

MEETING  
STATE OF CALIFORNIA  
LANDS COMMISSION

CITY OF NEWPORT BEACH  
COUNCIL CHAMBERS  
100 CIVIC CENTER DRIVE  
NEWPORT BEACH, CALIFORNIA

WEDNESDAY, DECEMBER 17, 2014  
12:01 P.M.

JAMES F. PETERS, CSR, RPR  
CERTIFIED SHORTHAND REPORTER  
LICENSE NUMBER 10063

A P P E A R A N C E S

COMMISSION MEMBERS:

Mr. John Chiang, State Controller, Chairperson,  
represented by Mr. Alan Gordon

Mr. Gavin Newsom, Lieutenant Governor, represented by Mr.  
Kevin Schmidt

Mr. Michael Cohen, Director of Finance, represented by Ms.  
Eraina Ortega

STAFF:

Ms. Jennifer Lucchesi, Executive Officer

Mr. Mark Meier, Chief Counsel

Mr. Seth Blackmon, Staff Counsel

Mr. Ken Foster, Public Land Manager, Land Management  
Division

ATTORNEY GENERAL:

Mr. Joe Rusconi, Deputy Attorney General

ALSO PRESENT:

Mr. Chris Collier, Coastal Energy Alliance

Mr. Steve Diels

Ms. Jenna Driscoll, Santa Barbara Channelkeeper

Ms. Linda Krop, Environmental Defense Center

Ms. Alison Krumbein, Sohagi Law Group

Mr. Chris Peltonen, Venoco

Ms. Paula Perotte, Mayor, City of Goleta

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- I. CLOSED SESSION: AT ANY TIME DURING THE MEETING  
THE COMMISSION MAY MEET IN A SESSION CLOSED TO  
THE PUBLIC TO CONSIDER THE FOLLOWING PURSUANT  
TO GOVERNMENT CODE SECTION 11126: 2
- A. LITIGATION.  
THE COMMISSION MAY CONSIDER PENDING AND  
POSSIBLE LITIGATION PURSUANT TO THE  
CONFIDENTIALITY OF ATTORNEY-CLIENT  
COMMUNICATIONS AND PRIVILEGES PROVIDED FOR  
IN GOVERNMENT CODE SECTION 11126(e).
1. THE COMMISSION MAY CONSIDER MATTERS  
THAT FALL UNDER GOVERNMENT CODE SECTION  
11126(e)(2)(A):
- California State Lands Commission v.  
City and County of San Francisco
- Defend Our Waterfront v. California  
State Lands Commission et al.
- United States v. California (1965)  
381 U.S. 139, No. 5 Original
- Seacliff Beach Colony Homeowners  
Association v. State of California  
et al.
- The Melton Bacon and Katherine L.  
Bacon Family Trust et al. v. California  
State Lands Commission, City of  
Huntington Beach
- California State Lands Commission v.  
Edward L. Clark Jr.
- State of California, acting by and  
through the State Lands Commission v.  
Singer
- SLPR, LLC et al. v. San Diego Unified  
Port District, State Lands Commission

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San Francisco Baykeeper v. State Lands  
Commission

City of Los Angeles v. Great Basin  
Unified Air Pollution Control District  
et al.

City of Los Angeles v. California Air  
Resources Board et al.

Keith Goddard v. State of California

2. THE COMMISSION MAY CONSIDER MATTERS  
THAT FALL UNDER GOVERNMENT CODE SECTION  
11126(e)(2)(B) or (2)(C).

- B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS.  
THE COMMISSION MAY CONSIDER MATTERS THAT  
FALL UNDER GOVERNMENT CODE SECTION  
11126(c)(7) - TO PROVIDE DIRECTIONS TO ITS  
NEGOTIATORS REGARDING PRICE AND TERMS FOR  
LEASING OF REAL PROPERTY.

1. Provide instructions to negotiators  
regarding entering into a new lease of  
state land for the Broad Beach  
Restoration Project, City of Malibu,  
Los Angeles County. Negotiating  
parties: Broad Beach Geologic Hazard  
Abatement District, State Lands  
Commission; Under negotiation:  
price and terms.

- C. OTHER MATTERS

THE COMMISSION MAY ALSO CONSIDER PERSONNEL  
ACTIONS TO APPOINT, EMPLOY, OR DISMISS A  
PUBLIC EMPLOYEE AS PROVIDED IN GOVERNMENT  
CODE SECTION 11126(a)(1).

- |     |  |   |
|-----|--|---|
| II  | OPEN SESSION - Open Session will convene no<br>earlier than 12:30 p.m. | 1 |
| III | CONFIRMATION OF MINUTES FOR THE REGULAR MEETING<br>OF OCTOBER 14, 2014 | 3 |

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IV. EXECUTIVE OFFICER'S REPORT

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Continuation of Rent Actions to be taken by the CSLC Executive Officer pursuant to the Commission's Delegation of Authority:

- William R. Shepherd, Jr., and Mary Jo Shepherd, Trustees (Lessees): Continuation of rent at \$443 per year for a General Lease - Recreational Use, located on sovereign land in Lake Tahoe, adjacent to 6210 West Lake Boulevard, near Homewood, Placer County (PRC 4272.1)

V. CONSENT CALENDAR C01-C68

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THE FOLLOWING ITEMS ARE CONSIDERED TO BE NON-CONTROVERSIAL AND ARE SUBJECT TO CHANGE AT ANY TIME UP TO THE DATE OF THE MEETING.

LAND MANAGEMENT DIVISION  
NORTHERN REGION

C01 HELEN E. O'BRIEN, TRUSTEE OF THE HELEN E. O'BRIEN 2000 TRUST DATED 03/20/00 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 3037 Jameson Beach Road, near South Lake Tahoe, El Dorado County; for an existing pier and two mooring buoys. CEQA Consideration: categorical exemption. (PRC 4955.1; RA# 06314) (A 5; S 1) (Staff: G. Asimakopoulos)

C02 RALEY'S, A CALIFORNIA CORPORATION (GRANTOR); STATE OF CALIFORNIA (GRANTEE): Consider authorization for acceptance of Quitclaim Deed for sovereign land located in the Sacramento River, that is incorrectly recorded as being owned by Raley's, a California Corporation, Assessor Parcel Number 010-473-031-000, City of West Sacramento, Yolo County. CEQA Consideration: not a project. (W 26797) (A 8; S 4) (Staff: W. Hall)

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C03 THE SPANOS CORPORATION, A CALIFORNIA CORPORATION (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 146 Quiet Walk Road, near Tahoma, El Dorado County; for an existing pier, boathouse with hoist, and two mooring buoys. CEQA Consideration: categorical exemption. (PRC 3543.1; RA# 05614) (A 5; S 1)(Staff: S. Kreutzburg)

C04 GABRIELLE D. HARLE; ANNE B. DONAHOE, AS TRUSTEE OF THE ANNE B. DONAHOE TAHOE RESIDENCE TRUST NO. 1; ANNE B. DONAHOE, AS TRUSTEE OF THE ANNE B. DONAHOE TAHOE RESIDENCE TRUST NO. 2; ANNE B. DONAHOE, AS TRUSTEE OF THE ANNE B. DONAHOE TAHOE RESIDENCE TRUST NO. 3 (LESSEE): Consider application for an amendment to Lease No. PRC 3653.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 8873 and 8879 Rubicon Drive, near Tahoma, El Dorado County; for an existing pier, boat lift, and two mooring buoys. CEQA Consideration: not a project. (PRC 3653.1; RA# 04914) (A 5; S 1) (Staff: S. Kreutzburg)

C05 LENARD S. ZIPPERIAN, TRUSTEE UNDER SHAMROCK RANCH TRUST AGREEMENT AND DECLARATION OF TRUST, DATED APRIL 1, 1968 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 5060 West Lake Boulevard, near Homewood, Placer County; for an existing pier, boat lift, and two mooring buoys. CEQA Consideration: categorical exemption. (PRC 5613.1; RA# 05814) (A 1; S 1)(Staff: S. Kreutzburg)

C06 BST III OWNERS ASSOCIATION, INC. (LESSEE): Consider an amendment of lease and revision of rent to Lease No. PRC 1691.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 9680 Brockway Springs Drive, near Brockway, Placer County; for an existing pier with floating dock and gangway, hot springs deck and breakwater, swim area with swim line and float, and 15 mooring buoys. CEQA Consideration: not projects. (PRC 1691.1) (A 1; S 1) (Staff: N. Lee)

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C07 CHINQUAPIN HOMEOWNERS ASSOCIATION (LESSEE): Consider application for an amendment to Lease No. PRC 5423.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 3600 North Lake Boulevard, near Dollar Point, Placer County; to include two existing swim floats not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 5423.1; RA# 12010) (A 1; S 1) (Staff: N. Lee)

C08 2280 SUNNYSIDE LANE, LLC (LESSEE): Consider application for an amendment to Lease No. PRC 4170.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2280 Sunnyside Lane, near Tahoe City, Placer County; for an existing pier and two mooring buoys. CEQA Consideration: not a project. (PRC 4170.1; RA# 04714) (A 1; S 1) (Staff: N. Lee)

C09 MARTIN A. COHEN, TRUSTEE OF THE MARTIN A. COHEN REVOCABLE LIVING TRUST DBA THE SHORE HOUSE AT LAKE TAHOE (APPLICANT): Consider application for a General Lease - Commercial Use, of sovereign land located in Lake Tahoe, adjacent to 7170 North Lake Boulevard, Tahoe Vista, Placer County; for an existing pier, boat lift, six mooring buoys, and one marker buoy. CEQA Consideration: categorical exemption. (PRC 8601.1; RA# 10614) (A 1; S 1) (Staff: M. Schroeder)

C10 ISAAC GOFF AND RENEE GOFF, TRUSTEES OF THE ISAAC GOFF AND RENEE GOFF REVOCABLE INTERVIVOS TRUST AGREEMENT DATED 4/29/92 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Donner Lake, adjacent to 15873 Donner Pass Road, near the town of Truckee, Nevada County; for an existing pier previously authorized by the Commission; and two existing jet ski lifts not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 7804.1; RA# 08714) (A 1; S 1) (Staff: M. Schroeder)

C11 DARYL R. HARR AND SUE KELMAN-HARR, AS TRUSTEES OF THE DARYL R. AND SUE KELMAN-HARR REVOCABLE TRUST (LESSEE); MICHAEL J. ARNOLD (APPLICANT): Consider termination of Lease No. PRC 8608.9, a Recreational Pier Lease; and an application for a General Lease -

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Recreational Use, of sovereign land located in the Sacramento River, adjacent to 10437 Garden Highway, near the city of Sacramento, Sutter County; for an existing single-berth floating boat dock, three pilings, gangway, and boat lift previously authorized by the Commission, and existing utilities not previously authorized by the Commission. CEQA Consideration: termination ;V not a project; lease - categorical exemption. (PRC 8608.1; RA# 10514) (A 3; S 4) (Staff: M. Schroeder)

C12 DONALD F. HOUSE AND JOYCE D. HOUSE, TRUSTEES OF THE HF TRUST DATED MARCH 2, 1987 (LESSEE); RICHARD P. ROSS AND JUANA T. ROSS (APPLICANT): Consider termination of Lease No. PRC 5576.9, a Recreational Pier Lease; and an application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 2111 Cascade Road, city of South Lake Tahoe, El Dorado County; for an existing pier and two mooring buoys. CEQA Consideration: termination - not a project; lease - categorical exemption. (PRC 5576.1; RA# 09214) (A 5; S 1) (Staff: M. Schroeder)

C13 COUNTY OF SONOMA (APPLICANT): Consider application for a General Lease - Public Agency Use, of sovereign land located in the Russian River, adjacent to Assessor's Parcel Numbers 110-220-003 and 110-220-015, near the city of Santa Rosa, Sonoma County; for use, maintenance, and proposed seismic retrofitting of an existing vehicular bridge known as Wohler Road Bridge. CEQA Consideration: Mitigated Negative Declaration, adopted by Sonoma County, State Clearinghouse No. 2014082054, and adoption of a Mitigation Monitoring Program.(W 25885; RA# 14814) (A 2; S 2) (Staff: M. Schroeder)

C14 TAHOE RESOURCE CONSERVATION DISTRICT (APPLICANT): Consider termination of Lease No. PRC 8994.9, a General Lease - Public Agency Use, and application for a new General Lease - Public Agency Use, of sovereign land located in Lake Tahoe, Placer and El Dorado Counties; for lake-wide removal and monitoring of invasive aquatic weeds. CEQA Consideration: termination - not a project; lease - Mitigated



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Negative Declaration, adopted by the Tahoe Resource Conservation District, State Clearinghouse No. 2014041043, adoption of a Mitigation Monitoring Program. (PRC 8994.9; RA# 23813) (A 5, 1; S 1) (Staff: B. Terry)

C15 TAHOE SIERRA ESTATES ASSOCIATION (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 624 Olympic Drive, Tahoe City, Placer County; for expansion of an existing pier not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 1124.314; RA# 02205) (A 1; S 1) (Staff: B. Terry)

C16 TAHOYA SHORES CONDOMINIUM ASSOCIATION (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 7610 North Lake Boulevard, Tahoe Vista, Placer County; for five existing mooring buoys. CEQA Consideration: categorical exemption. (PRC 8560.1; RA# 07114) (A 1; S 1) (Staff: B. Terry)

C17 DOROTHY B. WARNE, ROBERT N. TAYLOR AND SCOTT B. TAYLOR AS INDIVIDUALS; DOROTHY B. WARNE AS TRUSTEE OF THE DOROTHY B. WARNE REVOCABLE TRUST, ESTABLISHED APRIL 12, 1990; AND ROBERT N. TAYLOR AND SCOTT B. TAYLOR, CO-TRUSTEES OF THE DOROTHY B. WARNE GRANDCHILDREN'S TRUST, ESTABLISHED MARCH 14, 1996 (LESSEE): Consider revision of rent to Lease No. PRC 6358.1, a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 4290 West Lake Boulevard, near Homewood, Placer County; for an existing boathouse, boat hoist, artificial filled area, and one mooring buoy. CEQA Consideration: not a project. (PRC 6358.1) (A 1; S 1) (Staff: B. Terry)

C18 DONALD F. WILLIAMS AND SHIRLEY WILLIAMS, CO-TRUSTEES OF THE LINDA WILLIAMS TRUST UNDER THE DONALD F. WILLIAMS RESIDENTIAL TRUST U/A/D AUGUST 29, 2005 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Lake Tahoe, adjacent to 1306 West Lake Boulevard, Tahoe City, Placer County; for an existing pier previously authorized by the Commission; and an

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existing marine rail and four boat slips not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 5760.1; RA# 02514) (A 1; S 1) (Staff: B. Terry)

BAY/DELTA

C19 KIM DESEMBERG AND ANNA DESEMBERG, TRUSTEES OF THE DESEMBERG TRUST DATED JUNE 22, 2002 (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Tomales Bay, adjacent to 12884 Sir Francis Drake Boulevard, near the city of Inverness, Marin County; for an existing pier, and appurtenant facilities. CEQA Consideration: categorical exemption. (PRC 8435.1; RA # 04614)(A 10; S 2) (Staff: G. Asimakopoulos)

C20 KEVIN KAY AND KELLI A. KAY, TRUSTEES OF THE KAY REVOCABLE LIVING TRUST (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 4229 Garden Highway, near the city of Sacramento, Sacramento County; for an existing uncovered single-berth floating boat dock with boat lift, appurtenant facilities, and bank protection previously authorized by the Commission, and a double jet-ski ramp and two floats not previously authorized by the Commission. CEQA Consideration: categorical exemption. (PRC 6670.1; RA # 13314)(A 7; S 6) (Staff: G. Asimakopoulos)

