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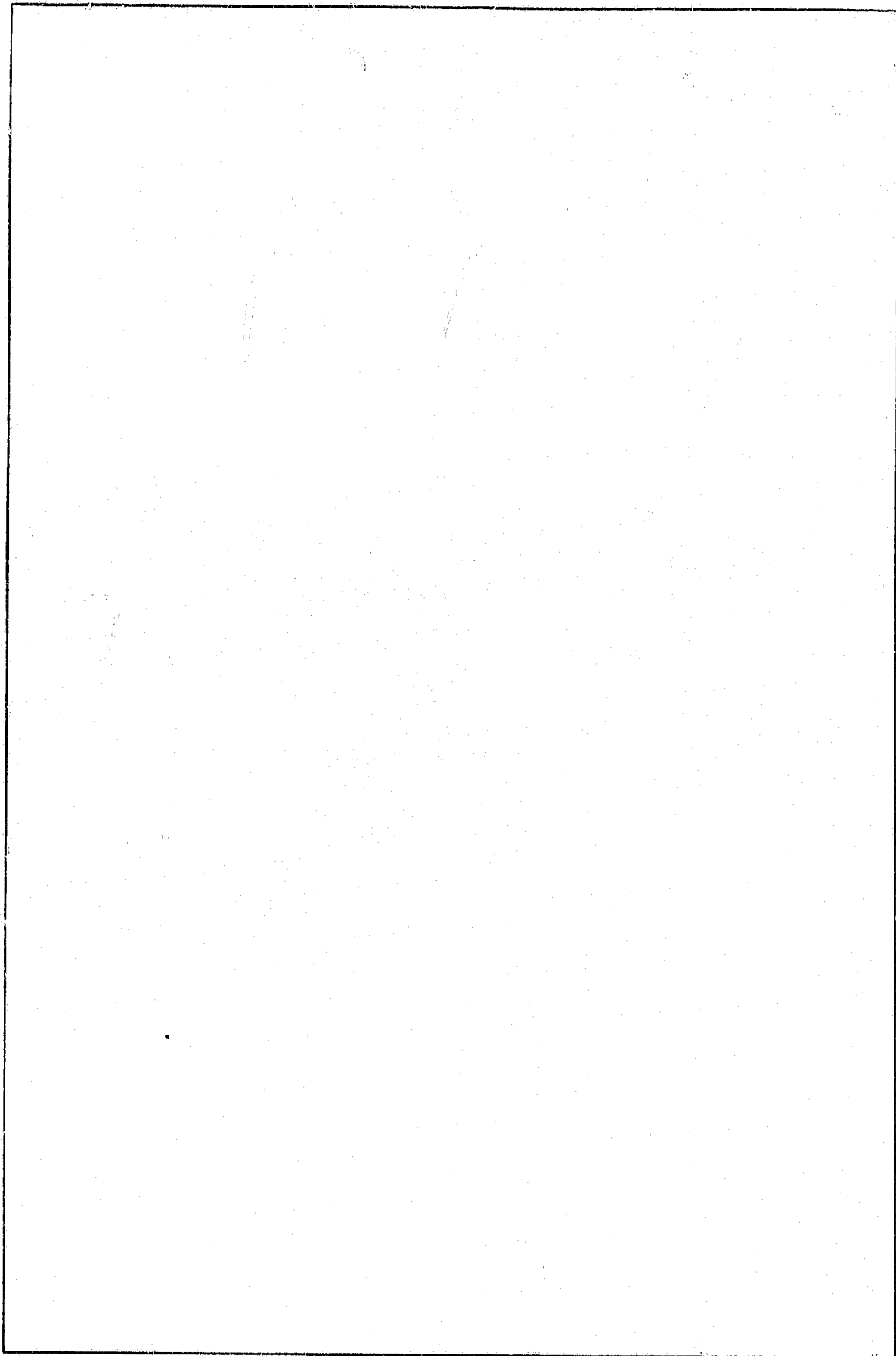
MEETING  
STATE LANDS COMMISSION

ROOM 2117  
STATE CAPITOL  
SACRAMENTO, CALIFORNIA

THURSDAY, APRIL 28, 1977  
10:00 A.M.

