

~ MINUTES ~
CALIFORNIA STATE LANDS COMMISSION
MEETING OF APRIL 5, 2016

**DOUBLETREE BY HILTON BERKELEY MARINA
BELVEDERE ROOM
200 MARINA BOULEVARD
BERKELEY, CALIFORNIA 94710**

APPEARANCES

COMMISSIONERS PRESENT

- Betty T. Yee, State Controller
- Gavin Newsom, Lieutenant Governor
- Eraina Ortega, Chief Deputy Director and Alternate for Director of the Department of Finance Michael Cohen

STAFF MEMBERS IN ATTENDANCE

- Jennifer Lucchesi, Executive Officer
- Mark Meier, Chief Counsel

REPRESENTING THE OFFICE OF THE ATTORNEY GENERAL

- Andrew Vogel, Deputy Attorney General

NOTE: A list of individuals making statements before the Commission and the entities they represent, along with the Executive Officer's Report, are included in a complete transcript of the proceedings, which is on file in the Sacramento offices of the Commission and posted on the Commission's website at www.sl.c.ca.gov. Also included on the website is the voting record of the meeting with the staff report for each agenda item linked to the respective consent, regular or informational item number. A link to a recorded Cal-span.org webcast of the meeting is also available on the Commission's website. All of these items may be found under Previous Meetings, by date of the meeting.

**RECORD OF ACTION TAKEN BY THE
CALIFORNIA STATE LANDS COMMISSION
MEETING OF APRIL 5, 2016**

Chair Betty Yee called the meeting of the California State Lands Commission to order at 1:00 P.M. at the Doubletree by Hilton Berkeley Marina, Belvedere Room, 200 Marina Boulevard, Berkeley, California 94710; also present were Commissioner Gavin Newsom and Commissioner Alternate Eraina Ortega.

The Minutes of the February 9, 2016 meeting were approved by a vote of 3-0 (Yee-Yes; Newsom-Yes; Ortega-Yes).

The Revised Minutes of the April 23, 2015 and December 18, 2015 meetings were approved by a vote of 3-0 (Yee-Yes; Newsom-Yes; Ortega-Yes).

EXECUTIVE OFFICER'S REPORT

Executive Officer Jennifer Lucchesi updated the Commission on the following items:

- Recent storms have caused erosion and exposed several hazards along several beaches in Santa Barbara and Ventura counties. Commission staff is coordinating with various agencies and local upland owners for access permits to remove these exposed hazards.
- Commission staff has purchased 50 large signs to be installed in various publicly accessed areas throughout the Sacramento watershed. This action is consistent with the Commission's Strategic Plan to promote appropriate public access to and along the State's waterways through outreach to the public.
- Commission staff recently conducted a financial audit for the Long Beach Unit for July 2011 through June 2014. During this audit, staff identified \$3.7 million of cost overcharges to the Unit, of which \$1.3 million is allocated to the West Wilmington operation, and the remaining amount is associated with other CRC operations. Because of profit sharing, the net benefit to the state is estimated at \$771 thousand.
- Since the February meeting CSLC staff has had a series of planning meetings and calls with the Port staff to discuss the overall planning effort concept as well as the MOA specifically. These calls have included logistics, like how to identify stakeholders and share information, as well as staffing resources and available in-house expertise. CSLC staff has also conducted initial outreach to key partners including Coastal Commission, Fish and Wildlife, Ocean Protection Council, Natural Resources Defense Council, and the Governor's Office of the Tribal Advisor. In the upcoming weeks staff will continue early outreach and will hold another planning meeting, with representatives from NOAA and the department of the Navy – to be focused on the interface between this subregional pilot effort and the efforts of the larger West Coast Regional Planning Body, which is part of the National Ocean Policy Implementation.

RECORD OF ACTION CONTINUED

- Commission staff received a letter on February 3rd from Martins Beach, LLC counsel indicating that their opinion of value of the access easement the Commission is looking to acquire, pursuant to SB 968, is approaching \$30 million. Commission staff is currently working with Martins Beach, LLC representatives to schedule a time to discuss their methodologies and the data used to determine that value.
- Commission staff has been working on developing a draft tribal policy for the Commission, pursuant to the Governor's Executive Order and current law. Staff's received a handful of comment letters and will meet with tribal representatives on May 19th.
- The Executive Officer acknowledged the passing of former Executive Officer William F. Northrop. Mr. Northrop was the 10th Executive Officer of the State Lands Commission; he was 87 years old.
- The appointment of Chris Beckwith as the new Chief of the Marine Facilities Division was announced.
- The Executive Officer acknowledged the retirement of Assistant Executive Officer David Brown. Mr. Brown first started with CHP, and then moved to the State Lands Commission in 1979 as a budget analyst. He became Chief of Administrative and Information Services in 2003, and Assistant Executive Officer in 2014. Mr. Brown is retiring from the State after 41 years of serving the public.