C21 JONATHAN D. SMITH AND MILISSA SMITH (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 4237 Garden Highway, near the city of Sacramento, Sacramento County; for two existing wood pilings, dolphin, and bank protection not previously authorized by the Commission; removal of an existing floating boat dock and gangway; and proposed construction of an uncovered single-berth floating boat dock with boat lift and gangway. CEQA Consideration: categorical exemptions. (W 26801; RA# 10314) (A 7; S 6) (Staff: G. Asimakopoulos)

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C22 LARRY T SHAW (LESSEE); AJS ENTERPRISES, LLC (APPLICANT): Consider termination of Lease No. PRC 8761.1, a General Lease - Recreational and Protective Structure Use, and an application for a new General Lease - Recreational and Protective Structure Use, of sovereign land located in Georgiana Slough, adjacent to 17219 Terminous Road, near the city of Isleton, Sacramento County; for an existing covered floating boat dock and appurtenant facilities, floating storage area, and bank protection. CEQA Consideration: termination - not a project; lease - categorical exemption. (PRC 8761.1; RA# 08414) (A 11; S 3) (Staff: V. Caldwell)

C23 DELTA BAY CLUB, LLC (LESSEE): Consider application for an amendment to Lease No. PRC 7067.1, a General Lease - Commercial Use; termination of an existing Agreement and Consent to Encumbrancing of Lease; issuance of a new Consent to Encumbrancing of Lease; and continuation of rent; of sovereign land located in the San Joaquin River, adjacent to 922 W. Brannan Island Road, Andrus Island, Sacramento County; for a commercial marina known as Delta Bay Marina. CEQA Consideration: amendment - categorical exemption; termination and issuance of agreement and consent to encumbrancing ;V not a project. (PRC 7067.1; RA# 11514) (A 11; S 3) (Staff: V. Caldwell)

C24 CHARLES W. HERNANDEZ AND NANCY HERNANDEZ (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in Steamboat Slough, adjacent to 3428 Snug Harbor Drive, on Ryer Island, near Walnut Grove, Solano County; for an existing uncovered floating boat dock, appurtenant facilities, and bank protection not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26790; RA# 05314) (A 11; S 3) (Staff: V. Caldwell)

C25 GARY D. NAUMAN, JUDY KAYE NAUMAN, AND STEVE NAUMAN (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 2633 Garden Highway, near the city of Sacramento, Sacramento County; for an existing

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stairway, ramp, two metal brace attachments, and bank protection not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26787; RA# 03114) (A 7; S 6) (Staff: V. Caldwell)

C26 LEE A. STEARN (APPLICANT): Consider application for a General Lease - Recreational and Protective Structure Use, of sovereign land located in the Sacramento River, adjacent to 2611 Garden Highway, near the city of Sacramento, Sacramento County; for an existing uncovered floating boat dock, appurtenant facilities, and bank protection not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26770; RA# 25813) (A 6; S 7) (Staff: V. Caldwell)

C27 LODI GAS STORAGE, L.L.C. (LESSEE): Consider application for the amendment of Lease No. PRC 8207.1, General Lease - Right-of-Way Use, of sovereign land located in the Mokelumne River, North and South Mokelumne Rivers, Broad, Georgiana, Three Mile, Jackson, and Tomato sloughs, between the cities of Lodi and Rio Vista, Sacramento and San Joaquin counties; for a 24-inch diameter high-pressure gas pipeline. CEQA Consideration: not a project. (PRC 8207.1; RA# 12714) (A 11,13; S 3, 5) (Staff: A. Franzoia)

C28 EAST BAY REGIONAL PARK DISTRICT (APPLICANT): Consider an application for a General Lease - Public Agency Use, of sovereign land located adjacent to Cummings Skyway at Interstate Highway 80, near Rodeo, Contra Costa County; for use and maintenance of livestock grazing and existing fencing. CEQA Consideration: categorical exemption. (W 26796; RA# 08814) (A 14; S 9) (Staff: W. Hall)

C29 UNITED STATES DEPARTMENT OF COMMERCE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA) (APPLICANT): Consider an application for a General Lease - Public Agency Use, of sovereign land located in Scott Creek and the Pacific Ocean, adjacent to Highway 1, near the town of Davenport, Santa Cruz County; for Coho salmon habitat restoration.

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CEQA Consideration: categorical exemption. (W 26794;  
RA# 07914) (A 29; S 17) (Staff: W. Hall)

C30 BERT E. BLACKWELDER AND ARAMINTA D. BLACKWELDER  
(APPLICANT): Consider application for a General Lease  
- Recreational and Protective Structure Use, of  
sovereign land located in the Sacramento River,  
adjacent to 175 Edgewater Drive, near the city of Rio  
Vista, Solano County; for existing pilings, concrete  
stairs, and bank protection. CEQA Consideration:  
categorical exemption. (PRC 5564.1; RA# 07014) (A 11;  
S 3) (Staff: J. Sampson)

C31 CATHERINE AMATRUDA (APPLICANT): Consider  
application for a General Lease - Recreational Use, of  
sovereign land located in the Petaluma River, Novato,  
Marin County; for an existing pier, walkway, and  
boathouse. CEQA Consideration: categorical exemption.  
(PRC 3541.1; RA# 06814) (A 6; S 3) (Staff: D. Simpkin)

C32 BEL WEST, L.P. (APPLICANT): Consider application  
for a General Lease - Recreational Use, of sovereign  
land located in Corte Madera Creek, Greenbrae, Marin  
County; for an existing boat dock, walkway, and  
cables. CEQA Consideration: categorical exemption.  
(PRC 4632.1; RA# 26213) (A 10; S 2)  
(Staff: D. Simpkin)

CENTRAL/SOUTHERN REGION

C33 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE  
(APPLICANT): Consider application for a General Lease  
- Public Agency Use, of sovereign land at 40 locations  
in the San Joaquin River between Friant Dam and  
Mendota Dam, Fresno, Madera, Merced, and Stanislaus  
Counties; for the temporary placement, use, and  
maintenance of fish collection structures and fish  
monitoring equipment. CEQA Consideration:  
Environmental Impact Report, certified by the  
California Department of Fish and Wildlife, State  
Clearinghouse No. 2012111083, and adoption of a  
Mitigation Monitoring Program, and Statement of  
Findings. (W 26664; RA# 14113) (A 5, 21, 23, 31; S 12,  
14, 16) (Staff: R. Collins)

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C34 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (APPLICANT): Consider application for a General Lease - Public Agency Use, of sovereign land in the San Joaquin River, near Friant, Fresno County; for an existing storm drain outfall and construction of a volitional release channel. CEQA Consideration: Environmental Impact Report, certified by the California Department of Fish and Wildlife, State Clearinghouse No. 2012111083, and adoption of a Mitigation Monitoring Program and Statement of Findings. (W 26788; RA# 03614) (A 23; S 14) (Staff: R. Collins)

C35 U.S. DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION (APPLICANT): Consider termination of Lease No. PRC 8127.9 a General Lease - Public Agency Use and Lease No. PRC 7474.9 a General Lease - Public Agency Use, and an application for a General Lease - Public Agency Use of sovereign land, located in the Colorado River, in the city of Blythe, Riverside County, for two existing rock and gravel stockpile sites. CEQA Consideration: terminations - not a project; lease - categorical exemption. (PRC 7474.9, PRC 8127.9; RA# 05114) (A 56; S 40) (Staff: R. Collins)

C36 SURFSONG OWNERS ASSOCIATION (LESSEE): Consider revision of rent to Lease No. PRC 8834.1, a General Lease - Protective Structure Use, of sovereign land located in the Pacific Ocean adjacent to 205-239 South Helix Avenue, city of Solana Beach, San Diego County; for a seawall and seacave/notch fills. CEQA Consideration: not a project. (PRC 8834.1) (A 78; S 38, 39) (Staff: K. Foster)

C37 FOURTH OF JULY YACHT CLUB (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in Fourth of July Cove, Santa Catalina Island, Los Angeles County, for an existing pier and appurtenant recreational facilities. CEQA Consideration: categorical exemption. (PRC 6444.1; RA# 07214) (A 70; S 26) (Staff: A. Franzoia)

C38 GREGORY D. KRIESEL AND JANE K. KRIESEL, TRUSTEES OF THE KRIESEL FAMILY TRUST (APPLICANT): Consider application for a General Lease - Recreational and

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Protective Structure Use, of sovereign land located in the Main Channel of Huntington Harbour, adjacent to 3512 Venture Drive, Huntington Beach, Orange County; for an existing boat dock, access ramp, cantilevered deck, and bulkhead protection. CEQA Consideration: categorical exemption. (PRC 8574.1; RA# 10214) (A 72; S 34) (Staff: A. Franzoia)

C39 KENNETH D. WOLDER AND LESLIE A. WOLDER, TRUSTEES OF THE WOLDER FAMILY TRUST (APPLICANT): Consider application for a General Lease - Recreational Use, of sovereign land located in the Main Channel of Huntington Harbour, adjacent to 16752 Coral Cay Lane, Huntington Beach, Orange County; for an existing boat dock, access ramp, and cantilevered deck. CEQA Consideration: categorical exemption. (PRC 5745.1; RA# 07714) (A 72; S 34) (Staff: A. Franzoia)

C40 MERCED IRRIGATION DISTRICT (APPLICANT): Consider application for a General Lease - Public Agency Use of sovereign lands, located in the Merced River, near Shaffer Bridge and adjacent to Assessor's Parcel Numbers 042-140-005 and 042-140-033, and near the Crocker Huffman Diversion Dam adjacent to Assessor's Parcel Number 043-060-014, Merced County; for two existing water gauge stations not previously authorized by the Commission. CEQA Consideration: categorical exemption. (W 26544; RA# 03314) (A 21; S 12) (Staff: N. Lavoie)

C41 TIME WARNER TELECOM OF CALIFORNIA, L.P. (LESSEE): Consider revision of rent to Lease No. PRC 8014.1, a General Lease - Right-of-Way Use, of sovereign land located in the San Joaquin River, Laird Slough, Tuolumne River, and Merced River, near Grayson, Herndon, Atwater, and the city of Modesto; Stanislaus, Madera, Merced, and Fresno Counties; for an iron pipe casing containing fiber-optic cables. CEQA Consideration: not a project. (PRC 8014.1) (A 5, 21, 23; S 12, 14)(Staff: N. Lavoie)

C42 THOMAS CHOW (LESSEE): Consider revision of rent to Lease No. PRC 5742.1, a General Lease - Recreational Use, of sovereign land located in Huntington Harbour, adjacent to 16722 Coral Cay Lane,

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city of Huntington Beach, Orange County; for a boat dock, access ramp, and cantilevered deck. CEQA Consideration: not a project. (PRC 5742.1) (A 72; S 34) (Staff: D. Oetzel)

C43 GILL RANCH STORAGE, LLC. (LESSEE): Consider revision of rent to Lease No. PRC 8863.1, a General Lease - Right-of-Way Use, of sovereign land located in the San Joaquin River and Fresno Slough, near the town of Mendota, Madera and Fresno Counties; for a 30-inch diameter steel natural gas pipeline. CEQA Consideration: not a project. (PRC 8863.1) (A 5, 31; S 14) (Staff: D. Oetzel)

C44 CALIFORNIA DEPARTMENT OF TRANSPORTATION (APPLICANT): Consider application for a right-of-way map pursuant to Section 101.5 of the Streets and Highways Code, of sovereign land located in the Batiquitos Lagoon, city of Carlsbad, San Diego County; for a right-of way including the replacement of an existing bridge not previously authorized by the Commission. CEQA Consideration: Environmental Impact Report/Statement, certified by the California Department of Transportation, District 11, State Clearinghouse No. 2004101076, and adoption of a Mitigation Monitoring Program and Statement of Findings. (PRC 9149.9; RA# 24413)(A 78; S 39) (Staff: D. Simpkin)

C45 CALIFORNIA STATE LANDS COMMISSION AND CALIFORNIA COASTAL COMMISSION (PARTIES): Consider acceptance of one offer to dedicate lateral public access easement over land adjacent to State tidelands in the city of Malibu, 21070 Pacific Coast Highway, Los Angeles County. CEQA Consideration: not a project. (W 24665) (A 50; S 27) (Staff: D. Simpkin)

C46 CALIFORNIA STATE LANDS COMMISSION AND CALIFORNIA COASTAL COMMISSION (PARTIES): Consider acceptance of one offer to dedicate lateral public access easement over land adjacent to State tidelands in the city of Malibu, 28060 Sea Lane Drive, Los Angeles County. CEQA Consideration: not a project. (W 24665) (A 50; S 27) (Staff: D. Simpkin)



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C47 CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER (APPLICANT): Consider application for a General Lease - Public Agency Use, of sovereign land located in the dry lake bed, Owens Lake, Inyo County; for the continued use and maintenance of existing groundwater monitoring wells. CEQA Consideration: categorical exemption. (PRC 8899.9; RA# 06714) (A 26; S 18) (Staff: D. Simpkin)

C48 CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER (LESSEE): Consider application for an amendment to Lease No. PRC 9103.9, a General Lease - Recreational Use, of sovereign land located in the dry lakebed, Owens Lake, Inyo County; to extend the construction period and include an existing access road not previously authorized by the Commission. CEQA Consideration: Mitigated Negative Declaration, adopted by the City of Los Angeles Department of Water and Power, State Clearinghouse No. 2013031075. (PRC 9103.9; RA# 10014) (A 34; S 18) (Staff: D. Simpkin)

C49 EDWARD LEROY CLARK, JR., TRUSTEE OF THE ED CLARK FAMILY TRUST DATED SEPTEMBER 8, 2010 (APPLICANT): Consider settlement of litigation and reauthorization of a General Lease - Recreational Use, of sovereign land located adjacent to 17061 Bolero Lane in Huntington Harbour, Huntington Beach, Orange County; for an existing boat dock, access ramp, boat lift and cantilevered deck. CEQA Consideration: categorical exemption. (PRC 4094.1; RA# 17310)(A 67; S 35) (Staff: D. Simpkin)

C50 IMPERIAL IRRIGATION DISTRICT (LESSEE): Consider revision of rent to Lease No. PRC 2344.1, a General Lease - Right-of-Way Use, of sovereign land located in the Colorado River, near Yuma, Arizona, Imperial County; for an overhead 161-kilovolt electrical transmission line and a telephone line. CEQA Consideration: not a project. (PRC 2344.1) (A 56; S 40) (Staff: D. Simpkin)

C51 JOHN R. KEEFNER AND LORI SCHAFFER (APPLICANT): Consider rescission of approval of a General Lease - Recreational Use and application for a General Lease - Recreational Use, of sovereign land located in the

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Main Channel of Huntington Harbour, adjacent to 17011 Bolero Lane, Huntington Beach, Orange County; for an existing boat dock, access ramp, and cantilevered deck. CEQA Consideration: rescission - not a project; lease - categorical exemption. (PRC 3570.1; RA# 13214) (A 72; S 34) (Staff: D. Simpkin)

C52 FRANK M. SINGER AND RONA JANE SINGER, AS TRUSTEES OF THE FRANK AND RONA SINGER LIVING TRUST AS AMENDED AND RESTATED ON SEPTEMBER 30, 1990 (APPLICANT): Consider settlement of litigation, acceptance of back rent, and application for a General Lease - Recreational Use, of sovereign land located in the Main Channel of Huntington Harbour, adjacent to 3552 Venture Drive, Huntington Beach, Orange County; for an existing boat dock, access ramp, and cantilevered deck. CEQA Consideration: categorical exemption. (PRC 5550.1) (A 72; S 34) (Staff: D. Simpkin)

C53 SOUTHERN CALIFORNIA GAS COMPANY (LESSEE): Consider revision of rent to Lease No. PRC 4989.1, a General Lease - Right-of-Way Use, of sovereign land located in the Kings River, near State Highway 41, Kings County; for a 16-inch diameter natural gas pipeline. CEQA Consideration: not a project. (PRC 4989.1)(A 26; S 16) (Staff: D. Simpkin)