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MEMBERS PRESENT

Hon. Kenneth Cory, Controller, Chairman  
Mr. Sid McCausland, representing Roy M. Bell  
Ms. Betty Jo Smith, representing Mervyn M. Dymally

MEMBERS ABSENT

Hon. Mervyn M. Dymally, Lieutenant Governor  
Hon. Roy M. Bell, Director of Finance

STAFF PRESENT

Mr. William F. Northrop, Executive Officer  
Mr. R. S. Golden, Assistant Executive Officer  
Mr. James Trout, Manager, Land Operations  
Mr. Robert C. Hight, Staff Counsel  
Ms. Diane Jones, Secretary

ALSO PRESENT

Mr. N. Gregory Taylor, Deputy Attorney General

P R O C E E D I N G S

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CHAIRMAN CORY: Okay. Call the meeting to order.  
Everybody is here, and we're ready to go.

Confirmation of the previous minutes. Any  
corrections or additions?

Without objection, it will be approved as presented.  
Report of the Executive Officer. Let's make it  
quick.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman and  
Members, on March 17th, 1977, you as District Judge  
William Gray issued a ruling which precluded the State  
from realizing the gravity differential adjustment allowed  
by FEA on lower tier oil and required the refund of monies  
already collected under protest.

We are advised by not only the Attorney General,  
but the Long Beach City Attorney, that the crude oil  
evaluation provisions of the Long Beach Unit are substantially  
the same as those of LBOD and Parcel "A". In light of the  
above decision and advice by counsel, we have decided not  
to continue attempts to press for collection of the gravity  
differential on the latter two contracts.

The Assembly Ways and Means Committee has  
recommended the State Lands Commission budget be augmented  
by \$500,000 for the purpose of removing hazardous

1 obstructions from State's navigable waterways largely  
2 because of the good work we did in the area of the  
3 Sacramento River. They feel that because of the lower  
4 water situation, the time is right to remove many of these  
5 hazards that represent serious threats to the public safety.  
6 As landlord, the State Lands Commission has tort liability.  
7 The Staff is currently putting together an inventory of  
8 these hazards and attempting to rank them according to  
9 priority for removal. We will, therefore, be ready to  
10 proceed with an active program once these monies have been  
11 allocated.

12 This concludes my report, Mr. Chairman.

13 CHAIRMAN CORY: Any questions?

14 Okay. Report of the Assistant Executive Officer.

15 MR. GOLDEN: I will give a brief summary of  
16 April's actions of the Bay Conservation and Development  
17 Commission and the Coastal Commission affecting matters  
18 under State Lands' jurisdiction.

19 At the Bay Conservation and Development Commission  
20 meeting of April 21, consideration was given to a stipulated  
21 judgment entered against F. E. Crites, Inc., in favor of  
22 Bay Conservation Development Commission, Regional Water  
23 Quality Control Board and State Lands Commission.

24 The suit was entered into by our Commission  
25 because of illegal sand dredging on State-owned lands. The

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1 judgment was in the amount of a half a million dollars or  
2 such other arrangements as the three parties should agree  
3 upon. It was recognized that the monetary sum, if imposed,  
4 would probably institute a bankruptcy action; but if an  
5 alternative could be found which would allow Mr. Crites to  
6 continue in business legitimately, all parties concerned  
7 might benefit.

8 Part of the proposal would be the conveyance of  
9 89 acres of marsh to the State Lands Commission, which it  
10 is proposed would be turned over to the Department of Fish  
11 and Game for management. During the hearing it became  
12 apparent that the Crites interests were not satisfied with  
13 the negotiated settlement, and therefore, attempted to  
14 have the Bay Conservation Commission make concessions. This  
15 effort was firmly rejected.

16 The State Coastal Commission approved the maps  
17 delineating the jurisdiction of each of the port areas  
18 set forth in the Coastal Act. At our request, in so doing  
19 they made the approval dependent upon our review and  
20 concurrence. In this way, later conflict would be averted;  
21 and at the April 20th meeting of the Coastal Commission,  
22 the application of the port San Luis District to upgrade  
23 the harbor by providing 410 boat slips, 500 more in-shore  
24 facilities, floating fuel dock, pumpout station was  
25 considered. Landfill of seven acres was also involved.

