planning group down there.

25 CHAIRPERSON BUSTAMANTE: So were they aware of

1 the Lake Merritt issue?

2 EXECUTIVE OFFICER THAYER: I'm sorry?

3 CHAIRPERSON BUSTAMANTE: When they went down to  
4 Oakland, when they went over to Oakland --

5 EXECUTIVE OFFICER THAYER: I don't know if they  
6 were aware of that. But several others involving the port  
7 which are -- frankly, involve even more money. There's a  
8 potential that the port will have to pay the city \$30  
9 million for one piece of the bay's reuse plan. There's  
10 some discussions about Jack London Square and whether the  
11 uses there are appropriate. All of these issues are  
12 coming up in Oakland, and staff is involved with all of  
13 them.

14 CHAIRPERSON BUSTAMANTE: All right.

15 EXECUTIVE OFFICER THAYER: So there's been  
16 extensive work on this.

17 But, as I say, I think the idea of holding a  
18 workshop would be good in developing additional  
19 literature, taking some of the information that's  
20 available on our website and making that available.  
21 There's no one -- there's not one mechanism that will work  
22 best at communications. We need to look at the full range  
23 of them.

24 With respect to Treasure Island, we're kind of at  
25 early days on that project. We have met as a staff, both

1 with Ruth Gravanis and the developers. But the developers  
2 had asked to review -- us to review their project before  
3 it was made public so that they could make any changes  
4 that might be necessary to help conform it with the Public  
5 Trust Doctrine. We were asked, but resisted, in fact  
6 passing any judgment on the project once it would have  
7 been revised.

8 The project is only now becoming public. It  
9 still awaits an EIR. It will go through the full CEQA  
10 treatment. There's numerous opportunities for public  
11 involvement at that stage. And we'll continue to work on  
12 it, and eventually will have to come to the Commission at  
13 a public meeting. But I'm sure we'll have discussions  
14 with the Public Trust Working Group about the issues  
15 involving Treasure Island.

16 With respect to the Naval Training Center, this  
17 was an item that had come to the Commission I think on  
18 several occasions. There was legislation that described  
19 the broad outlines of what the trust settlement would be  
20 there. And as a staff we stand behind what we brought to  
21 the Commission and what they approved.

22 We think it reflects the strength of our case,  
23 the strength of our public trust claim, which in some  
24 cases wasn't as strong as in some other places, and that  
25 the ultimate deal preserved for public trust use the lands

1 that are along the water there. It allows for uses such  
2 as hotels and other public trust uses in addition to just  
3 parks, but there also are some park areas around there.  
4 And we think we did appropriately there.

5 With respect to the Mission Bay Park, I'd like to  
6 get back to Ms. Valentine, as I would with the other  
7 people who spoke today, to go over their issues  
8 individually. But a number of the issues she's raised are  
9 the same that have been raised by other people down there.

10 Sea World, in fact, is largely not on public  
11 trust lands. The old dump that was I think on the  
12 southeast side of the Mission Bay area not public trust  
13 lands. So there's some -- the ownership pattern there is  
14 made uncertain because a lot of the area has been dredged  
15 out and filled. And where the public trust exists and  
16 doesn't exist is hard to determine just by looking on a  
17 map and where the water is. But I'll go over those  
18 issues -- or we'll go over those issues with her.

19 So I guess in conclusion what I'd like to say is  
20 that this is a great representation of the kinds of issues  
21 we're struggling day in and day out up and down the state,  
22 especially in urban areas, especially in port areas, in  
23 balancing community needs and preserving the Public Trust  
24 Doctrine to take care of the issues that were presented  
25 here today.



1           And I guess what I would propose to the  
2 Commission is that we go back to each of the people who  
3 testified today, work with -- work through the issues  
4 they've raised. And I think we'll report back to the  
5 Commission, either to the offices or perhaps to the  
6 Commission, at the February meeting in San Francisco on  
7 the more institutional things that were discussed today,  
8 workshops, increasing educational efforts, and increasing  
9 coordination.

10           CHAIRPERSON BUSTAMANTE: Okay. Any other  
11 questions or comments from the Commission?

12           None?

13           I think that that ends the open meeting.

14           And we will close this part of the meeting. And  
15 then we'll adjourn. And if people could please leave, we  
16 are going to have a meeting in closed session.

17           Thank you all for attending.

18           (Thereupon the California State Lands  
19 Commission meeting adjourned at  
20 3:10 p.m.)

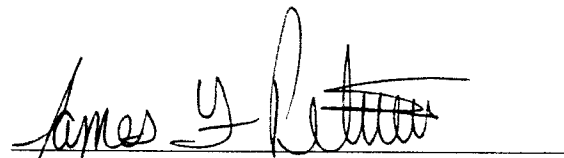
CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing California State Lands Commission meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, 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 15th day of December, 2003.



JAMES F. PETERS, CSR, RPR  
Certified Shorthand Reporter  
License No. 10063