SCHOOL LANDS

C54 GARY FREDERICKSEN, SHELLY FREDERICKSEN, GREG TORLAI, AND ROBERT REYNOLDS (LESSEE/ASSIGNOR); NORBERT C. FREITAS AND ALICE FREITAS (ASSIGNEE): Consider application for the assignment of Lease No. PRC 5329.2, a General Lease - Grazing Use, of State school and indemnity land in portions of Section 36, Township 32 North, Range 15 East, MDM; Sections 7, 16, 17, 18, 19, 20, and 30 Township 31 North, Range 16 East, MDM; and portions of Sections 24, 25, 34, and all of Section 36, Township 31 North, Range 15 East, MDM, near the unincorporated community of Ravendale, Lassen County; for livestock grazing and existing fencing. CEQA Consideration: not a project. (PRC 5329.2; RA# 06014) (A 1; S 1) (Staff: C. Hudson)

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C55 GEYSERS POWER COMPANY, LLC (LESSEE): Consider revision of rent to Lease No. PRC 8610.2, a General Lease - Right-of-Way Use, of State indemnity school land located in portions of Sections 3 and 4, Township 11 North, Range 9 West, MDM, near the city of Cloverdale, Sonoma County; for an existing six- to eight-inch diameter water transportation line. CEQA Consideration: not a project. (PRC 8610.2) (A 2; S 2) (Staff: C. Hudson)

C56 SOUTHERN CALIFORNIA EDISON COMPANY (LESSEE): Consider revision of rent to Lease No. PRC 2701.2, a General Lease - Right-of-Way Use, of State school land within portions of Section 36, Township 20 South, Range 42 East; Section 16, Township 21 South, Range 43 East; Section 16, Township 22 South, Range 43 East; Section 16, Township 23 South, Range 43 East; and Section 16, Township 24 South, Range 43 East, MDM, northeast of Trona, Inyo County; for a 33 kilovolt (kV) distribution line. CEQA Consideration: not a project. (PRC 2701.2) (A 34; S 18) (Staff: C. Hudson)

C57 THE UNITED STATES OF AMERICA (APPLICANT): Consider authorization, as trustee of the School Land Bank Fund, of the sale and issuance of a patent to the United States of America for 2,563 acres, more or less, of school lands and indemnity school lands located west and south of the Marine Corps Air Ground Combat Center, San Bernardino County and authorization to enter into a memorandum of agreement with the United States of America for future access to explore and develop the mineral estate. CEQA Consideration: Consider certification of a California Environmental Quality Act (CEQA) Supplement to an Environmental Impact Statement (EIS) (State Clearinghouse No. 2014081010); and adoption of Findings and Statement of Overriding Considerations for the sale of school land parcels to the United States of America. (SA 5767; RA# 15213) (A 33; S 18)(Staff: J. Porter, G. Pelka, J. Frey)

MINERAL RESOURCES MANAGEMENT

C58 CITY OF LONG BEACH (APPLICANT): Consider acceptance of the Final Report and Closing Statement for the Long Beach Unit Annual Plan (July 1, 2013,

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through June 30, 2014), Long Beach Unit, Wilmington Oil Field, Los Angeles County. CEQA Consideration: not a project. (W 17166) (A 70; S 33, 35) (Staff: H. Rassamdana)

C59 OCEANEERING INTERNATIONAL, INC. (APPLICANT): Consider a Non-Exclusive Geophysical Survey Permit on tide and submerged lands under the jurisdiction of the California State Lands Commission. CEQA Consideration: Mitigated Negative Declaration, State Clearinghouse No. 2013072021, and addendum adopted by the California State Lands Commission. (W 6005.148; RA# 15114) (A & S: Statewide) (Staff: R. B. Greenwood)

MARINE FACILITIES

C60 CALIFORNIA STATE LANDS COMMISSION (PARTY): Consider approval of the budget, as submitted by the successful bidder, The Glosten Associates, for a study to examine the feasibility of shore-based reception and treatment facilities for the management of discharged ballast water in California. CEQA Consideration: not a project. (W 9777.234, W 9777.290, W 9777.295, C2013-13) (A & S: Statewide) (Staff: C. Brown, N. Dobroski, L. Kovary, D. Brown)

ADMINISTRATION

C61 CALIFORNIA STATE LANDS COMMISSION (PARTY): Request authority for the Executive Officer to solicit statements of interest for consultant services, negotiate a fair and reasonable price, and award and execute agreements for the preparation of environmental documentation and mitigation monitoring for the proposed San Onofre Nuclear Generating Station (SONGS) Units 2 & 3 Post-Shutdown Decommissioning Project, located onshore and offshore in waters 51 miles north-northwest of the city of San Diego, San Diego County. CEQA Consideration: not a project. (PRC 6785, W 30209, RA# 11214) (A & S: Statewide) (Staff: D. Brown, J. DeLeon, A. Abeleda)

C62 CALIFORNIA STATE LANDS COMMISSION (PARTY): Request authority for the Executive Officer to solicit Statements of Interest, negotiate fair and reasonable

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price, award and execute agreements for establishing "on-call" contracts with firms to prepare environmental documentation. CEQA Consideration: not a project. (W 30203) (A & S: Statewide) (Staff: D. Brown, A. Abeleda, C. Huitt)

LEGAL

C63 CALIFORNIA STATE LANDS COMMISSION, CALIFORNIA ENERGY COMMISSION (PARTIES): Consider renewal of a Memorandum of Agreement with the California Energy Commission regarding the Coordination of Power Plant Permitting Activities. CEQA Consideration: not a project. (W 26366) (A & S: Statewide) (Staff: J. Fabel, J. DeLeon)

KAPILOFF LAND BANK TRUST ACTIONS - NO ITEMS

EXTERNAL AFFAIRS

GRANTED LANDS

C64 CITY OF LONG BEACH (TRUSTEE): Review the proposed expenditure of tideland oil revenues, in an amount not to exceed \$11,720,700 by the City of Long Beach for four capital improvement project located within legislatively granted sovereign land in the City of Long Beach, Los Angeles County. CEQA consideration: not a project. (G 05-03) (A 70; S 28, 33) (Staff: R. Boggiano)

C65 CITY OF LOS ANGELES (TRUSTEE): Consider a draft resolution of the City of Los Angeles, acting by and through the Port of Los Angeles, pursuant to Public Resources Code sections 7060 and 7061, to enter into an agreement for oil exploration located within legislatively granted sovereign land in the City of Los Angeles, Los Angeles County. CEQA consideration: not a project. (G 05-04)(A 70; S 28, 35) (Staff: R. Boggiano)

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C66 CITY OF REDONDO BEACH (TRUSTEE): Review of the City of Redondo Beach Cost Allocation Plan and Internal Service Fund Allocation methodology. CEQA consideration: not a project. (G 05-07) (A 66; S 28) (Staff: R. Boggiano)

C67 CITY OF SANTA BARBARA (TRUSTEE): Review the proposed expenditure of tideland trust funds, in an amount not to exceed \$9,146,083, by the City of Santa Barbara for one capital improvement project located within legislatively granted sovereign land in the City of Santa Barbara, Santa Barbara County. CEQA consideration: not a project. (G 15-01.7) (A 37; S 19) (Staff: R. Boggiano)

C68 PORT OF SAN FRANCISCO (TRUSTEE): Consider the termination of the state's sovereign property interests in Daggett Street and transfer of Daggett Street to the City and County of San Francisco free of any public trust interest, located within legislatively granted sovereign land in the City and County of San Francisco; CEQA Consideration: Addendum prepared by State Lands Commission and related Environmental Impact Report certified by City and County of San Francisco, State Clearinghouse No. 2004112037. (G 11-01) (A 17; S 11) (Staff: R. Boggiano, S. Scheiber)

LEGISLATION AND RESOLUTIONS - NO ITEMS

VI. INFORMATIONAL

69 CALIFORNIA STATE LANDS COMMISSION: Staff Report on the monitoring of possible subsidence, Long Beach Unit, Wilmington Oil Field, Los Angeles County. CEQA Consideration: not applicable. (W 10442, W 16001) (A 70; S 33, 34, 35) (Staff: R. B. Greenwood)

70 THE FOLLOWING ITEM IS INFORMATIONAL ONLY AND MAY BE DISCUSSED AND ACTED UPON IN A CLOSED SESSION. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

Instructions to negotiators regarding entering into a new lease of state land for the Broad Beach restoration Project, City of Malibu, Los Angeles

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County. Negotiating parties: Broad Beach Geologic Hazard Abatement District, State Lands Commission: Under negotiation: price and terms. CEQA Consideration: not applicable.

VII. REGULAR CALENDAR

71 CALIFORNIA AMERICAN WATER COMPANY (APPLICANT): Consider application for a General Lease - Right-of-Way Use, of sovereign land located in the Pacific Ocean, Monterey Bay, near the city of Marina, Monterey County; for the construction, operation, and decommissioning subject to a Lease Termination and Abandonment Agreement to be considered at a future meeting, of a temporary exploratory test slant water well. CEQA Consideration: California Coastal Commission Coastal Development Permit No. 9-14-1735. (W 26699; RA# 01612) (A 29; S 17) (Staff: D. Simpkin) 17

72 VENOCO, INC. (APPLICANT): Consider certification of a Final Environmental Impact Report (State Clearinghouse No. 2005061013); adoption of Findings, Statement of Overriding Considerations, and Mitigation Monitoring Program; and the Revised PRC 421 Recommissioning Project on State Oil and Gas Lease No. PRC 421.1, by Venoco, Inc., Santa Barbara County. (PRC 421.1) (A 37; S 19)(Staff: S. Curran, E. Gillies, S. Blackmon, J. Rader) 26

73 BROAD BEACH GEOLOGIC HAZARD ABATEMENT DISTRICT (APPLICANT): Consider application for a General Lease - Beach Replenishment and Protective Structure Use of sovereign land located in the Pacific Ocean at Broad Beach, in the city of Malibu, Los Angeles County; for portions of an existing rock riprap shoreline protective structure not previously authorized by the Commission, and the construction of dunes, and periodic beach replenishment and sand backpassing. CEQA Consideration: statutory exemption. (W 26420; RA# 22611) (A 50; S 27) (Staff: K. Foster, S. Blackmon, S. Haaf, J. Ramos)

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## P R O C E E D I N G S

1  
2           ACTING CHAIRPERSON GORDON: I call this meeting  
3 of the State Lands Commission to order. All the  
4 representatives of the Commission are present. My name is  
5 Alan Gordon representing State Controller John Chiang.  
6 I'm joined today by the Lieutenant Governor's  
7 representative Kevin Schmidt to my right, and Eraina  
8 Ortega representing the Department of Finance to my left.

9           For the benefit of those in the audience, the  
10 State Lands Commission manages State property interests in  
11 over five million acres of land, including mineral  
12 interests. Specifically, the Commission has jurisdiction  
13 in filled and unfilled tide and submerged lands, navigable  
14 waterways, and State school lands.

15           The Commission also has responsibility for the  
16 prevention of oil spills at marine oil terminals and  
17 offshore oil platforms and for the prevention of the  
18 introduction of marine invasive species into California's  
19 marine waters. Today, we will hear requests and  
20 presentations concerning the leasing, management, and  
21 regulation of these public sovereign and school land  
22 property interests and the activities occurring or  
23 proposed thereon.

24           We'll now -- and now for all of you in the  
25 audience, we will now adjourn into closed session. We'll

1 see you all in a little bit.

2 (Off record: 12:03 PM)

3 (Thereupon the meeting recessed  
4 into closed session.)

5 (Thereupon the meeting reconvened  
6 open session.)

7 (On record: 12:30 PM)

8 ACTING CHAIRPERSON GORDON: Would everybody  
9 please stake a seat. I call this meeting back to order.

10 Ms. Lucchesi, anything to report from closed  
11 session?

12 CHIEF COUNSEL MEIER: Yes, sir. This is Mark  
13 Meier, the Commission's Chief Counsel. The Commission  
14 authorized settlement in two cases. The first is  
15 California State Lands Commission versus Clark. And that  
16 settlement is reflected in Item C 49 on the Commission's  
17 agenda today. And the second settlement was the State of  
18 California versus Singer. And that settlement is  
19 reflected in Item C 52 on the agenda.

20 ACTING CHAIRPERSON GORDON: Next item of business  
21 will be the adoption of the minutes from the Commission's  
22 meeting of October 14th. May I have a motion -- oh, let  
23 me -- before I do that, let me explain one thing about the  
24 voting procedures of the Commission under State Law.  
25 Because none of the principals are here -- Ms. Ortega from

1 the Department of Finance will be able to vote on all  
2 measures, but with the Lieutenant Governor's office and  
3 the Controller's office, only one of us can vote. Okay.  
4 So the fact that one of us will be silent does not mean  
5 opposition. It simply means that we are prohibited from  
6 voting. All right.

7 So the next order of business is the adoption of  
8 the minutes from October 14th, 2014. May I have a notion  
9 a approve, please?

10 ACTING COMMISSIONER ORTEGA: I'll move approval  
11 of the minutes.

12 ACTING CHAIRPERSON GORDON: All those in favor?  
13 Oh, I need a second.

14 ACTING COMMISSIONER SCHMIDT: Second.

15 ACTING CHAIRPERSON GORDON: Motion and a second.  
16 All those in favor?

17 ACTING COMMISSIONER ORTEGA: Aye.

18 ACTING COMMISSIONER SCHMIDT: Aye.

19 ACTING CHAIRPERSON GORDON: Minutes are  
20 unanimously adopted.

21 Next order of business is the Executive Officer's  
22 report. Ms. Lucchesi, may we please have the report.

23 EXECUTIVE OFFICER LUCCHESI: Yes. So I have a  
24 couple of things to report, so bear with me here. First,  
25 California recently celebrated the 20th anniversary of the

1 landmark California Desert Protection Act. Signed into  
2 law on October 31st in 1994 and sponsored by Senator  
3 Feinstein, the California Desert Protection Act increased  
4 protection for 8.6 million acres of California desert.

5 California's deserts are home to many of the  
6 school lands under the Commission's jurisdiction. The Act  
7 benefited the Commission's management of these lands by  
8 directing the Secretary, upon request of the Commission,  
9 to negotiate exchanges for certain federal lands for other  
10 California State school lands located within the  
11 boundaries of wilderness areas or park units designated by  
12 the Act.

13 Senator Feinstein is renewing her effort to  
14 protect the California desert. She intends to introduce  
15 the California Desert Conservation and Recreation Act on  
16 the first day of the 2015 Senate session. Commission  
17 staff has reviewed the proposed legislation and looks  
18 forward to working with Senator Feinstein and her staff on  
19 this effort.

20 Next, I want to report on receiving the final  
21 payment from the U.S. government regarding our holdings --  
22 or former holdings in Elk Hills, approximately 47,000  
23 acres of school lands near Bakersfield. The resolution of  
24 this final payment marks the end of many, many years of  
25 hard work by the Attorney General's office and the State

1 Lands Commission.

2 Just as quick background, then Lieutenant  
3 Governor Leo McCarthy announced California's lawsuit  
4 against the U.S. seeking payment for oil being pumped from  
5 Sections 16 and 36, which are school lands under the  
6 jurisdiction and trusteeship of the State Lands Commission  
7 in the federal Elk Hills Naval Petroleum Reserve.

8 Basically, the U.S. was ignoring its obligations  
9 to California. And, in fact, for complicated reasons, the  
10 case was a long shot and was instituted to try and get the  
11 United States to talk to California. When the State Lands  
12 Commission lost, as we expected, in district court on a  
13 procedural ground, the Commission decided not to appeal  
14 for fear of bad precedent.