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1           This application was rejected overwhelmingly on  
2 the basis that it was growth-inducing and that it might  
3 interfere with the development of the local coastal program.  
4 The Commission members were sympathetic to a smaller-scale  
5 project, but the project sponsors pointed out that a smaller  
6 project would not be able to be financed. They were  
7 depending upon a Department of Navigation and Ocean  
8 Development loan to be matched by the Corps of Engineers  
9 on a 45 to 55 ratio.

10           That concludes my report, Mr. Chairman.

11           CHAIRMAN CORY: We have a report here from the  
12 Executive Office signed by you, dated the 27th on the  
13 Wildlife Conservation Board.

14           EXECUTIVE OFFICER NORTHROP: Yes. This is in  
15 response to Mr. McCausland's request at the last meeting,  
16 and we submitted it in writing rather than giving it in  
17 a report form.

18           CHAIRMAN CORY: Is that sufficient?

19           MR. McCAUSLAND: I found it adequate, Mr. Chairman.

20           CHAIRMAN CORY: Next we have the Consent Calendar.  
21 Is there anyone in the audience who would like to address  
22 the Commission? Do you have any problems with any of the  
23 items on the Consent Calendar which are designated with  
24 the letter C through 30?

25           Okay. There is one item the Chairman would like

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1 not to participate in the decision on, which is --

2 EXECUTIVE OFFICER NORTHROP: C4, Mr. Chairman.

3 CHAIRMAN CORY: C4. This is item "Bay Cities Refuse  
4 Service". I'm not sure who that is. It's just that I  
5 may have business relations with the individual.

6 Other than that, are there any other items?

7 Okay. I guess we have a motion for all items  
8 excluding 4. Those will be approved without objection as  
9 presented.

10 Item C4, what is your wish?

11 MR. McCAUSLAND: I'll move adoption.

12 MS. SMITH: I will abstain.

13 MR. McCAUSLAND: Mr. Chairman, I'd like to suggest  
14 we put Item C4 over for another month or two --

15 CHAIRMAN CORY: Okay. We'll put it over.

16 MR. McCAUSLAND: It may be that we won't be able  
17 to allow you to waive your --

18 CHAIRMAN CORY: That may be where we are.

19 EXECUTIVE OFFICER NORTHROP: The Staff notes that  
20 C4 is over.

21 CHAIRMAN CORY: C4 is over.

22 MR. McCAUSLAND: I have requested that Item 31  
23 be dealt with separately because I wanted to make certain  
24 we could ascertain that the provisions of the State Contract  
25 Act have been met prior to the extension of --

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1 EXECUTIVE OFFICER NORTHROP: Mr. McCausland, the  
2 Staff advises that the original contract -- Bob, you'd  
3 like to address that.

4 MR. HIGHT: The original contract, Mr. McCausland,  
5 provided for a one-year extension. That has been reviewed  
6 by the Department of General Services, their Contracting  
7 Office, and met with their approval.

8 MR. McCAUSLAND: Okay. I'll move adoption.

9 MS. SMITH: Second.

10 CHAIRMAN CORY: Moved and seconded. Is there  
11 anybody in the audience on Item C -- Item 31 of the amended  
12 calendar, the contract with Condor Helicopters?

13 Approved as presented.

14 32.

15 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item  
16 Number 32 is a report to the Commission on negotiations  
17 between the Staff, the City of Los Angeles, and the  
18 Los Angeles Harbor Department. We are continuing negotiations  
19 and will probably have them concluded prior to next month's  
20 meeting.

21 CHAIRMAN CORY: Any questions by members?

22 33, authorizing the Executive Officer to conduct  
23 a public hearing regarding the proposed oil and gas lease  
24 in the bed of the Sacramento River, Sacramento and Yolo  
25 Counties.

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1 Is there anybody in the audience on Item 33?  
2 Any questions from the members of the Commission?  
3 Without objection, Item 33 will be approved as  
4 presented.

