

MINUTE ITEM

30. APPLICATION FOR MINERAL EXTRACTION LEASE, SUBMERGED LANDS, SAN BRUNO SHOAL, SAN FRANCISCO BAY, SAN MATEO COUNTY - W.O. 3319.

Following presentation of Calendar Item 35 attached, the Chairman read a clipping from the Redwood City Tribune in which the claim was made that the Commission, in connection with this matter, had been operating secretly and had failed to notify the people in San Mateo County. He therefore suggested that the newspaper, the County Board of Supervisors, and interested legislators should be notified by the Commission that news releases had been made which are contrary to the facts.

The Executive Officer reported that advance notice had been given to a large number of agencies and persons, and that all those known to be interested were specifically invited by letter to attend this meeting at which the item was being considered for the first time.

The Chairman suggested having the papers notified of the facts, and it was asked that the record show that the Brown Act does indeed apply to the State Lands Commission.

Mr. Albert F. Knorp, Attorney, appeared on behalf of the applicants, Grant and Foster, and reported that the newspaper statements did not represent the official views of the representatives of the County, apparently being the individual viewpoint of Mr. Frank Skillman, the County Planning Engineer, and that the Board of Supervisors of the County of San Mateo had endorsed the project under consideration in toto, including the dredging of sand.

The Executive Officer reported that extreme interest has developed, and that Mr. Skillman, on behalf of the South Bay Planning Commission, has suggested withholding all operations until some indefinite time in the future when an over-all plan can be prepared. However, no target date for such a plan has been indicated. He then reviewed the reasons for proceeding promptly with the processing of the offer for lease.

Mr. James J. Stark, Deputy City Attorney, and Mr. Julian I. Bardoff, Senior Civil Engineer, both representing the City and County of San Francisco, appeared on behalf of the Public Utilities Commission. Mr. Stark, although not opposed to the staff recommendation, urged deferment of any action until his agency's engineering staff can evaluate the situation, in view of airport expansion plans which will require a great deal of fill material for which San Bruno Shoals probably would be the best source in the area. Mr. Bardoff indicated that this evaluation would require about two months.

Mr. Richard H. Grant, appearing on his own behalf and that of Mr. Foster, as the applicants, informed the Commission that the assessed valuation of the project for which they wished to obtain the fill material would be in the neighborhood of \$350 million and would be of real value to the community, and requested prompt action.

Mr. Knorp advised the Commission that the total market value of the island community will approach \$500,000,000 and would provide an assessed value of

about \$150,000,000, which would yield approximately \$12,000,000 in annual taxes to the county; further, that revenue to the State of California would increase by \$6,075,000 annually.

Mr. Charles L. Nichols, a Registered Civil Engineer representing Mr. Grant, reviewed briefly the type and quantity of fill material available in the area.

In reply to a question by Commissioner Cranston, the Executive Officer informed the Commission that, if it so desired, it could direct that bids for the material in question be received at such time as the City and County of San Francisco was in a position to bid, subject to being informed by that agency within a reasonable time of its intent to bid.

UPON MOTION MADE BY COMMISSIONER CRANSTON, DULY SECONDED, AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE COMMISSION AUTHORIZES THE EXECUTIVE OFFICER TO OFFER FOR A NONEXCLUSIVE LEASE, PURSUANT TO COMPETITIVE PUBLIC BIDDING, WITH THE CLOSING DATE FOR ACCEPTANCE OF BIDS TO BE NOT LESS THAN 90 DAYS FROM DATE OR JUNE 24, 1960, FOR THE EXTRACTION OF FILL MATERIAL AT A MINIMUM ROYALTY OF FIVE CENTS PER CUBIC YARD FOR ALL FILL MATERIAL EXTRACTED, THE AREA OF SUBMERGED LANDS AT SAN BRUNO SHOAL, SAN MATEO COUNTY, BOUNDED BY LINES CONNECTING THE FOLLOWING POINTS:

| <u>LATITUDE</u> | <u>LONGITUDE</u> |
|-----------------|------------------|
| 37° 38' 7" | 122° 18' 8" |
| 37° 38' 8" | 122° 16' 17" |
| 37° 36' 53" | 122° 15' 3" |
| 37° 36' 53" | 122° 15' 56" |
| 37° 37' 23" | 122° 17' 20" |

CONTAINING 1,263 ACRES, MORE OR LESS, AND EXCEPTING THEREFROM THE AREA INCLUDED IN TIDELAND LOCATION NO. 86, FRACTIONAL SECTION 36, T. 3 S., R. 4 W., M.D.B.& M., AND FRACTIONAL SECTION 1, T. 4 S., R. 4 W., M.D.B.& M.

