

MINUTE ITEM

21

01/17/90  
W 20041  
Pelkofer  
Louie

REVOCATION OF AUTHORIZATION  
TO ISSUE PERMIT

Calendar Item 21, attached, was pulled from the agenda prior to the meeting.

Attachment: Calendar Item 21.

A 17

S 3

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CALENDAR ITEM

21

A 17  
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01/17/90  
W 20041  
Pelkofer  
Louie

REVOCAATION OF AUTHORIZATION TO ISSUE PERMIT

APPLICANT: Segamb, Inc.  
700 Ygnacio Valley Road  
Suite 350  
Walnut Creek, California 94596

Segamb, Inc. applied for a permit to salvage the sunken ship the "City of Rio de Janeiro", which lies in San Francisco Bay. The Commission, at the meeting of February 6, 1989, on staff's recommendation, authorized the issuance of the permit for survey and mapping purposes, and retrieval of an object or objects sufficient to positively identify the shipwreck, subject to Applicant's payment of the necessary fees, filing of a bond, and obtaining insurance. Additionally, Applicant was required to submit a plan of its survey objectives, since the "City of Rio de Janeiro" is a historic shipwreck listed on the National Register of Historic Places.

Pursuant to P.R.C. Section 6309(h):

"Permits may be revoked by the Commission, after notice to the permitholder, at any time the Commission finds that the permitholder has failed to comply with the terms of the permit or any law or regulation governing the permitted activity. An application for a permit may be denied by the Commission when it finds that the applicant has failed to provide, for a period of 60 days, information specifically requested by the Commission which is necessary to complete the application."

Applicant was advised by letters of January 31, February 17, and May 12, 1989, of the requirements with which he had to comply prior to the actual issuance of the permit.

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CALENDAR ITEM NO. 2 I (CONT'D)

Applicant was further advised by the letter of July 25th that staff would request revocation of the authorization if no action was taken within sixty (60) days. Applicant took no action to comply within the allotted period. Just prior to the Commission's October meeting, Applicant contacted staff and requested additional time. Staff agreed to Applicant's request and the matter was taken off calendar. Applicant was granted until December 31, 1989 to submit the necessary information. Applicant was again advised on October 18, 1989 of the information needed by staff prior to the issuance of the permit.

AB 884: N/A

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a statutorily exempt project. The project is exempt because CEQA does not apply to projects which a public agency rejects or disapproves.

Authority: P.R.C. 21080(b)(5) and 14 Cal. Code Regs. 15270.

EXHIBITS:

- A. Letter of January 31, 1989
- B. Letter of February 17, 1989
- C. Letter of May 12, 1989
- D. Letter of July 25, 1989
- E. Letter of October 18, 1989
- F. Letter of November 16, 1989

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS EXEMPT FROM CEQA PURSUANT TO 14 CAL CODE REGS. 15270 BECAUSE CEQA DOES NOT APPLY TO PROJECTS WHICH A PUBLIC AGENCY REJECTS OR DISAPPROVES.
2. REVOKE ITS AUTHORIZATION TO ISSUE A SALVAGE PERMIT AS DESCRIBED HEREIN TO SEGAMB, INC.

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STATE LANDS COMMISSION  
1902 13TH STREET  
SACRAMENTO, CALIFORNIA 95824

*Copy to: Peter Petkof*

January 31, 1989

File Ref.: W20041

Mr. Gus Cafcalas  
Segamb, Inc.  
700 Ygnacio Valley Road, Suite 250  
Walnut Creek, Ca. 94596

Dear Mr. Cafcalas,

By now you should have received notice of the Commission's February 6 meeting. I have enclosed an extra copy of the agenda for your use. I still have not received a response to my December 12 letter, copy also enclosed.

Please return both copies of the executed permit, memorandum of agreement and land description as soon as possible with signatures notarized. The revised Page 1 of the MOA sent to you January 12 should be substituted into the MOA. Also provide a copy of the corporate resolution authorizing the execution on behalf of Segamb and a check in the amount of \$1,025.

As explained in my December 12 letter, you will also need to send the following information:

1. List of specific research questions to be answered from implementation of the project.
2. Evidence of Segamb's financial ability to complete the project being permitted and list of investors.
3. Evidence of arrangements with a professional conservation facility to conserve any artifact which may be brought up.

Please call me at (916)322-7823 if you have any questions.

Sincerely,

*Betty Louie*

Betty Louie

Encs.