15 But when the United States decided to sell its  
16 Elk Hills holdings in 1996, the Commission and the AG's  
17 office had another opening. We made it clear that  
18 California still claimed title to those Section 16 and 36,  
19 and that our claims would significantly impact the  
20 marketability of Elk Hills. The Commission and the AG's  
21 office engaged in negotiations with the United States and  
22 finally obtained a very favorable settlement, nine percent  
23 of sale proceeds.

24 At the U.S.'s insistence, it called for 10  
25 payments, all subject to Congressional appropriations. We

1 recently received our last payment as a result of the  
2 omnibus appropriations legislation for fiscal year 2015  
3 released last week. That money goes to CalSTRS. And with  
4 this last payment of \$15.5 million appropriated,  
5 California will have received a total of 315 million --  
6 sorry, \$315,522,000.00 into CalSTRS for the benefit of the  
7 State's teachers.

8 Another federal action that I want to report on,  
9 the United States Supreme Court recently entered the Joint  
10 Supplement Decree submitted by the United States Solicitor  
11 General's Office and the California State Lands Commission  
12 represented by the Attorney General's office in the case  
13 of the United States versus California, thereby fixing the  
14 offshore boundary between the United States and  
15 California.

16 The dispute over the location of the offshore  
17 boundary began with the discovery of oil in Wilmington,  
18 California in 1935. After the landmark 1947 U.S. Supreme  
19 Court decision, United States versus California, followed  
20 by the enactment of the Submerged Lands Act in 1953, the  
21 State Lands Commission and the Attorney General's office  
22 has been working with the federal government to locate the  
23 boundary since 1955.

24 With the Supreme Court's action, there is now a  
25 fixed boundary off the coast of California extending from

1 Mexico to Oregon. Having a fixed boundary will provide  
2 certainty to State and federal lessors, regulators,  
3 lessees, and operators of federal and State mineral and  
4 renewable energy leasing programs, and will prevent future  
5 litigation concerning the submerged lands rights of the  
6 parties.

7           The State Lands Commission is extremely pleased  
8 that the United States and the State Lands Commission and  
9 the Attorney General's office were able to partner to  
10 achieve the certainty to all stakeholders inherent in  
11 fixing this boundary. I want to especially thank  
12 Christina Bull-Arndt, Supervising Deputy Attorney General,  
13 and Jessica Rader our State Lands Senior Attorney for  
14 their hard work in seeing this final effort through to  
15 completion, along with the many, many hours and hard work  
16 of former deputy attorney generals and the State Lands  
17 staff. And finally, I want to thank the United States  
18 Solicitor General's Office, the Department of the  
19 Interior, and the Bureau of Ocean Energy Management for  
20 their essential partnership in this endeavor.

21           Next, I want to provide an update to the  
22 Commission and the public involving the Paradise Cove pier  
23 lease compliance in Malibu. Through our close partnership  
24 with the Coastal Commission in protecting the public's  
25 access to California's coast, the State Lands Commission

1 recently received a couple months ago information that one  
2 of the Commission's lessees, Paradise Cove Land Company,  
3 was charging a walk-in fee to access Paradise Cove pier  
4 and the associated public tidelands.

5           They prohibited surfers and surf boards and  
6 closed access to the pier through the use of a gate, all  
7 in violation of their lease with the State Lands  
8 Commission.

9           Commission staff sent a notice of the lease  
10 violation to Paradise Cove Land Company on October 31st.  
11 On that same day, Coastal Commission staff sent a notice  
12 of violation to the land company alleging various Coastal  
13 Act violations. After receiving these notices, and  
14 meeting with both State Lands staff and Coastal staff, the  
15 Paradise Cove Land Company took immediate steps to remove  
16 signs prohibiting surfers and surf boards, stop charging a  
17 walk-in fee, open the gate on the pier and made changes to  
18 their website, so that the public was not discouraged from  
19 accessing the public lands at this location.

20           I want to highlight that this is a prime example  
21 of the cooperative working relationship between the  
22 Coastal Commission staff and the State Lands Commission  
23 staff that has resulted in the protection of California's  
24 coast. Commission staff will continue to monitor Paradise  
25 Cove Land Company's compliance with the terms of its lease



1 to ensure that public access is provided to the statewide  
2 public year-round and free of charge, especially as summer  
3 approaches, and that all other terms of its lease are  
4 being complied with.

5           Next, I want to provide an update on the Rancho  
6 LPG facility adjacent to the Port of Los Angeles.  
7 Commission staff has been in contact with Plains All  
8 American representatives and is working on the possibility  
9 of doing an in-camera review of their insurance policy  
10 with the help of the Attorney General's office.  
11 Commission staff has sent comments back on the proposed  
12 guarantee agreement, but is unsure if Plains All American  
13 is willing to go forward with the agreement.

14           Commission staff is still in contact with the  
15 Port of Los Angeles in order to better understand had they  
16 assessed whether insurance coverage required under their  
17 permits is adequate. Commission staff has received a copy  
18 of the PHL permit, which is one of the permits that the  
19 Rancho facility utilizes, with the Port as well as -- as  
20 well as the different levels of insurance required for the  
21 rail lines.

22           The PHL permit has requirements as to where cars  
23 carrying hazardous materials can be loaded, unloaded, and  
24 stored on port property, and clearly contemplates the  
25 transport of hazardous materials on the rail line

1 consistent with all federal and State regulations.

2           The Los Angeles Certified Unified Program  
3 Agencies, the CUPA, for the Rancho facility is the Los  
4 Angeles Fire Department. They currently permit the  
5 facility for California Accidental Release Prevention  
6 Programs, hazardous waste, and hazardous material.

7           The Los Angeles Fire Department is the entity  
8 that has the prime responsibility for inspecting the  
9 facility and enforcing federal and State laws and  
10 regulations for hazardous materials.

11           The products on the Rancho LPG facility are  
12 considered hazardous because they are flammable compressed  
13 gas. As part of the California Accidental Release  
14 Prevention program permit, the CUPA inspects the Rancho  
15 facility every three years. The CUPA's last inspection of  
16 the facility was on August 5th, 2014 and they found no  
17 violations.

18           Also as part of the program's permit, the Rancho  
19 LPG facility must submit a risk management plan. The risk  
20 management plan must be updated and submitted to the CUPA  
21 every five years. The risk management plan is also  
22 required by the U.S. EPA and is a public document that can  
23 be requested through the CUPA. However, to review this  
24 plan, you must go to those offices and view the document  
25 at that location.

1           As part of the hazardous materials permit, the  
2 Rancho LPG facility must submit a business plan that  
3 includes emergency response plans. Between the business  
4 plan and the risk management plan, the CUPA has reviewed  
5 emergency response plans, fire plans, evacuation plans,  
6 and other items that can be found on the sample form for  
7 the business plan on the CUPA Fire Department website.

8           In addition to contacting the CUPA for Rancho LPG  
9 facility, Commission staff has conducted a site visit of  
10 the rail line adjacent to the facility in October.

11           The -- I have two more items to mention. This is  
12 long compared to what it usually is.

13           (Laughter.)

14           EXECUTIVE OFFICER LUCCHESI: I want to  
15 acknowledge and honor and thank Deputy Attorney General  
16 Alan Hager. Alan Hager has been with the Attorney  
17 General's office -- I'm not sure if he's here, but he has  
18 been with the Attorney General's office since the  
19 mid-1970s working on State Lands issues since that time,  
20 since the beginning.

21           He was -- is our expert on oil and gas law in  
22 California, primarily focusing on the Long Beach unit and  
23 the Wilmington oil properties. In 2001, he actually  
24 became our liaison, the AG's office liaison to the State  
25 Lands Commission. Joe took over for him when Alan

1 officially retired from the AG's office, but Alan came  
2 back as a retired annuitant to work on State Lands issues  
3 as well as to help the Attorney General's office out.

4 He is going to retire for real at the end of this  
5 year. And after 30 plus years of supporting, advocating,  
6 and working on behalf of the State Lands Commission, I  
7 just wanted to take a moment to acknowledge him and to  
8 thank him for his service. He not only provided excellent  
9 advice on oil and gas issues for the State Lands  
10 Commission, but he was also integral in general Public  
11 Trust issues, especially in San Francisco, where he helped  
12 with the development of Piers 1½, 3, and 5, and the  
13 Exploratorium on Piers 15 and 17, and was also  
14 instrumental in helping the State Lands Commission  
15 navigate the legislation that facilitated the was  
16 America's Cup. So I wanted to thank him.

17 And finally, last but not least, I want to  
18 acknowledge that today will be the last day that Alan --  
19 or the last Commission meeting that Alan will be  
20 representing the State Controller's office on the State  
21 Lands Commission.

22 And I want to acknowledge and thank Controller  
23 Chiang for his eight years of service and leadership to  
24 the public through his role on the State Lands Commission,  
25 and Deputy Controller Gordon for his three years of

1 Service on the Commission.

2 As Chair of the State Lands Commission every  
3 other year, Controller Chiang and Deputy Controller Gordon  
4 had significant impact on the State Lands Commission's  
5 environmental policies, especially as they related to sea  
6 level rise, new offshore oil and gas development,  
7 protection of California's water from oil spills and  
8 marine invasive species, and public access.

9 Both Controller Chiang and the Deputy Controller  
10 Gordon were always able to find just the right balance of  
11 various statewide interests when managing the State's  
12 Public Trust and school lands and resources, always coming  
13 to a decision that was in the best interests of all  
14 Californians.

15 On behalf of the State Lands staff, I wish  
16 Controller Chiang and Deputy Controller Gordon the best as  
17 they move on to the Treasurer's office. The State Lands  
18 Commission staff and the Commission will surely miss you,  
19 but the citizens of California will continue to benefit  
20 from your leadership.

21 Thank you.

22 ACTING CHAIRPERSON GORDON: Thank you, Jennifer.

23 (Applause.)

24 ACTING CHAIRPERSON GORDON: I'd really like to --  
25 kind of the flip side of that, I'd really like to thank

1 Ms. Lucchesi, her predecessor Curtis Fossum, Chief Counsel  
2 Mark Meier, the Attorney General's office, Joe Rusconi,  
3 all of the staff. I, like so many people in California,  
4 were not all that familiar with all of the work that the  
5 State Lands Commission does until I took this job three  
6 and a half years ago, and have come to value the  
7 experience, the expertise, the dedication, the  
8 professionalism of State Lands staff. They represent the  
9 best of what public service has to offer in this State.  
10 And it has truly been a pleasure and an honor to work with  
11 all of you. I just -- there aren't any words to describe  
12 how -- the quality I think that these folks bring to their  
13 jobs. The only other person I'd like to thank is the  
14 person who actually makes this entire thing go, Kim  
15 Lunetta --

16 (Laughter.)

17 ACTING CHAIRPERSON GORDON: -- who is why, when  
18 we have meetings, they all run incredibly smoothly. I  
19 always feel like I am completely up to date on all the  
20 things I need to know. And it's sort of herding cats  
21 sometimes that Kim has to do. And I'd like to thank her  
22 personally.

23 And anyway, I guess that's it. This will be my  
24 last meeting, and then I will move on to a Deputy  
25 Treasurer's job, but thank all of you. It's really been

1 an honor.

2 Thanks.

3 Next order of business will be the adoption of  
4 the consent calendar. Ms. Lucchesi, can you please  
5 identify which items, if any, have been removed from that  
6 calendar?

7 EXECUTIVE OFFICER LUCCHESI: Yes. C 08, C 26, C  
8 36, C 57, and 73 are removed from the agenda and will be  
9 considered at a later time. At this point, I don't have  
10 any that are being moved from the consent agenda to the  
11 regular agenda.

12 ACTING CHAIRPERSON GORDON: Is there anyone in  
13 the audience who wishes to speak on an item on the consent  
14 calendar?

15 If not, we'll now proceed to the vote. May I  
16 have a motion on the consent calendar, minus the items  
17 that were just removed by Ms. Lucchesi.

18 ACTING COMMISSIONER ORTEGA: I'll move approval  
19 of the consent calendar.

20 EXECUTIVE OFFICER LUCCHESI: Oh, excuse me. I'm  
21 sorry. We -- before you vote, we just received a request  
22 to speak on Item C 66.

23 ACTING CHAIRPERSON GORDON: Okay.

24 EXECUTIVE OFFICER LUCCHESI: I'm not sure if they  
25 want to speak during -- it's a little confusing. I'm not

1 sure if they want to speak on the item or speak during the  
2 public comment session?

3 ACTING CHAIRPERSON GORDON: Mr. Diels, it looks  
4 look. Is he available? Mr. Diels, did you want to speak  
5 now or did you want to wait till public comment?

6 MR. DIELS: I'm not really sure. I have some  
7 related information. It could probably go to public  
8 comment. I think that would be fine.

9 ACTING CHAIRPERSON GORDON: Okay.

10 EXECUTIVE OFFICER LUCCHESI: On the item or in  
11 the general public comment?

12 MR. DIELS: I think it's general. It's parallel,  
13 but not directly related to this item.

14 ACTING CHAIRPERSON GORDON: Okay. We'll put you  
15 down under public comment.

16 MR. DIELS: Okay. Thank you very much.

17 EXECUTIVE OFFICER LUCCHESI: Okay. So we will  
18 keep C 66 on the consent agenda.

19 ACTING CHAIRPERSON GORDON: Okay. 66 is on  
20 there.

21 All right. So we have a motion.

22 ACTING COMMISSIONER SCHMIDT: Second.

23 ACTING CHAIRPERSON GORDON: We have a second.

24 All those in favor?

25 ACTING COMMISSIONER ORTEGA: Aye.



1           ACTING COMMISSIONER SCHMIDT:   Aye.

2           ACTING CHAIRPERSON GORDON:   Passes unanimously.

3           Next order of business is going to be the regular  
4 calendar.

5           Item 71 is to consider an application for a  
6 general lease of sovereign land located in the Pacific  
7 Ocean, near to City of Marina in Monterey County for the  
8 construction, operation, and decommissioning of a  
9 temporary exploratory test slant water well.  May we have  
10 the staff presentation, please?

11           PUBLIC LAND MANAGER FOSTER:   Good afternoon, Mr.  
12 Chairman and members of the Commission.  My name is Ken  
13 Foster.  I'm a Public Land Manager with the Commission's  
14 Land Management Division.  I'm here to present information  
15 on calendar Item C 71.  This item asks the Commission to  
16 authorize a general lease right of way use to California  
17 American Water Company, or CalAm, for the construction,  
18 operation, and decommissioning of a temporary exploratory  
19 test slant water well located on State-owned sovereign  
20 lands in Monterey Bay near the City of Marina.

21           (Thereupon an overhead presentation was  
22 presented as follows.)

23           ACTING CHAIRPERSON GORDON:   Is this the ocean or  
24 is there supposed to be another picture?

25           (Laughter.)

1 EXECUTIVE OFFICER LUCCHESI: There we go.

2 PUBLIC LAND MANAGER FOSTER: Okay. Here we go.  
3 We're on track with the slides.

4 So CalAm's test well will be located along the  
5 shoreline of Monterey Bay near the City of Marina within  
6 an area that has historically been used for sand mining.

7 --o0o--

8 PUBLIC LAND MANAGER FOSTER: The test well  
9 insertion point will be located on the CEMEX property on  
10 the upland outside of the Commission's jurisdiction  
11 approximately 650 feet from the shoreline.

12 --o0o--

13 PUBLIC LAND MANAGER FOSTER: The well will be  
14 drilled downward at a 19 degree angle for a length of up  
15 to approximately 1,000 feet and to a depth of  
16 approximately 290 feet below the Monterey Bay seafloor. A  
17 dual rotary closed system drilling method will be utilized  
18 with a 20-inch diameter casing and 14-inch diameter well  
19 screen. Approximately 228 lineal feet of the test well  
20 will be located on sovereign land beneath Monterey Bay.

