

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the sale of Section 16, T. 9 S., R. 12 E., S.B.M., to the only bidder Mr. Butler at a cash price of \$1280.00, subject to all statutory reservations, including minerals.

41. (Policy - S.D. & W.O., 287) The Commission was informed that at the meeting of the State Lands Commission on June 21, 1946, the following resolution was adopted, establishing a uniform policy for the rental of tide and submerged lands for commercial and industrial purposes:

"6. (Survey of Tide and Submerged Land Values for Rental Determination) Upon motion duly made and unanimously carried, a resolution was adopted establishing the following uniform policy for the rental of tide and submerged lands for commercial and industrial purposes:

"1. Appraisal and survey costs to be borne by lease applicant;

"2. Annual rental to be fixed at 6% per year of the appraised value of the land with an increase of 10% of the initial appraised value of the land every 5 years for the term of the lease;

"3. Maintenance of all structures on the demised premises to be assumed by the Lessee;

"4. In the event that tidelands with structures in place are leased by anyone other than the constructor thereof, appraised value of such structures is to be included in the total valuation for the initial rental determination; however, no appreciation in value of structures is to be considered in rental determination during the term of the lease, or any extension thereof;

"5. Minimum annual rental for any lease issued to be \$50.00."

Item 4 deals with cases involving "tidelands with structures in place", in other words, with purprestures. Special treatment is afforded where the lease is issued to "anyone other than the constructor thereof" but nothing is said with reference to leases to be issued to the constructors. Furthermore, the word "constructor" may have been intended to mean "owner." We have been advised by the Attorney General that, from a legal point of view, structures erected upon tide and submerged lands without authority of the State or a legal sub-division thereof are the property of the State.

Numerous attempts have been made by the State Lands Division to bring such purprestures under lease; some have been successful but most have become involved in endless correspondence and conferences without conclusive results. Court action will doubtless be required to establish the rights of the State in many cases. A review of the basic policies of the State Lands Commission and the procedures of the State Lands Division is therefore believed to be appropriate. If the policy that the State owns the purprestures can be and is enforced, the State will eventually become the owner of a variety of piers, groins, pipe lines, and other structures and facilities including possibly railroads and telephone lines and the State Lands Commission will be the agency for their management. Problems of operation, maintenance, disposal and removal will be numerous and burdensome. It is not believed that the intent of the legislator under which the State Lands Commission exists and operates is toward that end.

Current negotiations of the Division of State Lands will be much simplified and the possibility will be remote of the State becoming involved in endless litigation with the ultimate eventuality of assuming the obligations of ownership and management of a wide variety of structures if current policies are amended so as to bring pre-estates under lease with a minimum of effort.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing Item 4 of the policy adopted by the Commission on June 21, 1946, to be amended to read as follows:

4. In the event that tidelands and submerged lands with structures in place are to be leased, the annual rental shall be fixed at 9% per year of the appraised value of the land with an increase of 10% of the initial appraised value of the land every 5 years for the term of the lease.

42. (Contract, Department of Finance - Administration - Survey, Index and Reorganize Files, Los Angeles Office, Division of State Lands \$4,000.00 - W.O. 523) The Commission was informed that the 1949-50 fiscal year Support Budget of the Division of State Lands included an item of \$4,000.00 for the purpose of surveying, indexing, and reorganizing the files of the Los Angeles office of the Division.

At the time of the hearing of the Division's budget proposal for the 1949-50 fiscal year, an agreement was reached with Department of Finance - Administration that a preliminary survey and report as to the best and most economical means of carrying out this project would be made. This survey has been made and a report rendered with a recommendation that the work be carried out under the direction of Department of Finance - Administration, including the furnishing of all necessary services.

Inasmuch as the project had the approval of the Chairman of the State Lands Commission as Director of Finance, by virtue of the approval of the appropriation of monies for this purpose, and since it was desirable to get the project under way at the earliest possible date, the Executive Officer of the Division executed a contract with the Department of Finance - Administration for the work as of August 4, 1949.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the letting of a contract to the Department of Finance, Division of Administration, for the furnishing of necessary services to survey, reorganize, and index the files of the Los Angeles Office of the Division of State Lands at a cost not to exceed \$4,000.00, by ratifying the action of the Executive Officer of the Division of State Lands in executing a contract for said services dated August 4, 1949, and known as Agreement No. L.C. 56.

43. (State vs. City of Los Angeles - Owens Lake Damage Action - Santa Barbara Superior Court No. 36863 - N-5043) The Commission was informed that on August 31, 1949, Honorable Atwell Westwick, Judge in this case, found for the State. However, the award to the State has been set at \$6,843.75, which figure covers loss in royalties for 5/6ths of the year 1937, with simple interest at 7%. The State claimed in excess of \$1,000,000 damage. The court denied any permanent damage to the salt body or the brines of Owens Lake either from the 1937 flood, or the 1938 or the 1939 flooding, or any two or all of them combined. The Court further denied that there was negligence on the part of the City of Los Angeles in taking care of the waters of Owens Valley. The Court further stated that the State is