5 Item 34, Negative Declaration for exchange of  
6 lands between Erickson Lumber Company and the State Lands  
7 Commission, AKA De La Cruz Exchange. Is there anybody  
8 in the audience on Item 34?

9 Any questions from members?

10 Without objection, we'll approve the Negative  
11 Declaration as presented.

12 Item 35. This is a request to delegate to the  
13 Executive Officer authorization to issue temporary permits.  
14 These are specified conditions because of the --

15 EXECUTIVE OFFICER NORTHROP: Drought.

16 CHAIRMAN CORY: -- drought conditions. I think  
17 we need emergency pipelines and those kinds of things.  
18 Mr. Northrop is in the water selling business, I think.

19 (Laughter.)

20 CHAIRMAN CORY: Is there anybody who has any  
21 questions on Item 35 in the audience?

22 MR. McCAUSLAND: I have a lot of questions.

23 CHAIRMAN CORY: Anything you want to discuss?

24 (Laughter.)

25 MS. SMITH: No.

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1 CHAIRMAN CORY: Without objection, 35 will be  
2 approved as presented.

3 Item 36. This is an Indemnity Selection.

4 EXECUTIVE OFFICER NORTHROP: Yes, sir.

5 CHAIRMAN CORY: And you want us to refuse this  
6 Indemnity Selection?

7 EXECUTIVE OFFICER NORTHROP: Yes, sir. The  
8 Federal Government, in making this exchange, has requested  
9 that they retain mineral rights on their parcel and we  
10 transmit mineral rights to them on our parcel. We don't  
11 think that's an equitable trade.

12 CHAIRMAN CORY: Some governments is more equal  
13 than others.

14 (Laughter.)

15 CHAIRMAN CORY: As I remember the book.

16 No, we don't want to do that, do we?

17 MR. McCAUSLAND: Whatever you don't want to do.

18 (Laughter.)

19 CHAIRMAN CORY: Don't want to live with that on  
20 this item.

21 (Laughter.)

22 CHAIRMAN CORY: Item 36, we will refuse to  
23 accept -- refuse the acceptance?

24 EXECUTIVE OFFICER NORTHROP: Recommend refusal.

25 CHAIRMAN CORY: Okay. Are we recommending to whom,

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1 or are we taking action?

2 MR. HIGHT: They are, they are --

3 CHAIRMAN CORY: We are refusing.

4 EXECUTIVE OFFICER NORTHROP: We are refusing.

5 CHAIRMAN CORY: Without objection, we are refusing

6 to accept and cancel.

7 Item 37 is a public permit for Fish and Game.

8 Any questions from the members of the Commission?

9 Anybody in the audience on Item 37?

10 Without objection, 37 will be approved as presented.

11 Item 38, City of Seal Beach wants to have a

12 bicycle recreation area in the San Diego area.

13 EXECUTIVE OFFICER NORTHROP: Yes, we have about

14 three lots there, a 12-foot strip on about three lots.

15 CHAIRMAN CORY: Anybody in the audience on Item 38?

16 Without objection, approved as presented.

17 Item 39 is a Commercial Lease, \$800 per annum

18 Royalty on -- on the dredging?

19 EXECUTIVE OFFICER NORTHROP: It's setting up

20 maintenance and construction for two boat docks and a

21 breakwater.

22 CHAIRMAN CORY: Okay. Is there anybody in the

23 audience on Item 39?

24 Any questions from our Commissioners?

25 MS. SMITH: No.

1 CHAIRMAN CORY: Without objection, it will be  
2 approved as presented.

3 Item 40, California Blue Valley, Inc., Trustee  
4 for a temporary water --

5 EXECUTIVE OFFICER NORTHROP: Yes. It's a four  
6 months extension until they get their firewater well  
7 straightened out.