21 --o0o--

22 PUBLIC LAND MANAGER FOSTER: Discharge water  
23 pumped from the test well will be sent to an existing  
24 60-inch diameter ocean outfall operated by the Monterey  
25 Regional Water Pollution Control Agency. And that outfall

1 is that long yellow line extending from the shoreline to  
2 the red area out in the ocean.

3 CalAm is proposing the test well project to  
4 determine the feasibility of using a subsurface intake  
5 system at the project site or nearby for use in a  
6 potential future desalination facility. That's the  
7 Monterey Peninsula Water Supply Project.

8 The proposed test well project will be concluded  
9 within 24 to 28 months. At the conclusion of the testing  
10 period, CalAm will be required to obtain Commission  
11 authorization for a lease termination and abandonment  
12 agreement for the long-term care and maintenance of the  
13 test well.

14 At this time, staff recommends approval of the  
15 construction, operation, and decommissioning of a  
16 temporary exploratory test slant water well. Staff is  
17 available to answer any questions you may have.  
18 Representatives from CalAm are also here and are prepared  
19 to make a brief presentation and answer questions as well.

20 ACTING CHAIRPERSON GORDON: Why don't we bring  
21 CalAm up at this point.

22 THE WITNESS: Good afternoon, Chairman and  
23 Commissioners, staff. Thank you for the opportunity to  
24 speak. I have a presentation.

25 (Thereupon an overhead presentation was

1           presented as follows.)

2           MR. SVINDLAND: So my name is Rich Svindland.  
3 I'm the Vice President of Engineering for California  
4 American Water. Thanks for the opportunity to speak to  
5 you today. I'll be fairly brief, unless there's  
6 questions. Staff did a nice job of describing what we're  
7 trying to do here.

8           But I would like to say at the heart of this  
9 project, this is really an environmental project. We've  
10 been ordered by the State Water Resources Control Board to  
11 get off the Carmel River. We have legal rights there, but  
12 we've been pumping over them for many, many years. After  
13 many, many studies, a desalination plant was determined to  
14 be the best solution for this area. That's what we're  
15 trying to do.

16           In keeping with the request of the California  
17 Coastal Commission, the State Water Resources Control  
18 Board, NOAA Fisheries, subsurface intake is what everybody  
19 wants. We're trying to do that. So this test well is  
20 basically the beginning steps of doing that.

21           Mr. Foster talked about our project, the Monterey  
22 Peninsula Water Supply Project. Basically, we're trying  
23 to do three components to solve the water supply solution  
24 for Monterey Bay. Desalination is a part of it.  
25 Groundwater replenishment is part of it, and also

1 off-stream storage and recovery. So it's not just a big  
2 desal plant. It's a little bit of everything.

3 --o0o--

4 MR. SVINDLAND: Our project is -- currently, the  
5 larger project is currently being reviewed by the  
6 California Public Utilities Commission. They're working  
7 on the EIR. A draft is expected to come out next year.  
8 The customers on the coast and the Monterey Peninsula are  
9 conserving water. They're doing their best. They have  
10 one of the lowest uses in the State, and we're proud of  
11 that.

12 So we're not building this just to supply water  
13 for everybody. It's really just to get off the Carmel  
14 River.

15 --o0o--

16 MR. SVINDLAND: The project has broad support. I  
17 listed some of our favorite companies right off top, the  
18 Surfriders, Sierra Club, Salinas Valley Water Coalition.  
19 We're met with a lot of people to get support for this  
20 project. This is pretty unusual. All these parties  
21 signed a settlement agreement. And that settlement  
22 agreement said slant wells at the CEMEX site is the  
23 preferred option to go with, so that's why we're here  
24 today.

25 --o0o--

1 MR. SVINDLAND: We've also got some strong  
2 political support, Congressman Farr, Senator Bill Monning,  
3 Assembly Member Mark Stone, mayors, and a couple  
4 newspapers are supporting our project.

5 --o0o--

6 MR. SVINDLAND: The State Water Resources Control  
7 Board sent a letter of support to the Coastal Commission,  
8 you know, pushing for this project to be approved. And  
9 recently, the California Department of Water Resources  
10 awarded us a million dollar grant to help fund this  
11 construction for this very test well. In their mind, this  
12 is vital to learning how these wells work across the  
13 State.

14 --o0o--

15 MR. SVINDLAND: They'll review that. So Mr.  
16 Foster also talked about this is kind of the project  
17 overall. We are in an active sand mine site. They're  
18 sand mining today. We've worked out an option agreement  
19 with them to let us do this test well. If it doesn't work  
20 out, we go away. If it does work out, we have, in the  
21 option, permission to put more wells here. That would be  
22 a supplemental application to the State Lands Commission  
23 if those work out.

24 --o0o--

25 MR. SVINDLAND: Pictorially. Currently, based on

1 what we know, we did some bore holes. And we applied for  
2 this permit actually a couple years ago, and so things  
3 have changed. We met -- we probably won't go 1,000 feet  
4 out. We probably will only go about 760 feet out. We're  
5 about 650 feet inland, so we're going to go out into the  
6 ocean a little bit, but not -- we don't really know.

7           Ultimately, it's going to depend on how the bore  
8 hole, the pilot hole goes. The goal of the project is to  
9 get sea water to come through the ocean floor. And we're  
10 trying to target hitting a spot of 35,000 TDS.

11                           --o0o--

12           MR. SVINDLAND: We have a very extensive  
13 monitoring program. There's been some concern from  
14 different folks of how you're going to make sure you don't  
15 impact us. We have a cluster of monitoring wells that  
16 we're building, so we can watch what happens when we turn  
17 this well on. We have the ability to turn the well off.  
18 We have the ability to slow the well -- you know, speed it  
19 up or slow it down depending on what's going on.

20                           --o0o--

21           MR. SVINDLAND: In conclusion, again, thanks for  
22 the opportunity to speak today, and appreciate the staff's  
23 support and thanks for your consideration.

24           ACTING CHAIRPERSON GORDON: What do you  
25 anticipate the cost of this water will be per acre foot?

1 MR. SVINDLAND: For the entire Monterey Peninsula  
2 Water Supply Project?

3 ACTING CHAIRPERSON GORDON: Yeah.

4 MR. SVINDLAND: We're right in that 4,000 per  
5 acre foot range.

6 ACTING CHAIRPERSON GORDON: All right. The  
7 Carlsbad facility that came on-line here in Orange  
8 County -- or is in the process of being built here in  
9 Orange County has a contract of, I think, about \$2,400 an  
10 acre foot. Do you know, what is the difference -- what is  
11 the technology additions?

12 Now, that project has been greatly opposed by a  
13 lot of folks, the environmental community. This one has  
14 got a lot of support. What are the additional  
15 environmental controls you have on there. I know you're  
16 doing subsurface as opposed to regular intake. Is that  
17 the whole difference in cost or what's is the --

18 MR. SVINDLAND: Not necessarily. Our project has  
19 a lot of pipelines. I mean, we're reversing flow from the  
20 Carmel -- we've been gravity fed from the San Clemente  
21 Dam. I don't know if you got to see the San Francisco  
22 Chronicle article on Monday. We reached a great milestone  
23 this week with that project. But that's coming out. And  
24 so we've always been gravity flow from the south up north.  
25 We're reversing flow and going from the north down south.



1           So we have over \$150 million just in piping  
2 costs, and tanks, and wells that we have to work on. It's  
3 not just desal. If we looked at the desal cost alone, the  
4 plant, we're under \$2,000 an acre --

5           ACTING CHAIRPERSON GORDON: All right. That's  
6 what I was looking for.

7           MR. SVINDLAND: -- for that part of it.

8           ACTING CHAIRPERSON GORDON: So it's the other  
9 pieces that are adding to the cost. Does CalAm --  
10 assuming this is successful, do you have other sites in  
11 the State that you are considering for desal right now?

12           MR. SVINDLAND: No. We are a regulated utility.  
13 We have a footprint that's dictated by the California  
14 Public Utilities Commission, and that's where we're  
15 planning on staying within our footprint. So at this  
16 point, we don't have any plans in any of other locations  
17 for desalination plants.

18           Certainly, if people want to talk us, we'd be  
19 interested in, but no, our -- this is our product to solve  
20 the water supply for Monterey.

21           ACTING CHAIRPERSON GORDON: All right.  
22 Congratulations. I mean looking at the support here, I've  
23 been involved in a lot of desal issues over the years, and  
24 you seem to have built a good project. I hope it  
25 succeeds.

1 MR. SVINDLAND: Thank you.

2 ACTING CHAIRPERSON GORDON: Do we have any  
3 opposition? Anybody in the public who would like to speak  
4 on this item?

5 Anybody in support?

6 Anybody in opposition?

7 That being the case, do I have a motion

8 ACTING COMMISSIONER ORTEGA: I'll move approval.

9 ACTING CHAIRPERSON GORDON: We have a motion.

10 ACTING COMMISSIONER SCHMIDT: Second.

11 Do you want to vote?

12 ACTING CHAIRPERSON GORDON: I will vote on this  
13 one.

14 All those in favor?

15 ACTING CHAIRPERSON GORDON: Aye.

16 ACTING COMMISSIONER ORTEGA: Aye.

17 ACTING CHAIRPERSON GORDON: That passes with  
18 unanimous approval. And good luck going forward.

19 MR. SVINDLAND: Thank you

20 ACTING CHAIRPERSON GORDON: Next item of business  
21 is Item 72, to consider certification of a final  
22 Environmental Impact Report for the revised PRC 421  
23 recommissioning project by Venoco Oil. May we have the  
24 staff presentation, please.

25 (Thereupon an overhead presentation was

1           presented as follows.)

2           STAFF COUNSEL BLACKMON: Commissioners, my name  
3 is Seth Blackmon. I'm the staff attorney dealing with the  
4 issue of Venoco. We have a presentation coming up here.

5           Before we get started, I think it's important to  
6 note you've heard a lot about this project over the last  
7 eight months. There's been a lot of work that's been  
8 done. At our April 23rd meeting in Los Angeles, we were  
9 directed by the Commission to go back and look at the Las  
10 Flores Canyon alternative in greater detail and really  
11 kind of evaluate that in the context of the entire  
12 project, because there was some concern. And I think that  
13 not only was that completed, we also were asked to review  
14 a little bit of the discussion that we had in the then  
15 EIR -- the then Final EIR regarding repressurization,  
16 greenhouse gas, mitigation measures, and also the EOF as a  
17 legal non-conforming use.

18           All of that has happened since that time.

19                                 --o0o--

20           STAFF COUNSEL BLACKMON: And so where we are  
21 today. We are coming back to you with a final  
22 Environmental Impact Report that's been revised from the  
23 original January 14th, EIR that you first heard in  
24 April -- on April 23rd. And it really does build and  
25 address a lot of the fundamental issues from the prior

1 EIR. The current Final EIR really helps to clarify what's  
2 going on out on the shoreline relative to PRC 421 and kind  
3 of the other issues that reside for the City of Goleta and  
4 others relative to the Ellwood Onshore Facility.

5 Again as we noted, one of the things that was  
6 added or modified to the current Final EIR is a separate  
7 stand-alone discussion of the Vaqueros Reservoir  
8 repressurization.

9 --o0o--

10 STAFF COUNSEL BLACKMON: We moved this from the  
11 project description discussion, because it is not part of  
12 the project to the safety section under 4.2 in the EIR,  
13 because it's really an identification of an impact that  
14 is, what we believe, a real impact, a very possible impact  
15 that needs additional study, and it represents a safety  
16 risk to the region in general, and we think that that was  
17 important to identify.

18 The other thing that was added was the breakout  
19 of the alternative analysis where we again dealt with the  
20 Las Flores Canyon, but also redefined the no-project  
21 alternative to make this more clear. And I think this is  
22 important both for the Commission staff and the community  
23 at large to understand that currently Venoco already holds  
24 a lease. They've held a lease with the State Lands  
25 Commission since 1949. That lease is in full force and

1 effect and they have vested rights under that lease to  
2 produce. They're not only obligated, but we are also --  
3 we would require it of them once all appropriate  
4 corrective measures had been taken. And I'll come back to  
5 that a little bit more.

6 We also identified a no-production quitclaim  
7 alternative, which identifies a point at which the State  
8 Lands Commission chooses to buy out Venoco's interest so  
9 that no production would be move forward. And again, this  
10 is addressed in the EIR at some length.

11 Finally, we have the processing of oil at the Las  
12 Flores Canyon alternative, which we will be talking a lot  
13 more about in this presentation, because that was the big  
14 focal point in -- you know, in April 23rd -- at the April  
15 3rd meeting, and because it really weighs on the question  
16 about the legal non-conforming use of the Ellwood Onshore  
17 Facility.

18 --o0o--

19 STAFF COUNSEL BLACKMON: A little bit to start  
20 with on the repressurization. We have -- just so you also  
21 know, we have our Mineral Resources Management Division  
22 staff here, engineers who are both petroleum engineers and  
23 other to speak to this in greater technical detail, if  
24 interested. So if, at any time, you want that, please let  
25 us know.

1           One of the big issues here is that we've -- we  
2 have empirical data of increasing pressure in the Vaqueros  
3 Formation from 1987 to 2000. That was because that was  
4 the term at which that particular well was producing oil  
5 and we were able to actually monitor the repressurization.  
6 And we know, like I said, for a fact empirically that  
7 repressurization was occurring. One of the big critiques  
8 is that we don't have any other additional data from that  
9 point in time. And that's true, it's been shut in.

10           We don't have a way in which to monitor the  
11 actual reservoir repressurization absent the production of  
12 oil. Again, our engineers can speak to that in much  
13 greater detail, but the reality is there's no way to  
14 get a actual reservoir pressure without that production,  
15 because the production allows for a depressurization in  
16 the reservoir, which then allows us to study the  
17 increasing pressure, once that depressurization has  
18 been -- has occurred

19           And so we don't have data. One of the benefits  
20 of the current project, as proposed, is that Venoco has  
21 agreed to a monitoring program for the repressurization,  
22 so that we have a better idea of what to do about this as  
23 we move forward, because this is the problem that's not  
24 going to go away as a result of this project. And I think  
25 we've been pretty up front about that.

1           But in order to really kind of craft future  
2 solutions, and work with the City of Goleta and other  
3 interested parties, we need a better data source on what's  
4 happening out there with those -- with that reservoir, and  
5 also to know whether or not once we reach an equilibrium  
6 point or a static pressure, whether the existing wells  
7 that are out there that were abandoned, you know, 70 years  
8 ago really will withstand the pressures of a fully  
9 repressurized reservoir. We don't know. So we're hoping  
10 to utilize this information through the project to get a  
11 better handle on how to move forward in the future.

12                           --o0o--

13           STAFF COUNSEL BLACKMON: I think this kind of is  
14 just a simple basic timeline. The 421 was actually first  
15 entered into in 1929. It was one of the first oil and gas  
16 leases. It was State lease 85 and then was extended and  
17 renewed in 1949 by the State Lands Commission as PRC 421.  
18 It's pretty well known that in May of 1994 there was an  
19 onshore spill on the gulf of -- the Sandpiper Golf Course  
20 on the 12th tee upland out of the shoreline, but still a  
21 spill, from the six-inch flow line, at which time the then  
22 owner/operator shut in 421 and waited for Commission  
23 approval to resume.

24                           --o0o--

25           STAFF COUNSEL BLACKMON: This is an aerial view

1 of the entire area. You'll notice the two bottom circles  
2 represent the piers from an aerial view. The small circle  
3 over to my left, as you're looking at this, is the 12th  
4 hole or the 12th tee of the Sandpiper Golf Course where  
5 the spill occurred. And then as you can see sort of the  
6 triangular wedge is the Ellwood Onshore Facility or the  
7 EOF.