Attachment
Calendar Item 35 (2 pages)

APPLICATION FOR MINERAL EXTRACTION LEASE, SUBMERGED LANDS, SAN BRUNO SHOAL, SAN FRANCISCO BAY, SAN MATEO COUNTY - W.O. 3319.

An application has been received from Richard Grant and T. Jack Foster, general contractors, requesting that an area of approximately 1,263 acres of submerged lands at San Bruno Shoal, approximately five miles easterly of San Francisco International Airport Administration Building, San Mateo County, be offered for mineral extraction, pursuant to competitive public bidding in accordance with the provisions of Division 6 of the Public Resources Code. At a minimum rate of five cents per cubic yard for material extracted, the royalty payable to the State would be approximately \$1,000,000.

In the event that the applicants are the successful bidder and are awarded a lease, it is proposed to convey by pipeline approximately 22,000,000 cubic yards of the San Bruno Shoal fill material to raise the elevation of Brewer Island, which is located in San Mateo County immediately adjacent to the city limits of the City of San Mateo. Approximately 70% of Brewer Island is presently either wasteland or is utilized for growing hay. The remaining 30% of the island is now a salt pond.

In accordance with the 1958 San Mateo County Master Plan, the applicants have submitted a proposal to develop the privately owned island. The development, which would cost an estimated \$350,000,000, would include sites for school, recreational, residential, commercial and industrial facilities, as well as providing lands for street, highway and freeway location.

The State Division of Highways has plans to locate a new freeway and interchange on Brewer Island to connect the San Mateo-Hayward Bridge with Skyline Boulevard and other peninsular routes. The Division has submitted a letter declaring its approval of the issuance of the requested lease, provided that Brewer Island is to be the disposal site for material extracted under the lease.

The U. S. Army Corps of Engineers has issued a permit for the removal of the borrow material. It is probable that the removal would reduce the future cost of maintaining an adjacent deep-water channel.

The newly formed South Bay Planning Committee, consisting of representatives from San Mateo, Alameda and Santa Clara Counties, has requested that the Commission not authorize or encourage extensive or major land reclamations in the South Bay Area. It has further requested that San Bruno Shoal be retained by the State until a coordinated shoreline plan has been developed and adopted by the Committee and its members. The Commission's staff has been advised informally that two or three years may be required for completion of the plan.

CALENDAR ITEM 35. (CONTD.)

The San Mateo County Planning Commission is expected to take a stand on the development of Brewer Island at its scheduled meeting on March 22, 1960. The Public Utilities Commission, City and County of San Francisco, has inquired as to the possibility of reserving borrow material at San Bruno Shoal for use in possible future expansion of the San Francisco International Airport.

The applicants, whose application has been pending since August 24, 1959, must know, prior to arranging for financing, whether the borrow material is available to them. Moreover, contractors other than the applicants have expressed an interest in bidding for the borrow material. For these reasons, and in consideration of the fact that the placement of any fill may be regulated under local zoning ordinances, it is the opinion of the staff that this is the proper time to offer the offshore borrow material for lease in order to take advantage of the current interest in the fill material and thus secure additional revenue for the State.

The statutory filing fee has been paid and the required expense deposit has been made.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO OFFER FOR A NONEXCLUSIVE LEASE, PURSUANT TO COMPETITIVE PUBLIC BIDDING, FOR THE EXTRACTION OF FILL MATERIAL AT A MINIMUM ROYALTY OF FIVE CENTS PER CUBIC YARD FOR ALL FILL MATERIAL EXTRACTED, THE AREA OF SUBMERGED LANDS AT SAN BRUNO SHOAL, SAN MATEO COUNTY, BOUNDED BY LINES CONNECTING THE FOLLOWING POINTS:

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