8 CHAIRMAN CORY: Any questions from the members?

9 Anybody in the audience on Item 40?

10 Without objection, it is approved as presented.

11 Item 41, Southern California Edison and San Diego  
12 Gas and Electric, extension of an industrial lease.

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

15 MR. McCAUSLAND: No problem.

16 CHAIRMAN CORY: Without objection, it will be  
17 approved as presented.

18 Item 42, proposed drilling of a new well,  
19 geothermal field for Union Oil, Magma, Thermal.

20 Is there anybody in the audience on Item 42?

21 Questions?

22 Without objection --

23 MR. McCAUSLAND: I was going to ask them to explain  
24 a few little things, but I think I can do that at the  
25 briefing session.

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1           CHAIRMAN CORY: Would somebody be sure to explain  
2 those to all the Commissioners so we can know what they are?  
3 It looked to me like one of those games my kid plays, the  
4 submarine.

5           MR. McCAUSLAND: Right. Battleships.

6           CHAIRMAN CORY: That's it. Battleships.

7           Okay. Now, we get to the meat of the matter.  
8 We're going to confirm the Executive Officer's actions.

9           Is that all of them?

10          EXECUTIVE OFFICER NORTHROP: No, this is --

11          CHAIRMAN CORY: I guess we shouldn't discuss those  
12 things. Your wife is here, I notice today.

13          (Laughter.)

14          CHAIRMAN CORY: This is relating to an indemnifica-  
15 tion agreement with World Oil.

16          EXECUTIVE OFFICER NORTHROP: Yes, regarding sell-  
17 off.

18          CHAIRMAN CORY: A sell-off in which the President  
19 interfered and didn't let it take place.

20          Are there any questions from Commissioners?

21          MR. McCAUSLAND: No.

22          MS. SMITH: No.

23          CHAIRMAN CORY: Anybody in the audience on Item 43?  
24 Without objection, confirmation is granted.

25          Item 44, Humboldt Bay Harbor, Recreation and

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1 Conservation District dredging permit, 15 cents per yard  
2 and they're going to be placing them on private lands.

3 Anybody in the audience on Item 44?

4 Questions from members of the Commission?

5 Without objection, it's approved as presented.

6 Item 45, City and County of San Francisco want  
7 to have a recall election -- no, no.

8 (Laughter.)

9 EXECUTIVE OFFICER NORTHROP: Soil test core holes  
10 for an ocean outfall.

11 CHAIRMAN CORY: For an ocean outfall. Is there  
12 anybody in the audience on Item 45?

13 Commissioners?

14 Without objection, it will be approved as presented.

15 Item 46. We have the Long Beach Eighth Modifica-  
16 tion of the Plan of Development and Budget for --

17 EXECUTIVE OFFICER NORTHROP: One water injection  
18 well, Mr. Chairman.

19 CHAIRMAN CORY: Any questions from members?

20 Anybody in the audience?

21 Without objection, Item 46 will be approved as  
22 presented.

23 Item 47 is a \$77,087,000 proposed budget for the  
24 Long Beach field.

25 Is there anybody in the audience who wishes to

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1 address the Commission on Item 47?

2 Any questions from Commissioners, or do you want  
3 a dog and pony show? Do you want to approve it?

4 MR. McCAUSLAND: I read the dog and pony show.  
5 I think maybe we ought to just approve it.

6 CHAIRMAN CORY: Okay. I'm ready. Without  
7 objection, Item 47 will be approved as presented.

8 Item 48, City of Eureka for proposed annexation  
9 of some water.

10 This in no way relates to the litigation.

11 EXECUTIVE OFFICER NORTHROP: No, it does not  
12 relate to the litigation.

13 CHAIRMAN CORY: Anybody in the audience on Item 48?  
14 Commissioners?

15 MR. McCAUSLAND: No objection.

16 CHAIRMAN CORY: Without objection, 48 will be  
17 approved as presented.

18 Item 49. This is determination that the City of  
19 Stockton has complied with their grant.

20 Is there anybody in the audience who has any  
21 questions on Item 49?

22 Commissioners?

23 Without objection, 49 will be approved as presented.

24 Item 50. This is to authorize the staff to pursue  
25 negotiations with the Mexico City Restaurants to lease the

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1 Commission's parcel which used to be known as the Airport  
2 Club.