8 --o0o--

9 STAFF COUNSEL BLACKMON: And this just sort of  
10 gives you a representation. You can also see aside from  
11 the Sandpiper Golf Course, the homes that have been built  
12 out just down coast and inland some, and then up coast of  
13 this is the Bacara Resort.

14 --o0o--

15 STAFF COUNSEL BLACKMON: So in the year 2000 we  
16 had some -- there was a methane leak that was identified  
17 by the air pollution control district in Santa Barbara,  
18 which led to an identification that the wellhead as it sat  
19 in 2000 was basically in severe need of repair. It was  
20 leaking. And this also led to the fact that when we --  
21 when we and the -- and Venoco went in to do the repairs  
22 that there was actually significant pressure and oil  
23 pressure that was building up.

24 In order to do the repairs, they had to actually  
25 freely flow the production of oil about 17,000 barrels of



1 oil over a 10-month period in order to go in and safely do  
2 the repair work. And then there's a series of other  
3 repairs, including the new seaward facing caissons and the  
4 seawalls that, over many, many years, had finally kind of  
5 given up the ghost.

6 --o0o--

7 STAFF COUNSEL BLACKMON: Again, another kind of  
8 current view of the Piers 421-1 and Pier 421-2. This is  
9 as they currently set. This is after they have been  
10 repaired significantly. This shows the caissons as  
11 they've been repaired and the current seawalls with the  
12 new replacement of the concrete portions that surround the  
13 well cellar.

14 --o0o--

15 STAFF COUNSEL BLACKMON: Again, a little bit more  
16 upfront picture. The picture on the bottom left-hand  
17 corner of the screen shows the repair work of the concrete  
18 in 2011 that was going on on the seawall face. All of  
19 that was done to current code both seismic and wave  
20 loading. This is -- again, our engineers can talk more  
21 about this. And all of the pylons in the existing pier  
22 infrastructure was rehabilitated over -- from 2004 on  
23 through 2011. So a lot of work has been done by Venoco to  
24 secure and create a safe operating environment, at least  
25 as far as the piers are concerned.

1                   --o0o--

2                   STAFF COUNSEL BLACKMON: The chronology of events  
3 I think is very important as well. We've identified that  
4 throughout the entire process of the EIR, which started  
5 back in 2004, the City of Goleta and the Coastal  
6 Commission have been involved with the State Lands  
7 Commission staff in a joint review panel. They've  
8 actively participated in multiple reviews of  
9 administrative drafts, and public drafts, and comments.  
10 And I think this is a beginning. We have another page  
11 just to kind of identify the number of public meetings and  
12 attempts at public outreach that staff has engaged in  
13 relative to the Venoco project.

14                   As you can see in 2013 and 2014, we really  
15 engaged heavily with the public. Spent significant time  
16 meeting with Venoco and the city to kind of hammer out  
17 mitigation monitor programs, and really kind of try and  
18 facilitate forward movement on the project.

19                   --o0o--

20                   STAFF COUNSEL BLACKMON: So what we're faced with  
21 in the current project is the repair of the equipment and  
22 improvements at Pier and Well 421-2 along the access road  
23 and the delivery pipeline, some limited improvements to  
24 the Ellwood Onshore Facility, and the way, as we see here,  
25 power equipment and monitoring control system, and

1 pressurization monitoring in the context of the Vaqueros  
2 Reservoir. I think it's very important, we've -- we want  
3 to reiterate this, because I think a lot of people are  
4 unclear, there is no new drilling associated with this  
5 program at all. There will be no new wells. It is the  
6 existing well, Well 421-2. Additionally, there will be no  
7 hydraulic fracturing, matrix acidization or acid fracking  
8 stimulation treatments as a result of resuming production  
9 on Pier -- or Well 421-2.

10 --o0o--

11 STAFF COUNSEL BLACKMON: The other part of this  
12 is that if the State Lands Commission so desires, part of  
13 the project is to decommission and remove Pier 421-1 and  
14 Well 421-1. Well 421-1 was a water disposal well --  
15 produced water disposal well that would not be needed if  
16 the oil is processed at the Ellwood Onshore Facility.

17 The last part, of course, that was also part of  
18 the -- a specific part of the project was the processing  
19 of produced oil and gas emulsion at the Ellwood Onshore  
20 Facility. So Venoco is asking us to basically stop -- or  
21 to change from the historic configuration of processing  
22 oil on the piers in the shoreline and moving it to a new  
23 location.

24 And in this case, Venoco proposed the Ellwood  
25 Onshore Facility, because it is actually a facility that

1 they have the right to use under their legal  
2 non-conforming status. As you'll note, everything will be  
3 processed using existing equipment and everything would  
4 occur within the existing production limits for Platform  
5 Holly and the permitted throughout of the EOF. Just so  
6 everyone is clear, the permit allows up to 13,000 barrels  
7 per day of processing.

8 Right now, Venoco is somewhere around 4,000, a  
9 little less than, and has peaked out as high as maybe  
10 5,500 barrels per day, so well short of its permitted  
11 maximum.

12 The other thing that's important to note is that  
13 this project, 421, would not extend the life of the  
14 Ellwood Onshore Facility. The anticipated life of the 421  
15 lease is 20 years. The Ellwood Onshore Facility is  
16 expected to last approximately 40 years, because it's tied  
17 to the production at Platform Holly, and Platform Holly is  
18 expected to run through 2055.

19 --o0o--

20 STAFF COUNSEL BLACKMON: This is a quick  
21 schematic showing the different flow lines, and how  
22 they're going to tie into the EOF. So if you have any  
23 questions, please let me know. This again is just an  
24 aerial view that shows sort of the steps and pieces.

25 --o0o--

1           STAFF COUNSEL BLACKMON: This is a quick  
2 breakdown of the impacts associated with the proposed  
3 project. As you'll note, there are 16 significant  
4 unavoidable impacts and 20 potentially significant, so 36  
5 impacts all told. I think the most important part about  
6 this is that of the 16 significant unavoidable impacts, 13  
7 are related to potential for oil spill, because with any  
8 type of oil production, that is a huge risk. The other  
9 three significant unavoidable impacts are related to the  
10 small addition of processing at the EOF, and the land-use  
11 policies related to the EOF.

12           As we note, the primary concerns with the current  
13 project are the use of the Ellwood Onshore Facility for  
14 processing. That concern has been continued and expanded  
15 use of the legal non-conforming facility, and  
16 compatibility with the surrounding uses and potential  
17 safety concerns.

18                           --o0o--

19           STAFF COUNSEL BLACKMON: Comments raised  
20 regarding the current Final EIR are very similar to what  
21 you've heard before with a few more focused points.  
22 Again, Venoco's right to resume production at 421 was a  
23 comment. I think probably the most consistent comment was  
24 the life of the Ellwood Onshore Facility and its status as  
25 a legal non-conforming use, and how the project duration

1 for resuming production at 421 would impact Ellwood  
2 Onshore Facility, continued questions about reservoir  
3 repressurization, and finally the big one that came out in  
4 April, which was processing PRC 421 oil at ExxonMobil's  
5 Las Flores Canyon facility.

6 --o0o--

7 STAFF COUNSEL BLACKMON: I'm going to go ahead  
8 and blow through the no-project alternative. We've talked  
9 a little bit about it. It has comparable impacts to the  
10 proposed project, because you are still producing and  
11 processing over the open shore. The important thing to  
12 know is that the no-project alternative does not require  
13 the utilization of the Ellwood Onshore Facility. That is  
14 a meaningful alternative. It also returns the lease  
15 production and processing to its historic norm, as it was  
16 in 1994, meaning that the lease is produced and processed  
17 on the piers, which is historically how this was done.

18 Again, we've talked about this, the no-production  
19 quitclaim alternative would require us to basically, you  
20 know, seek to buy out interests and quitclaim the lease  
21 with Venoco. And there's still a number of significant  
22 unavoidable issues. And this also would be a problem for  
23 us, because we wouldn't have an opportunity to monitor  
24 future repressurization.

25 Now, you know, it may end up being that that's

1 not an issue, but we believe, at this point, that there's  
2 enough risk that it weighs heavily. The other -- another  
3 alternative that was identified in the EIR was reinjection  
4 at Platform Holly. Again, you still would have to do some  
5 degree of processing, either on the pier or at the EOF in  
6 order to do this, but at least the wastewater could be  
7 theoretically taken back to Platform Holly, but there are  
8 limitations to what Holly can handle in terms of capacity  
9 as well.

10 --o0o--

11 STAFF COUNSEL BLACKMON: This brings us to the  
12 big one that we were asked to look at which was Las Flores  
13 Canyon. Basically, again, this bypasses the need to use  
14 the Ellwood Onshore Facility and could still theoretically  
15 allow for the decommissioning of PRC 421-1. However, it  
16 does require the construction of 10.2 miles of pipeline  
17 and a large variety of additional equipment that are going  
18 to be based on the piers.

19 So the larger ESP, the submersible pump, the  
20 isokinetic sampler, the check meter, and the chemical  
21 tanks would all be on pier or in that area, because  
22 that's -- there's no other location bypassing the EOF.

23 This also deals with some significant issues  
24 about what the Las Flores Canyon will take. You'll hear  
25 questions I think a lot about what's Las Flores Canyon's

1 capacity to actually take wastewater?

2           We didn't address whether or not they have  
3 capacity for one big reason. They have an NPDES permit  
4 that currently says that they are not allowed to commingle  
5 State-produced wastewater with their current wastewater  
6 disposal. So aside from the capacity issue, they're not  
7 allowed. It would take them going back and getting an  
8 entirely new NPDES permit to allow for the utilization and  
9 disposal of 421 wastewater, and/or an agreement to build a  
10 Class II underground injection well by Venoco at the site,  
11 and/or return of the produced water from Las Flores Canyon  
12 by way of a separate pipeline back from Las Flores Canyon  
13 to 421-1, meaning the 421-1 well would not be  
14 decommissioned nor would the pier and would act as a  
15 wastewater disposal for this.

16           For those reasons, you'll also note that if, for  
17 some reason, you're able to process the gas out at the  
18 pier, and then send the remaining emulsion, the wet oil,  
19 to Las Flores, you would still need a 1,000 to 1,500  
20 barrel breakout tank on the piers, including flares to  
21 flare all the gas, and a much larger oil shipping pump.

22           All told, this creates some significant impacts.  
23 And I think we'll come back to the rerouting to the LFC.  
24 I think this probably illustrates it best.

25

--o0o--



1           STAFF COUNSEL BLACKMON: Impacts associated with  
2 the LFC alternative in the way that was organized to be  
3 the least environmentally impactful still creates 31  
4 significant unavoidable impacts and 52 potentially  
5 significant impacts, more than doubling the proposed  
6 project.

7           This is largely why the LFC was screened out in  
8 the first place, taking into account fully the  
9 considerations that the City of Goleta have with  
10 continuing the use at the Ellwood Onshore Facility.

11           I think our premise has long been not that we  
12 that the EOF -- the utilization of the EOF is a wonderful  
13 thing, but in terms of CEQA and the environmental context,  
14 there are significantly fewer environmental impacts,  
15 significantly fewer -- significant and unavoidable impacts  
16 by processing at the EOF. And, you know, there's a lot of  
17 additional identification. And I think this will come up  
18 with questions.

19           But when we look at the Las Flores Canyon  
20 alternative, we tried to do this in a way that said what's  
21 the least impactful way to do this? Other ways, like I  
22 said, processing gas out on the pier creates additional  
23 impacts. Having to find a new wastewater site, additional  
24 impacts. All of this creates additional impacts. This is  
25 the single -- or least impactful way of going about doing

1 the Las Flores Canyon alternative, which is why we  
2 presented it that way in the EIR.

3 --o0o--

4 STAFF COUNSEL BLACKMON: This covers the big  
5 points, is that this is significantly more environmentally  
6 harmful.

7 --o0o--

8 STAFF COUNSEL BLACKMON: Which leads back to  
9 something that is not the most popular of statements, but  
10 that the proposed project was selected as the  
11 environmentally superior alternative, because it controls  
12 for so many of the other impacts. The existing impacts  
13 related to production are the same across every venue.  
14 The -- so the only real issue comes up about whether or  
15 not the use of the Ellwood Onshore Facility for processing  
16 basically outweighs all the other environmental concerns.

17 We don't take a stance on whether that's true or  
18 not, because we believe, and we've stated this many times  
19 in the EIR and in the staff report, that the decision  
20 about the utilization of the Ellwood Onshore Facility is a  
21 question of the City of Goleta who has jurisdiction over  
22 the Ellwood Onshore Facility, and it is their, you know,  
23 legal duty to kind of make that determination as to  
24 whether or not 421 is -- would expand a legal  
25 non-conforming use.

1           Staff did say in the EIR, and stands by this,  
2 that we don't believe that the addition of the 421 oil  
3 source to processing at Ellwood Onshore Facility would  
4 lead to an expansion of the EOF, but that's just our  
5 interpretation. That is not a final finding. That is up  
6 to the City of Goleta to determine.

7                           --o0o--

8           STAFF COUNSEL BLACKMON: Which leads us to the  
9 recommended Commission actions.

10           To certify the Environmental Impact Report; adopt  
11 the Mitigation Monitoring Program in Exhibit C, and the  
12 Statement of Overriding Considerations in Exhibit D; find  
13 that the activity is consistent with the use  
14 classification designated by the Commission for the land  
15 pursuant to Public Resources Code 6370; find that adequate  
16 corrective measures have been taken to repair the  
17 infrastructure associated with PRC 421 as required under  
18 the California Code of Regulations, Title 2, Section 2121;  
19 and that pursuant to the lease, Venoco is obligated to  
20 resume production of oil and gas from PRC 421.

21           Finally -- again, find that Venoco's proposed  
22 project utilizing the Ellwood Onshore Facility for  
23 processing oil is consistent with the lease PRC 421, and  
24 the final EIR pursuant to the following conditions:

25                           --o0o--

1           STAFF COUNSEL BLACKMON: That 421 will not be  
2 stimulated by using hydraulic fracturing; or in the  
3 context of the Public Resources Code 3157, that Venoco  
4 must comply with all other applicable laws and obtain all  
5 required DOGGR permits; and, that Venoco shall be  
6 responsible for all costs associated with the execution of  
7 the adopted Mitigation Monitoring Program.

8           Thank you.

9           ACTING CHAIRPERSON GORDON: I think --

10          ACTING COMMISSIONER SCHMIDT: Can I ask a  
11 question?

12          ACTING CHAIRPERSON GORDON: Sure, yeah.

13          ACTING COMMISSIONER SCHMIDT: Two things. One,  
14 so we're talking about a basically two percent increase at  
15 the Ellwood facility?

16          STAFF COUNSEL BLACKMON: If that at maximum.

17          ACTING COMMISSIONER SCHMIDT: Okay.

18          STAFF COUNSEL BLACKMON: The maximum daily  
19 production increase for the first two years of bringing  
20 421 back on-line is 150 barrels a day, and then tapering  
21 down to 50 barrels a day or less.

22          ACTING COMMISSIONER SCHMIDT: Okay. And also,  
23 I've got a few comments and concerns regarding GHG  
24 emissions. My understanding is that we are saying net  
25 zero GHG?

1 STAFF COUNSEL BLACKMON: That's correct.

2 ACTING COMMISSIONER SCHMIDT: Okay.

3 STAFF COUNSEL BLACKMON: And I think it's  
4 important, if I may follow up. The way that the  
5 mitigation measures stands is that we currently have said  
6 you must report to us your actual emissions yearly, and  
7 that's going to be addressed. We've done calculations  
8 based on modeling of what we believe the actual emissions  
9 will be at the peak year of production.