EXHIBIT - A

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February 17, 1989

File Ref: PRC 7280.1

Mr. Gus Cafcalas  
Segamb, Inc.  
700 Ygnacio Valley Road, Suite 350  
Walnut Creek, California 94596-3822

Dear Gus:

Subject: Salvage Permit for City of Rio de Janeiro

This correspondence will advise you that on February 6, 1989, the State Lands Commission authorized issuance of the above permit. The document will be signed on behalf of the Commission, and your copy will be transmitted to you. However, before we may take this action, you are requested to provide:

1. A surety bond in the amount of \$10,900 executed on the attached Form 59.10 (or other collateral as explained in Form 59.7).
2. A certificate of insurance stating there is liability insurance presently in effect for the activity under permit with a combined single limit coverage of not less than \$1,000,000 per occurrence for bodily injury and property damage.

The following assurances (a) through (e) are required to be expressly stated on or attached to the certificate of insurance:

- a) That the State of California, its officers, agents, employees, and servants are included as additional insureds, but only insofar as the operations under this permit are concerned.
- b) That the insurer will not cancel the insured's coverage without 30 days prior written notice to the State.
- c) That the policy specifically identifies the permit by number, PRC 7280.1.
- d) That the State will not be responsible for any premiums or other assessments on the policy.
- e) That the insurance coverage provided by the insured (Permittee) is primary and noncontributing.

EXHIBIT - B

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February 17, 1989

3. Proof of financial responsibility, capability, and solvency to complete the mapping and identification work authorized by the permit, including a list of investors and budget.
4. Check in the amount of \$1,025 for the year's rent.
5. Resolution authorizing signature by William Gibson on behalf of Ségamb.

Once I receive the above information, I will have the permit executed on behalf of the State.

The permit requires that you provide us with evidence of an arrangement with a professional conservation facility to conserve any object which may be brought up. Prior to the retrieval of any object, you will need to provide us with evidence of such an arrangement.

Also, enclosed are survey objectives outlining information we would need to recommend approval of Phase 2 of your project - the actual recovery of items from the shipwreck. The alternatives under each operation are listed in order of preference with Alternative 1 providing the best information. Alternatives 2 and 3 may not provide sufficient information and may result in delays in obtaining further approvals; these have been listed in the event Alternative 1 is not possible due to technical reasons. If you have thought of other methods which would accomplish the same objectives, we would be glad to discuss them with you.

You may want to consult with your marine archeologist regarding the enclosed survey objectives. When you have decided on a course of action, please notify us of your plans and schedule. I would strongly suggest a meeting with us to go over your proposed survey plans. You will also need to notify us thirty days in advance of the commencement of any operations so we can make arrangements to have a State monitor onboard.

I look forward to hearing from you soon.

Very truly yours,

*Betty K Louie*

BETTY K. LOUIE  
Land Agent  
(916) 322-7823

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## SURVEY OBJECTIVES FOR THE RIO

The survey objectives have been divided into three operations: (1) Identification, (2) Exterior Search for Entry and (3) Interior Search for Targets. These operations can be performed separately or simultaneously. The method to accomplish the survey objectives (e.g. ROV vs. diver) will be left up to the Permittee, although some objectives may be more difficult to obtain with certain methods.

Under each operation, alternatives have been presented in order of preference. For example, if the Permittee were to accomplish the objectives in Alternative 1 under each operation, State Lands Commission staff would probably have little difficulty in recommending approval for the next phase of the project, actual retrieval of objects.

If, for technical reasons, the Permittee must fall back on the objectives in Alternative 2 under these operations, there is a risk of delay in obtaining further permits. Similarly, the objectives in Alternative 3 are least preferable and carry the greatest risk of delay in further approvals. However these alternatives are listed to provide the Permittee with flexibility if technically necessary. The Permittee should understand the latter alternatives may not provide adequate information for approval of the second phase.

### OPERATION: IDENTIFICATION

Alternative 1 (Most Preferable) - An object, photograph or video of a clearly named object in obvious association with the wreck site. Examples of objects meeting the criteria would be bow, stern, or pilothouse nameplates, named lifesaving gear, or named passenger service gear.

Alternative 2 (Less Preferable) - If Alternative 1 cannot be obtained, then numbered or patterned objects that can clearly and positively be uniquely associated with the Rio, such as pilothouse equipment (compasses, telegraphs, wheels, etc.) would be the next acceptable substitute. Engine room equipment or patterned passenger service items may also provide evidence. However, these would all require external documentation to prove them unique to this vessel.

Alternative 3 (Least Preferable) - The last alternative would be a photomontage or maps with a sufficient number of identification keys to assure SLC staff that the vessel found is the Rio. Points to match include straight stem, cruiser stern, single stack just forward of amidships, deckhouse divided aft, ventilator grouping around stack, or low pilothouse just abaft the foremast. At least four, and

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preferably five, of these characteristics should be positively identified.