3 EXECUTIVE OFFICER NORTHRUP: Right.

4 MR. McCAUSLAND: Is it true that the Executive  
5 Officer has an interest in that? He didn't explain that  
6 to me.

7 (Laughter.)

8 CHAIRMAN CORY: Are there other people that want  
9 to negotiate?

10 We have three that were contacted. Jim, do you  
11 want to explain that whole program?

12 MR. TROUT: We have three proposals for the  
13 property, one for a Mexican restaurant and some ancillary  
14 buildings, little shops and things; and two proposals for  
15 a sports complex, tennis courts, handball, racketball kind  
16 of things. The restaurant-shop complex would provide the  
17 highest economic return and received the enthusiastic  
18 support of the City of Seal Beach.

19 MR. McCAUSLAND: I haven't gotten an answer to  
20 my question. Does the Executive Officer have an interest?

21 CHAIRMAN CORY: Yes. What is your interest in  
22 Mexico?

23 EXECUTIVE OFFICER NORTHRUP: They make great  
24 enchiladas.

25 CHAIRMAN CORY: You are a patron. You pay full

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1 cash price.

2 EXECUTIVE OFFICER NORTHROP: Full cash price.

3 CHAIRMAN CORY: Do you tip?

4 EXECUTIVE OFFICER NORTHROP: Not as much --

5 (Laughter.)

6 CHAIRMAN CORY: Okay. Nobody in the audience on  
7 this item?

8 Without objection, then, authorization is granted;  
9 but you will not enter into the lease until --

10 EXECUTIVE OFFICER NORTHROP: The lease will come  
11 back to the Commission.

12 CHAIRMAN CORY: You're going to share the guilt  
13 all the way around.

14 EXECUTIVE OFFICER NORTHROP: All the way.

15 CHAIRMAN CORY: Item 51. This is to authorize  
16 the staff of the State Lands and the Attorney General's  
17 Office to intervene in Sierra Club v. Zanone for public  
18 rights of access between Cape Mendocino and Muscle Rock in  
19 Humboldt County.

20 EXECUTIVE OFFICER NORTHROP: The suit is settled  
21 and they have requested the State Lands to give them  
22 assistance in designating access ways to the beach as a  
23 result of this suit. The suit is completed.

24 CHAIRMAN CORY: Anybody in the audience on Item 51?  
25 Sid?

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1 MR. McCAUSLAND: No objections.

2 MS. SMITH: No objection.

3 CHAIRMAN CORY: Without objection, authorization  
4 is granted.

5 Item 52, approve the proposed Second Supplemental  
6 Decree concerning the U.S. V. California. This is the  
7 property we were getting back.

8 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, because  
9 of harbor works and the like, the Federal Government had  
10 some of California's land, and they are now returning it.

11 CHAIRMAN CORY: That's nice of them. See what  
12 a new administration can do?

13 (Laughter.)

14 CHAIRMAN CORY: Any questions from anybody in the  
15 audience?

16 Without objection, Item 52 will be approved as  
17 presented.

18 Item 53 is off calendar. The people seem to want  
19 to maybe negotiate.

20 Item 54, a retrocession of jurisdiction. This  
21 is authorization for public hearings.

22 Is there anybody in the audience on Item 54?

23 Without objection, public hearing authorization  
24 is granted.

25 Item 55, the amendment of an interagency agreement

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1 with the Department of Justice to add \$60,000 to an existing  
2 contract.

3 MR. TAYLOR: We made a bunch of consulting  
4 contracts which we could expedite faster than you could.  
5 That's part of the reason. The other part is increased --

6 MR. McCAUSLAND: You expedited it, but it's a  
7 60 percent markup. That's quite a change.

8 MR. TAYLOR: Well, it cost on those, and we have  
9 had extra time as a result of a couple of our Long Beach  
10 problems. I think you're aware of what the Long Beach  
11 problems are.

12 CHAIRMAN CORY: I don't know anything about  
13 Long Beach.

14 (Laughter.)