10 So maximum worst case, we believe that the  
11 project will create 167.4 metric tons of carbon oxide --  
12 or carbon dioxide equivalents at its -- like I said, at  
13 its peak, and we'll taper off of that. But to that end,  
14 we have a monitoring report that's required by Venoco to  
15 show the actual emissions level. And then they are going  
16 to have to buy credits and/or carbon offsets through  
17 either the Cap-and-Trade Program with CARB or the climate  
18 reserve.

19 And again, those are both public options with  
20 third-party vendors who verify the veracity of the  
21 purchases. So at the end of each year, we will literally  
22 true this up. It's kind of an adaptive management  
23 approach on greenhouse gases, meaning that at the of every  
24 year, we can say, yes, Venoco, you have bought 168 or 125  
25 carbon offset units. We can follow that through the

1 climate action -- climate reserve, and we can verify all  
2 of that, which means that there's really not a threat of  
3 there not being a net zero on this.

4           And, you know, some of the big concerns that have  
5 come up relative to another case, an outstanding case,  
6 called Citizens for a Better Environment, CBE, really  
7 dealt with a case where there was no way to monitor what  
8 the actual emissions were. And we're also talking about  
9 emissions around 900,000 metric tons as opposed to 168  
10 metric tons. And there was no way to kind of go back and  
11 ensure that people bought and did the credits.

12           You know, the enforcement side of this is that  
13 they must actually do their -- go in, and prior to  
14 construct or anything else, be registered with some, like  
15 said, cap-and-trade or climate reserve plan, so that they  
16 can verify to us that they've actually bought those carbon  
17 offsets.

18           ACTING CHAIRPERSON GORDON: I think the best way  
19 to proceed on this item. So let the Venoco spokesman come  
20 up, if she or he has anything else to add. I think I have  
21 one supporter of the project, who would like to speak.  
22 And then it is my understanding that the opponents from  
23 the City of Goleta would like to combine some of their  
24 time into one presentation. Our rules for the Committee  
25 are essentially three minutes per speaker. So if I have a

1 group of -- let's see, I see I have the mayor, the  
2 planning director, the advanced planning manager, and  
3 several other folks from Goleta. To the extent that the  
4 city would like to combine their testimony with one of  
5 their speakers, that would be acceptable, or you can each  
6 use your three minutes. I'll let you decide that among  
7 yourselves.

8           Why don't we go for the Venoco spokesperson  
9 first, Chris Peltonen. We will then go to Chris Collier  
10 from the Coastal Energy Alliance, and then we will go to  
11 the opposition.

12           Okay, sir.

13           MR. PELTONEN: Good afternoon, Chair,  
14 Commissioners, and staff. My name is Chris Peltonen. I'm  
15 the development manager for Venoco.

16           First off, I'd like to thank the staff for their  
17 hard work on this challenging EIR. They've done an  
18 excellent job assessing the environmental impacts,  
19 evaluating reasonable alternatives, and responding to  
20 public comment.

21           As you're all most likely aware, we have some  
22 differences of opinion with some of the -- with some at  
23 the City of Goleta about various aspects of the local  
24 regulations governing our facilities. Venoco has  
25 committed to continue working with the City to resolve

1 these issues locally.

2 In the meantime, the project before you today  
3 represents the environmentally preferred approach to  
4 Venoco exercising its valid lease rights. We respectfully  
5 ask for your endorsement of the project today.

6 Thanks for your time. As always, we're available  
7 to answer any questions you may have.

8 ACTING CHAIRPERSON GORDON: A little bit  
9 long-winded, but we can accept it.

10 (Laughter.)

11 ACTING CHAIRPERSON GORDON: Chris Collier,  
12 please.

13 MR. COLLIER: Good afternoon. My name is Chris  
14 Collier. I represent a group called the Coastal Energy  
15 Alliance. We're stakeholders, suppliers, vendors, labor  
16 groups and other folks that have a stake in safe and local  
17 energy production in Santa Barbara and Ventura Counties.

18 We're just here today to speak in support of  
19 Venoco's application. Last night, we were also at the  
20 City of Goleta's Council and wanted you to know that, you  
21 know, there is -- while there is a letter coming before  
22 you about some of the concerns of the project, it was  
23 definitely a split vote, and there was a lively discussion  
24 and two sides to it. I would encourage you to take a look  
25 at both sides and approve this application today.



1 Thank you very much.

2 ACTING CHAIRPERSON GORDON: Thank you, Mr.  
3 Collier.

4 Would the Mayor for -- Ms. Perotte come forward,  
5 please.

6 MS. KRUMBEIN: Good afternoon. My name is Alison  
7 Krumbein. I'm an attorney with the Sohagi Law Group,  
8 representing the City of Goleta. And I was going to take  
9 the time of the two planning staff people, and bundle that  
10 into, I guess, nine minutes, and then Mayor Perotte would  
11 follow me, if that's acceptable.

12 ACTING CHAIRPERSON GORDON: Sounds completely  
13 acceptable.

14 MS. KRUMBEIN: Great.

15 ACTING CHAIRPERSON GORDON: All right. So let me  
16 see. So you're going -- let me just make sure I've got  
17 this. So we've got Alison Krumbein, you --

18 MS. KRUMBEIN: Yes. And it's Jennifer Carman and  
19 Anne Wells.

20 ACTING CHAIRPERSON GORDON: -- and then we have  
21 got Jennifer Carman and who was the other person we're  
22 going to --

23 MS. KRUMBEIN: Anne Wells.

24 ACTING CHAIRPERSON GORDON: -- and Anne Wells.  
25 Okay. So you've got nine minutes or thereabouts to put

1 that together.

2 MS. KRUMBEIN: Thank you so much.

3 Again, I'm here today representing the City of  
4 Goleta. And I'd like to respectfully disagree with Mr.  
5 Blackmon's contention that the recirculated draft EIR and  
6 the ensuing Final EIR have addressed the issues that the  
7 City has with this project.

8 As you know, the City of Goleta is a responsible  
9 agency under CEQA on this project, due to its approval  
10 authority over the landward project components within its  
11 jurisdiction, including portions of the piers, access  
12 road, construction staging areas, oil pipelines and flow  
13 lines, as well as the much talked about Ellwood Onshore  
14 Oil and Gas Processing Facility.

15 The city submitted a comprehensive comment letter  
16 on the Final EIR on December 12th, last Friday -  
17 hopefully, you've had the chance to take a look at that -  
18 as well as a supplemental letter yesterday, Tuesday,  
19 December 16th. The city would like to formally withdraw  
20 the letter we submitted yesterday. It's come to the  
21 city's attention there are some unresolved disputes with  
22 the project applicant over the recent notice of violation  
23 that came to light at the hearing last night. So if that  
24 would be acceptable, we would like to withdraw that  
25 letter, but the other letter we would like to submit for

1 inclusion in the administrative record.

2           The city very much appreciates this opportunity  
3 to comment on the project. I wanted to just reiterate our  
4 disappointment at Commission staff's refusal to continue  
5 this hearing to the next -- the first quarter of next  
6 year. This is a complex project. It's changed  
7 significantly over the years. There was a very short  
8 turn-around time to review the Final EIR. The project was  
9 scheduled for hearing very quickly. As you know, we're in  
10 the middle of a busy holiday season, and Hanukkah started  
11 just last night. That, tied with the location of the  
12 hearing, 150 miles away from Goleta has made it difficult  
13 for the city and its citizens to participate in this  
14 important process.

15           But that said, we've got the following comments  
16 on the project and the Final EIR.

17           The city has consistently opposed this project  
18 since it was originally proposed in 2002, the same year  
19 that Goleta was formed. The city is gravely concerned  
20 about the risks and impacts of renewed production from PRC  
21 421, particularly due to its location in the surf zone, in  
22 the midst of sensitive intertidal habitat, beach, and  
23 recreational areas.

24           The city is equally concerned about the project's  
25 proposed use of the aging EOF located in the City of

1 Goleta in an area zoned for recreation. The EOF is a very  
2 old facility. It was constructed in the 1960s. It's been  
3 a legal non-conforming use for almost 25 years since 1991,  
4 and it was a legal non-conforming use when acquired by  
5 Venoco.

6 The EOF has never been used to process oil or gas  
7 from PRC 421. And the city believes that Venoco's  
8 proposal to do so along with the necessary modifications  
9 and improvements that would need to be made to the EOF  
10 required for the additional production is not permitted  
11 under its non-conforming use regulations.

12 Generally, while non-conforming uses are  
13 permitted to operate, there's an expectation that they  
14 will eventually terminate when they reach the end of their  
15 useful life. And in some cases, a jurisdiction may wish  
16 to exercise its police power to terminate a non-conforming  
17 use, which creates a hazard or an ongoing threat to the  
18 public safety of its residents.

19 There are currently proposals by Venoco,  
20 including the project before you, that propose to extend  
21 the life of the EOF, possibly by 20 to 40 years, and that  
22 is an outcome which is unacceptable to the city.

23 To that end, last night, the Goleta City Council  
24 passed an ordinance on first reading to streamline the  
25 city's non-conforming use termination procedures, and

1 directed staff to set a hearing to consider termination of  
2 the EOF sometime after the ordinance takes effect, likely  
3 in the spring of 2015, probably March.

4 In light of the considerable uncertainty  
5 surrounding the future of the EOF, it would be  
6 irresponsible for the Commission to approve a project  
7 which relies on the EOF for processing for the next 20  
8 years.

9 The city respectfully requests that the  
10 Commission deny Venoco's application to restart production  
11 from PRC 421 and direct staff to come up with a project  
12 that does not include use of the EOF. At minimum,  
13 however, the city requests that the Commission continue  
14 this hearing until after it holds its 2015 hearing on the  
15 EOF termination, and that that hearing be held at a  
16 location either in or near the City of Goleta. The bottom  
17 line is that as a responsible agency on this project, this  
18 is no alternative that the city can consider approving.

19 However, regardless of the actions that you  
20 choose to take today on the project, this EIR is legally  
21 inadequate to support approval of the project, either by  
22 the Commission as lead agency or by the city as a  
23 responsible agency. And as I mentioned previously, we  
24 have a comprehensive comment letter that details the  
25 numerous legal inadequacies in the EIR. I just want to

1 highlight a few of the problems with the document for you  
2 today.

3           The EIR fails to comply with the primary purpose  
4 of CEQA, namely to inform decision makers and the public  
5 of the environmental impacts of a proposed -- of their  
6 proposed actions prior to approving a project. The FEIR  
7 does not include up-to-date information on existing  
8 project site conditions. Rather, it consistently defers  
9 analysis of impacts by allowing current information to be  
10 collected later as part of project mitigation.

11           For example, the EIR does not contain an  
12 up-to-date wetland delineation. One is required to be  
13 prepared as part of a mitigation measure. There are no  
14 up-to-date habitat or special status species surveys in  
15 the EIR. Those are also required to be collected as part  
16 of a mitigation measure. Waiting till after project  
17 approval to discover and identify the impacts of a project  
18 is -- violates CEQA.

19           And the deferred analysis in the document results  
20 in deferred mitigation. If you don't know the severity of  
21 an impact, how can you draft a specific enforceable  
22 mitigation measure to mitigate that impact?

23           This mitigation measure -- this problem is  
24 exemplified in one of the mitigation measures in the  
25 biological resources impact analysis, which basically

1 requires Venoco to submit a restoration plan consistent  
2 with what they find in their wetland delineation and  
3 special status species survey. So this is all happening  
4 after the project is approved. There's no way to assess  
5 what's going to happen if the project is approved.

6 This is only one example of many instances of  
7 this type of deferred analysis, and then deferred  
8 mitigation that permeates the document essentially turns  
9 the CEQA process on its head.

10 The FEIR's analysis of project alternatives is  
11 also flawed. As the city has informed the Commission on  
12 numerous occasions, it cannot rely on the EOF for  
13 processing for the life of this project due to its  
14 non-conforming use status. However, the only alternative  
15 analyzed in the EIR that includes no use of the EOF would  
16 require processing on the piers, something that would  
17 increase the impacts of the project and is not acceptable  
18 to any of the parties.

19 The city appreciated the Commission's addition of  
20 the Las Flores Canyon alternative to the FEIR, but this  
21 alternative is also problematic in several respects. It  
22 continues to include use of the EOF facilities, it assumes  
23 a lack of capacity at the existing Las Flores Canyon  
24 facilities without supporting evidence, and it fails to  
25 include decommissioning.

1           The city reiterates its request for a viable  
2 project alternative that does not include the EOF.  
3 Specifically, the Commission needs to consider a project  
4 alternative that brings the PRC 421 oil on shore at a  
5 different point and transports it directly to Las Flores  
6 Canyon for processing.

7           Other flaws in the document to point out quickly.  
8 Project description is problematic. The life of the  
9 project varies between the NOP and the EIR. The project  
10 fails to include foreseeable future activities, such as  
11 decommissioning. There's no health risk assessment in the  
12 document, despite multiple requests from the Santa Barbara  
13 County Air Pollution Control District that one be done.  
14 GHG mitigation measures are impermissibly deferred. It  
15 relies on a plan to be created after the project is  
16 approved.

17           I could go on. Clearly, this EIR is legally  
18 inadequate to support your approval of the project today,  
19 and it is legally inadequate to support the city of  
20 Goleta's approval of the portions of the project within  
21 its jurisdiction as a responsible agency.

22           We would respectfully request that you continue  
23 this project until a legally adequate EIR is prepared.  
24 And, as stated at the outset, we urge you to deny the  
25 project, direct the Commission to produce a project



1 description which does not include the EOF, or, at  
2 minimum, to continue this project until after the city has  
3 its opportunity to consider termination of the EOF.

4 I thank you for your time. I'm now going to turn  
5 it over to Mayor Paula Perotte of the City of Goleta.

6 GOLETA MAYOR PEROTTE: Good afternoon,  
7 Commissioners. I'm Mayor Paula Perotte for the City of  
8 Goleta. And last night my staff emailed you a letter from  
9 the City Council with my signature. And I'd like to  
10 highlight some of the points, even though I'm not going to  
11 be able to read everything.

12 Your staff has done a commendable job working  
13 with the city and its residents to eliminate hazardous  
14 petroleum facilities along the Goleta coast. And we thank  
15 you for that.

16 However, the 421 recommissioning project you will  
17 be considering today includes processing at the Ellwood  
18 Facility, a step backwards in the progressive petroleum  
19 elimination in Goleta.

20 On May 17, 2004, the Goleta City Council went on  
21 record with you seeking the Commission's intervention on  
22 the project. Since that time, we have been working to  
23 identify safe alternatives that do not subject Goleta  
24 residents to the risky business of petroleum processing.

25 The EOF has been a non-conforming since 1991, and

1 was non-conforming when it was purchased by Venoco.  
2 Venoco has chosen to invest in maintaining this  
3 non-conforming aging facility in an urban setting while a  
4 community is growing around it.

5           You are the lead agency on this project, while  
6 the city is a responsible agency, because nearly all  
7 above-ground facilities are located within the city. A  
8 2004 letter cited city impacts to our development  
9 community and our unique sensitive natural resources along  
10 the Pacific coast.

11           The 421 wells have been shut -- the 421 wells  
12 have been shut-in since a spill occurred in 1994. Since  
13 that time, the piers and wells have been idle, rusting and  
14 crumbling under the harsh interturnal(phonetic)(sic)surf  
15 conditions along Haskell's Beach -- intertidal, excuse me.  
16 Pier and well maintenance was neglected while they  
17 remained idle.

18           Venoco waited for the methane to buildup at Well  
19 421-1 and oil seepage to leak at Well 421-2 before  
20 commencing with repairs in 2000. Venoco neglected the  
21 broken and crumbling well caissons and piers before  
22 required emergency orders were issued in 2010 and 2011,  
23 that required structural fortification circumventing the  
24 public review process in extending the life of the 421  
25 facilities.

