

MINUTE ITEM

23. PROPOSED MINERAL EXTRACTION LEASE, SUBMERGED LANDS, SAN FRANCISCO BAY, SAN MATEO COUNTY - W.O. 3319, P.R.C. 2613.1.

In presenting Calendar Item 28 attached, the Executive Officer explained that this had been scheduled so as to give the Small Craft Harbor Division an opportunity to review the facts in connection with issuance of the proposed lease.

Mr. James H. Dunham, Division Engineer for the Small Craft Harbors Division, informed the Commission that there was no objection to the type of operation proposed. He stated, however, that the Small Craft Harbors Division feels very strongly that eventually bulkhead lines should be established around San Francisco Bay and the area behind them filled with dredged material, and that some thought should be given to having good material budgeted for topping out areas filled with poor material.

Mr. Charles L. Nichols, with the firm of Dames & Moore, representing T. Jack Foster, applicant for the proposed lease, informed the Commission that he believed the plan for use of the material was in agreement with the Small Craft Harbors Division review.

Mr. Carr and the Chairman expressed the belief that it is important that a Master Plan for full development of the San Francisco Bay Area should be set up as soon as possible. The Executive Officer reported that the State Lands Division recommendation had been reviewed with the Division of Highways, and found acceptable.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE EXECUTIVE OFFICER IS AUTHORIZED TO ISSUE A MINERAL EXTRACTION LEASE TO T. JACK FOSTER, THE HIGHEST QUALIFIED BIDDER, IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, FOR THE 1,263-ACRE PARCEL OF SUBMERGED LAND AT SAN BRUNO SHOAL IN SAN FRANCISCO BAY, SAN MATEO COUNTY, AS DETAILED IN THE PUBLISHED NOTICE OF INTENTION UNDER W.O. 3319, SUBJECT TO:

THE PAYMENT OF A ROYALTY IN ACCORDANCE WITH THE FOLLOWING SCHEDULE FOR ALL FILL MATERIAL EXTRACTED:

$$R = 0.05 + 0.50 (C - 0.30) \text{ PER CUBIC YARD}$$

WHERE C = WEIGHTED AVERAGE SALES PRICE OF FILL MATERIAL PER CUBIC YARD DETERMINED QUARTERLY; OR THE MARKET VALUE OF MATERIAL REMOVED, DETERMINED QUARTERLY, IN THE EVENT THAT THE LESSEE DOES NOT SELL, BUT USES THE FILL MATERIAL TO FURTHER SELF-OWNED OR SELF-CONTROLLED PROJECTS.

A PERFORMANCE BOND IN THE PENAL SUM OF \$25,000 IS TO BE DEPOSITED BY THE LESSEE TO GUARANTEE THE FAITHFUL PERFORMANCE AND OBSERVANCE OF ALL OF THE TERMS AND CONDITIONS OF THE LEASE.

Attachment

Calendar Item 28 (2 pages)

CALENDAR ITEM

28.

PROPOSED MINERAL EXTRACTION LEASE, SUBMERGED LANDS, SAN FRANCISCO BAY, SAN MATEO COUNTY - W.O. 3319.

On June 28, 1960, one bid was received in response to a published Notice of Intention of the State Lands Commission to enter into a lease for the extraction of fill material from approximately 1,263 acres of submerged land at San Bruno Shoal, San Francisco Bay, San Mateo County. Publication of this offer was authorized by the Commission on March 24, 1960 (Minute Item 30, pages 5818-19).

The bidder, T. Jack Foster of San Mateo, California, offered a royalty of five cents per cubic yard for all material removed plus an additional increment of one-half of the market value in excess of thirty cents per cubic yard. In the event he is the successful bidder and is awarded the lease, Mr. Foster, as a supplement to the bid, offered to deposit with the State the sum of \$25,000 as advance payment of royalty. An engineer's estimate has been submitted that a total of 15,000,000 to 20,000,000 cubic yards of material will be removed. The office of the Attorney General has advised that the bid received complies with the provisions of the Public Resources Code and of the California Administrative Code, and with the conditions set forth in the offer.

The Department of Natural Resources has reported that an examination of this application indicates no possible interference with the recreational use of lands littoral to the tide and submerged lands involved. There was included with this approval a letter from the Division of Small Craft Harbors agreeing in general with the use of the dredged material for fill purposes but suggesting that a conference of interested agencies be held to determine future control over the use of dredged material in the Bay area.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE A MINERAL EXTRACTION LEASE TO T. JACK FOSTER, THE HIGHEST QUALIFIED BIDDER, IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, FOR THE 1,263-ACRE PARCEL OF SUBMERGED LAND AT SAN BRUNO SHOAL IN SAN FRANCISCO BAY, SAN MATEO COUNTY, AS DETAILED IN THE PUBLISHED NOTICE OF INTENTION UNDER W.O. 3319, SUBJECT TO:

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CALENDAR ITEM 28. (CONTD.)

A PERFORMANCE BOND IN THE PENAL SUM OF \$25,000 IS TO BE DEPOSITED BY THE LESSEE TO GUARANTEE THE FAITHFUL PERFORMANCE AND OBSERVANCE OF ALL OF THE TERMS AND CONDITIONS OF THE LEASE.