CONSENT CALENDAR

- Consent Items C04, C07, C08, C21, and C32 were removed from consideration.
- Consent Item C49 was moved to the Regular Calendar.
- Consent Items C01-C03, C05, C06, C09-C20, C22-C31, C33-C48, and C50-C61 were approved as presented by a vote of 3-0 (Yee-Yes; Newsom-Yes; Ortega-Yes).

INFORMATIONAL CALENDAR

- Item 62 - was informational - no vote required.

REGULAR CALENDAR

(Items appear in the order heard)

ITEM 63: A staff presentation was made to the Commission to consider granting authority to the Executive Officer to solicit proposals, negotiate a fair and reasonable price, and award execute contracts for environmental documentation and mitigation monitoring related to specifically to the Becker onshore well, but also for other coastal hazards located along the Santa Barbara and Ventura County coastlines.

Item 63 – was approved as presented by a vote of 3-0 (Yee-Yes; Newsom-Yes; Ortega-Yes)

RECORD OF ACTION CONTINUED

ITEM 64: An informational presentation was made to the Commission regarding an application by PG&E for a General Lease involving facilities associated with the Diablo Canyon Nuclear Power Plant in San Luis Obispo.

Item 64 – was informational – no vote required.

ITEM 65: A staff presentation was made to the Commission to consider a proposal to amend the royalty provisions for five offshore state leases in Huntington Beach operated by California Resources Corporation (CRC), and held by a subsidiary, SoCal Holdings, Inc. The item was amended to require, as between the State and CRC: 1) that a revised royalty structure take effect for a temporary two year period; 2) that staff track, on a monthly basis, the difference the state receives in royalty revenue between the current royalty structure and the temporary royalty structure, 2) that staff and CRC negotiate a longer term royalty structure that accounts for the historic volatility in oil market prices and explores methods for recapturing to the benefit of the State any royalty savings realized by CRC during the temporary two year royalty revision; and, 3) in the event that a longer term royalty modification agreement cannot be reached between the State and CRC, that CRC repays the State that savings that it realized during that temporary modification including interest accruing after the expiration of the two year royalty revision period.

Item 65 – was approved as amended by a vote of 3-0 (Yee-Yes; Newsom-Yes; Ortega-Yes).

ITEM 66: A staff presentation was made to the Commission to consider providing direction to staff in response to the City of Redwood City's request that the Commission support legislation to allow residential uses to remain at the Docktown Marina for a limited period and subject to certain conditions. After hearing testimony from a number of residents, the Commission approved the item as presented.

Item 66 – was approved as presented by a vote of 3-0 (Yee-Yes; Newsom-Yes; Ortega-Yes).

ITEM C49: A staff presentation was made to the Commission to consider an application for a sublease under Lease No. PRC 3639.1, a General Lease – Commercial Use, of sovereign land located in Catalina Harbor, Santa Catalina Island, Los Angeles County; for a shellfish culture research facility.

Item C49 – was approved as presented by a vote of 3-0 (Yee-Yes; Newsom-Yes; Ortega-Yes)

(The State Lands Commission adjourned into closed session from 4:18 P.M. to 4:31 P.M., then resumed open session at 4:32 P.M.)

The Commission meeting public session was adjourned at 4:32 P.M.

**STAFF AND PUBLIC ADDRESSING
THE FOLLOWING CALENDAR ITEMS
APRIL 5, 2016**

ITEM 49

Brian Bugsch, Chief, Land Management Division, CSLC

- Jennifer Savage, California Policy Manager, Surfrider Foundation

ITEM 64

Cy Oggins, Chief, Division of Environmental Planning & Management, CSLC

- John Geesman, Attorney, Alliance for Nuclear Responsibility
- Adam Lyman, representing IBEW 1245
- Lynn Walter, representing self
- David Weisman, Outreach Coordinator, Alliance for Nuclear Responsibility
- Dayna Williams, representing IBEW 1245

ITEM 65

Joseph Fabel, Staff Attorney, CSLC

- David Mercier, Sr. Engineering Advisor, California Resources Corporation (CRC)
- Jennifer Savage, California Policy Manager, Surfrider

ITEM 66

Sheri Pemberton, Chief, External Affairs, CSLC

- Ian Bain, Vice Mayor, City of Redwood City
- Joan Bernier, representing Docktown
- Mary Bernier, representing Docktown Marina renters
- Lee Callister, representing self
- Emelio Diaz, Docktown resident
- Melissa Stevenson Diaz, City Manager, City of Redwood City
- Kevin Germano, representing self
- Robert Heflin, Docktown homeowner
- James Jonas, representing self
- Alison Madden, Attorney, San Francisco Bay Marinas for All
- JoAnn McDonnell, Docktown homeowner
- Greg Miller, representing Docktown Marina renters
- Diana Reddy, Redwood City Residents for Renter Protection
- William Sloan, Counsel, Morrison & Foerster
- Tania Solé, representing self
- Edward Stancil, Port Captain, Peninsula Yacht Club

PUBLIC COMMENT

- Jennifer Savage, California Policy Manager, Surfrider