1           The city has commented extensively on the  
2 adequacy of the 421 project EIRs. Had my staff not been  
3 so diligent in the EIR review, you potentially would have  
4 approved and consented a project that would have  
5 threatened emergency back-up storage for the entire  
6 Platform Holly facility, as a miscalculation overestimated  
7 the EOF capacity to justify 421 back-up. Please note  
8 that -- that currently there is less than one day of  
9 storage at the EOF for Holly alone.

10           This and other critical errors in the EIR come at  
11 the cost of the city's regulatory authority, and more  
12 importantly at the cost of the sensitive, environmental,  
13 and public safety. These errors are cause to pause.

14           Throughout the project EIR preparation process,  
15 the city has raised issues about the right of Venoco to  
16 extend the long-standing non-conforming use of the EOF for  
17 processing of the 421 oil and gas product.

18           Staff has continually advised the State Lands  
19 Commission of the city's concern that the EOF is an aging  
20 facility that its non-conforming status cannot continue  
21 indefinitely, and that there is a strong possibility that  
22 the improvements required as part of the 421 project would  
23 constitute an illegal and impermissible expansion and  
24 extension of the non-conforming use.

25           Due to the public safety risk and status of

1 non-conforming use, the City Council has scheduled a  
2 hearing on March 5th 2015 to terminate the non-conforming  
3 use of the EOF.

4           The stakes are high where oil extractions occur  
5 in the surf zone, and where processing occurs within close  
6 proximity to residential populations. The human health  
7 effects, environmental damage, and financial liabilities  
8 associated with oil spills, gas releases, and  
9 contamination are significant and unsupportable.

10           I speak for the City Council. The project  
11 description and the alternatives are based on faulty land  
12 use and zoning assumptions that invalidate the project and  
13 EIR. Deny both. Thank you so much.

14           ACTING CHAIRPERSON GORDON: Thank you, Madam  
15 Mayor. Jenna Driscoll, Watershed and Marine Program  
16 Associate, Santa Barbara Channelkeeper.

17           MS. DRISCOLL: Hello. Jenna Driscoll from Santa  
18 Barbara Channelkeeper.

19           Channelkeeper urges the State Lands Commission to  
20 deny certification of the EIR or, at a minimum, delay the  
21 decision until a greater decision is made by the City  
22 Council to determine the future of the EOF.

23           Yesterday, the City of Goleta made significant  
24 decisions that apply to this project. Through these  
25 decisions, the city has made clear that there is interest

1 in ending the life of the EOF. These actions show that  
2 the continued future use of the EOF is uncertain, perhaps  
3 even unlikely.

4 As such, it is imperative that the alternative of  
5 processing oil at the consolidated Las Flores Canyon  
6 Facility is fully and more completely analyzed.

7 Channelkeeper is also concerned that several mitigation  
8 measures allow for delayed analysis of critical issues.  
9 These studies include more -- include, but are not limited  
10 to, the health risk assessment, hazardous material removal  
11 action plan, environmentally sensitive habitat areas  
12 mapping, and updates to the oil spill contingency plan.

13 These deferred mitigation measures are concerning  
14 as the public and responsible agencies cannot evaluate  
15 whether these plans will adequately mitigate for  
16 significant impacts.

17 We are particularly concerned that the project is  
18 located near sensitive habitat areas, critical endangered  
19 species habitat, and marine protected areas. These areas  
20 have received special status because of their ecological  
21 and recreational importance. These analyses mentioned in  
22 mitigation measures to protect these resources should be  
23 conducted now, so that they can be properly vetted and  
24 considered in the decision-making process.

25 This City of Goleta mentions these issues, as you

1 just heard. Certifying the EIR without forcing Venoco to  
2 provide these reviews in advance limits the information  
3 available to the city. The point of an EIR is to help a  
4 decision-making body make a fully informed decision.  
5 These types of reviews would provide critical information  
6 that will help the city determine whether mitigation  
7 measures are sufficient to reduce many significant impacts  
8 and would influence their decision as to whether to allow  
9 processing at the EOF. Please do not limit the amount of  
10 information available to them or to your own agency to  
11 make an informed decision.

12 Thank you.

13 ACTING CHAIRPERSON GORDON: Thank you.

14 Ms. Krop, Chief Counsel, Environmental Defense  
15 Center of Santa Barbara, please.

16 MS. KROP: Thank you, and good afternoon. I'm  
17 Linda Krop, Chief Counsel for the Environmental Defense  
18 Center here today on behalf of Get Oil Out, the Sierra  
19 Club, Citizens Planning Association, and Citizens of  
20 Goleta Valley.

21 EDC and our clients have been working on this  
22 issue since 1994, when there was an oil spill from the  
23 production from the pier and it was shut down. And we  
24 submitted comments on all the iterations the EIR. Our  
25 most recent letter, submitted on Monday, addressed the

1 Final EIR. We request that you deny certification of the  
2 EIR for the reasons set forth in the letter.

3           And some of the main concerns we have are the  
4 uncertainty in the project description; the improperly  
5 narrow project objective; the location for processing as  
6 part of the project description, not a basic project  
7 objective, and incidentally was not included in the  
8 original EIR; the improperly narrow project objective  
9 constrains consideration of alternatives in violation of  
10 CEQA. We're also concerned about the deferred analysis of  
11 impacts and mitigation measures. And these issues are  
12 therefore taken out of the public purview.

13           We believe that the EIR provides misleading  
14 representation still regarding repressurization and  
15 overstatement of the benefits of the project. We  
16 appreciate that this latest version of the EIR does  
17 acknowledge that any alleged benefit would at least be  
18 temporary, but we still think that the benefit is  
19 overstated.

20           The EIR fails to include Platform Holly  
21 operations in the cumulative impact analysis. And still  
22 despite this, Commission's direction in April fails to  
23 include specific enforceable mitigation measures for  
24 greenhouse gas emissions. And finally, the responses to  
25 comments are inadequate and incomplete.

1           The most important issue, as you've heard from  
2 prior speakers, is the need to adequately consider the  
3 alternative of processing at Las Flores Canyon. The final  
4 EIR still prefers processing at the EOF, despite its  
5 non-conforming status and inconsistency with the City of  
6 Goleta general plan and coastal land-use plan policies.  
7 Therefore, the default, based on the EIR, would  
8 necessarily involve processing on the pier, which no one  
9 wants.

10           It took years to insert analysis of Las Flores  
11 Canyon as an alternative in the EIR thanks again to your  
12 direction in April, but we still believe that the EIR does  
13 not adequately or accurately assess this alternative. And  
14 this is all the more important now that the city has taken  
15 steps to terminate the EOF.

16           With respect to Las Flores Canyon, we believe  
17 that alternative is feasible. As a consolidated site,  
18 ExxonMobil is required to provide access. There is  
19 absolutely no evidence that there's a capacity issue. And  
20 one of the Commissioners mentioned the small amount of oil  
21 coming from this project. When you compare that to the  
22 100,000 barrels per day design capacity and 140,000 barrel  
23 per day permitted capacity for the plant, you can see that  
24 capacity should not be an issue. There is no problem with  
25 commingling the oil. Santa Barbara County studied that



1 back in the 1987 period when they were considering their  
2 consolidation policy and we provided you with evidence of  
3 that.

4           The pipeline is feasible. A similar pipeline was  
5 just built last year by Venoco. The NPDES permit can  
6 easily be revised to be consistent with the consolidation  
7 policy. So we also request that you deny certification of  
8 the EIR and the project, or in the alternative, that you  
9 postpone this matter until the city takes action on the  
10 EOF termination procedure ordinance.

11           Thank you.

12           ACTING CHAIRPERSON GORDON: Any other speakers on  
13 this subject?

14           ACTING COMMISSIONER ORTEGA: Yes, I had one  
15 question. Just a clarification. Several of the speakers  
16 talked about -- they used language about expanding the  
17 life of the EOF. And I wondered if you could just comment  
18 on that. I understood from the staff analysis or the  
19 staff report that the amount of time that Holly will  
20 continue to be productive at that facility would be longer  
21 than the period of time. So if you could clarify that.

22           STAFF COUNSEL BLACKMON: Yeah, that's right,  
23 Commissioner. The EOF processing is actually tied to  
24 Platform Holly, not to 421. The historic vested right to  
25 process is related to the production from 3242 from

1 Platform Holly. And so the whole point -- and we've --  
2 this has been very clearly articulated repeatedly  
3 throughout the document is that Platform Holly has an  
4 estimated lifetime of 40 years. It could be less. It  
5 could be greater. It has to do with a variety of shifting  
6 factors. But at the last estimate that was done, based on  
7 the value of oil, the technological ability to extract  
8 that oil, it was a 40-year time line, 2055.

9           So the expectation for the 421 lifetime is 20  
10 years. And honestly, at that point, it would be done.  
11 But it's also I think very important to note that  
12 consistent with sort of what you've heard, if, at any  
13 point, the processing at the EOF was determined by the  
14 City of Goleta to be, you know, inappropriate, or if they  
15 do ultimately follow through with the termination, that  
16 doesn't change Venoco's obligation to produce and process  
17 oil from 421 and Holly. They'll have to find different,  
18 you know, processing venues to do that.

19           There's limited processing capabilities on  
20 Platform Holly which they use to a certain extent. The  
21 rest goes to the EOF to be processed before that oil is  
22 sent to Las Flores Canyon. I think there is a little bit  
23 of a misleading issue here. When Mrs. Krop is talking  
24 about the fact that, you know, all this oil from Holly  
25 already goes to Las Flores Canyon, that's after it's

1 processed and de-watered. So Las Flores Canyon is not  
2 serving as a primary processing center for Holly oil, the  
3 EOF is.

4 Similarly, with 421, if the EOF no longer existed  
5 tomorrow, processing in the historic configuration on the  
6 piers would be quite frankly the primary objective short  
7 of some other option. And quite frankly, we've already  
8 identified in this document that processing on the piers,  
9 while, you know, not optimal is better than the Las Flores  
10 Canyon alternative. And I think, you know, that's an  
11 identification that is not popular but true, based on the  
12 analysis that we've done.

13 ACTING COMMISSIONER ORTEGA: Thank you.

14 STAFF COUNSEL BLACKMON: Any other questions?

15 ACTING CHAIRPERSON GORDON: It strikes me we need  
16 to kind of -- we need to delineate what is not before us  
17 today, and that is the wisdom of extracting oil on the  
18 coast of California. Those decisions were made a long  
19 time ago.

20 Mr. Rusconi, can you give us, has the Attorney  
21 General looked at the lease that Venoco has with -- to  
22 extract the oil, and what the ramifications would be for  
23 the State if we were to prohibit Venoco from executing on  
24 that lease?

25 DEPUTY ATTORNEY GENERAL RUSCONI: Yes. Both my

1 office and your staff have reviewed the leases and  
2 researched the question of Venoco's rights under those  
3 leases. And it's our collective opinion that they have a  
4 vested right to access and remove the hydrocarbons that  
5 are accessed by the lease, and that if the Commission were  
6 to fail to allow that, they could potentially be liable  
7 for damages as to the value of those hydrocarbons.

8 ACTING CHAIRPERSON GORDON: Thank you, sir.

9 Which then leads us to the decision we have to  
10 make, which is since Venoco is going to extract the oil,  
11 where is the best place for them to process it?

12 I've been convinced through the analysis that the  
13 staff done that the environmental risks at Las Flores  
14 Canyon are serious. That an oil pipeline over several  
15 sensitive watersheds is not a wise direction to go, even  
16 if you could get the permits and the capacity existed at  
17 Las Flores Canyon.

18 And if that's not wise, and we do not process the  
19 oil at the EOF, then we're left with on-pier. I haven't  
20 seen a third option. Excuse me, a fourth option. Las  
21 Flores Canyon, on-pier, EOF. No fourth option has been  
22 prepared to -- has been presented to us.

23 I recognize that the City of Goleta is going to  
24 have an issue, if they choose to cancel the permit, the  
25 non-conforming use permit. I'm pretty confident listening

1 to the testimony here today, there will be a lawsuit from  
2 the city against Venoco. And Venoco will need to take  
3 into account the risk of that facility's permit being  
4 terminated, that that will end up in court. I also have  
5 no doubt, at this point in time, if there's going to be a  
6 lawsuit based on the EIR.

7 But with regard to a putting over of this issue  
8 until some future date, which would be the easiest thing  
9 for my boss to do, because then we don't have to go on the  
10 record and I can turn this over to Controller Elect Yee,  
11 I'm not sure there's an EIR that could ever be done that's  
12 not going to have a lawsuit filed.

13 I mean, counsel laid out a very strong case. She  
14 laid out what the terms of the lawsuit will be on the EIR.  
15 And I'm not sure there's anything staff could do that's  
16 going to stop that.

17 So I'm ready to support the proposal. If the  
18 non-conforming use can be terminated, then that will be  
19 between the city and Venoco at some future date along with  
20 any issues that may need to be addressed in the  
21 Environmental Impact Report.

22 So with that, I'm ready to call for a motion on  
23 adoption of the staff report on this issue.

24 ACTING COMMISSIONER ORTEGA: I just wanted to  
25 make one other comment, Chair, regarding the location of

1 the meeting and comments that were made about citizens  
2 from the area not being able to be here. I do want to  
3 acknowledge that we heard this issue in April at a meeting  
4 I believe in Los Angeles, and there were many community  
5 representatives there. And I think all of us remember  
6 those comments. And so I do want to acknowledge that we  
7 did hear additional public input and respect the concerns  
8 that those folks have.

9           Having said that, I agree with Chair Gordon's  
10 comments and I will make a motion to approve the staff  
11 recommendation.

12           ACTING CHAIRPERSON GORDON: A second?

13           ACTING COMMISSIONER SCHMIDT: Second.

14           ACTING CHAIRPERSON GORDON: All those in favor?

15           ACTING COMMISSIONER ORTEGA: Aye.

16           ACTING CHAIRPERSON GORDON: Aye.

17           The motion passes unanimously.

18           Let's see. Ms. Lucchesi, the next order of  
19 business?

20           EXECUTIVE OFFICER LUCCHESI: The next order of  
21 business is the public comment period. And I believe we  
22 have one speaker that wishes to speak during public  
23 comment.

24           ACTING CHAIRPERSON GORDON: Yes. We have Mr.  
25 Diels, Treasurer from Redondo Beach, I believe.

1           MR. DIELS: Yes. Thank you very much. I have  
2 half a voice this afternoon. Hopefully I'll get through  
3 this. I was before you at the Los Angeles meeting in  
4 April. And, at that time, I expressed a desire to work  
5 with the State Lands Commission in an open and transparent  
6 way. Before you today was an Item on C 66. I was here  
7 prepared to speak to that should it be pulled, in which  
8 your staff conducted an audit regarding our -- well, a  
9 review that is of our internal service funds and our  
10 enterprise fund, specifically the tideland funds.

11           We work with State Lands Commission to oversee  
12 leases in the tidelands area of Redondo Beach. And just  
13 last night we completed our most recent audit. We audit  
14 every year independently our internal service funds and  
15 the enterprise funds. And so I would like to submit to  
16 you copies of these most recent audits.

17           And that concludes my comments, unless you have  
18 any questions.

19           ACTING CHAIRPERSON GORDON: If you'd submit that  
20 to Ms. Lunetta who is besides you.

21           MR. DIELS: To her?

22           ACTING CHAIRPERSON GORDON: Yep.

23           Is there anyone else in the audience who would  
24 like to speak on any issue?

25           Any of the commissioners have any comments or

1 questions?

2 That concludes our meeting.

3 (Thereupon the California State Lands

4 Commission meeting adjourned at 1:54 PM)

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C E R T I F I C A T E O F R E P O R T E R

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;

That the said proceedings was taken before me, in shorthand writing, and was thereafter transcribed, under my direction, by computer-assisted transcription.

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 29th day of December, 2014.

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