15 CHAIRMAN CORY: All right, is there any --

16 MR. McCAUSLAND: I just want you to read:

17 "It is recommended that the  
18 Commission authorize the amendment  
19 of an interagency agreement with  
20 the Department of Justice to provide  
21 for the services of the Attorney  
22 General's Office for the Long Beach  
23 and Alamitos Bay operations at a  
24 cost not to exceed \$160,000 for the  
25 1976-'77 fiscal year; this addition

1 is requested due to greater than  
2 anticipated legal services and the  
3 need for consultant services not  
4 anticipated at the time of the  
5 execution of the original contract."  
6 I bet you we are going to have one of these a  
7 month.

8 CHAIRMAN CORY: Until we turn them down.  
9 (Laughter.)

10 CHAIRMAN CORY: It's called balancing the A.G.'s  
11 budget.

12 (Laughter.)

13 CHAIRMAN CORY: As long as we're discussing that,  
14 I'm not too happy with the way you guys are handling a case  
15 I've got pending this Friday. If we withhold this money,  
16 can I get better leverage to get conformance out of you?

17 (Laughter.)

18 CHAIRMAN CORY: Shall we approve it?

19 MR. TAYLOR: I'll be happy to speak to whoever is  
20 handling the case.

21 (Laughter.)

22 CHAIRMAN CORY: Without objection, the Director  
23 of Finance's representative will stay out of this one. He's  
24 letting you know that he's --

25 Item 55, the amendment is approved as presented

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1 without objection.

2 Item 56, drilling of a new well by Union Oil.  
3 This is geothermal; is that correct?

4 EXECUTIVE OFFICER NORTHROP: Right. This is the  
5 one that the senator wanted to discuss.

6 CHAIRMAN CORY: Is there anybody in the audience  
7 on Item 56?

8 We really should have asked the taxpayers out  
9 there if they had anything to say about Item 55.

10 (Laughter.)

11 CHAIRMAN CORY: Without objection, Item 56 will  
12 be approved as presented.

13 MR. TAYLOR: If it's any comfort to the Commission,  
14 Mr. Northrop made a deal with me for part of the results of  
15 this.

16 (Laughter.)

17 CHAIRMAN CORY: Status of major litigation.

18 MR. TAYLOR: Mr. Chairman, I believe we could  
19 cover that in the Executive Session that follows.

20 CHAIRMAN CORY: Okay. Item 57, authorize a  
21 boundary line agreement with Jack W. Ruby in the City of  
22 San Jose.

23 Questions? Anybody in the audience?

24 Without objection, authorization is granted as  
25 presented.

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1 Confirmation of the time and date and place of  
2 the next Commission meeting. It will be Thursday, May 26,  
3 in Sacramento at 10:00 a.m.

4 We will adjourn to Executive Session and we would  
5 ask that those of you who are here who are not members of  
6 the Staff who are immediately concerned with the legal  
7 issues before us, would you please absent yourselves from  
8 the room so we can discuss litigation that is pending  
9 pursuant to the Brown Act.

10 (Thereupon the meeting of the State Lands  
11 Commission was adjourned at 10:20 a.m.)

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1 State of California )  
 2 County of Sacramento ) ss.

3

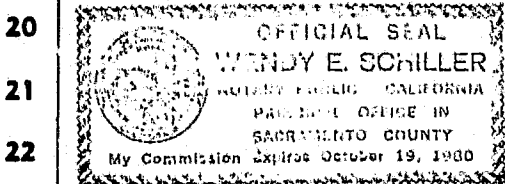
4 I, WENDY E. SCHILLER, a Notary Public in and for  
 5 the County of Sacramento, State of California, duly  
 6 appointed and commissioned to administer oaths, do hereby  
 7 certify:

8 That I am a disinterested person herein; that the  
 9 foregoing State Lands Commission Meeting was reported in  
 10 shorthand by me, Wendy E. Schiller, a Shorthand Reporter  
 11 of the State of California, and thereafter transcribed into  
 12 typewriting.

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

16 IN WITNESS WHEREOF, I have hereunto set my hand  
 17 and affixed my seal of office this 14<sup>th</sup> day of March,  
 18 1977.

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Wendy E. Schiller  
 Wendy E. Schiller  
 Notary Public in and for the  
 County of Sacramento, State of  
 California

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