**OPERATION: EXTERIOR SEARCH FOR ENTRY**

Alternative 1 (Most Preferable) - Photomontage or video showing starboard side of deckhouse structure from stack aft to main salon entrance. The condition of Purser's cabin and door should be clearly indicated, as well as the immediately surrounding deck area, including actual or potential blockages.

Alternative 2 (Less Preferable) - Sketch map showing Purser's cabin and entrance with alternate entry points indicated and potential problems with each entry point shown. Position of wreckage and description of necessary removal techniques must be shown on the map. Written or recorded narrative should accompany map to clearly describe actual conditions on the wreck's surface.

Alternative 3 (Least Preferable) - If Purser's cabin is totally blocked or damaged beyond recognition, then photos and/or maps of intended entries and methods of entry must be supplied, along with mitigation plan to minimize physical damage to the wreck site.

**OPERATION: INTERIOR SEARCH FOR TARGETS**

Alternative 1 (Most Preferable) - Photos or videos showing condition of Purser's office and cabin, including any safes and stowage of silver bars, if any. Include maps showing proposed routes of entry and egress, including any alternate routes. Show the widths of the entry points and safes. Show any identification of silver bars (mint marks, chops, etc.) along with size and number of bars clearly present.

Alternative 2 (Less Preferable) - Sketch maps indicating conditions in Purser's office and cabin, showing position and condition of any safes or other recoverables. Entry and exit portals must be marked on map, along with widths and potential obstacles.

Permittee should notify the State Lands Commission prior to beginning any work on the wreck as required by Permit PRC 7280, as well as informing the Commission of the scheduling and proposed method of operation. If Permittee has other alternatives not listed that would accomplish the same objectives, they can be discussed with Commission staff.

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STATE LANDS COMMISSION  
1807 13TH STREET  
SACRAMENTO, CALIFORNIA 95814

May 12, 1989

File Ref: PRC 7280.1

Mr. W. E. Gibson  
Segamb, Inc.  
700 Ygnacio Valley Road  
Walnut Creek, California 94596

Dear Mr. Gibson:

This is in response to your letter of April 24, 1989. Enclosed is a copy of the permit that was approved. The original will be signed on behalf of the State when we receive the insurance, bond, and other information requested in my February 17 letter.

Paragraph 28 of the permit requires Segamb to provide a \$10,000 surety bond or other security device acceptable to the State to guarantee performance of the permit terms and conditions. The bond form we sent was in error. I have enclosed a corrected form which needs to be signed and returned.

Paragraph 27 of the permit requires Segamb to obtain liability insurance not less than \$1,000,000 combined single limit coverage. The liability insurance is required to protect the State against bodily injury and property damage in connection with your operations under permit. The liability insurance cannot exclude watercraft liability and such coverage should be stated on the certificate of insurance, along with assurances (a) through (e) contained in my previous letter. You may want to show your insurance agent our permit conditions. If he or she has any questions, they can contact me directly.

Regarding Item 3 in my February 17 letter, we would like documentation such as a budget showing your estimate of the cost of this phase of your project, including estimated costs of survey, mapping, and identification work, cost of conserving any object which is brought up for ship identification purposes, costs of crew and equipment, etc. In connection with these estimated costs, we would like documentation showing Segamb's ability to pay for these anticipated expenses, such as a certified financial statement and a list of investors, if any. The main purpose of this requirement is to assure the State that the permittee will be able to complete this phase of the project. (See Paragraph II A of the Memorandum of Agreement, attached to the salvage permit.)

EXHIBIT - C

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Mr. W. E. Gibson

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May 12, 1989

Have you decided on a method to accomplish the survey objectives discussed in the outline attached to my February 17 letter?

Please call me at (916) 322-7823, if you are still not clear about the information we are asking for.

Sincerely,

*Betty K. Louie*

BETTY K. LOUIE  
Senior Land Agent

Enclosures

cc: Kirk Walker  
Peter Pelkofer

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STATE OF CALIFORNIA  
STATE LANDS COMMISSION  
1607 13TH STREET  
SACRAMENTO, CALIFORNIA 95814

*Peru McKote*  
GEORGE DEUKMEJIAN, GOVERNOR

July 25, 1989

File Ref.: PRC 7280.1

Mr. W. E. Gibson  
Segamb, Inc.  
700 Ygnacio Valley Road  
Walnut Creek, CA 94596

Dear Mr. Gibson,

Subject: Salvage Permit for the City of Rio de Janeiro

As a followup to my February 17 and May 12 letters (copies attached, along with bond form) I still have not received the rent and other necessary documentation.

We have executed the permit as of this date, but will not issue it to you until you have supplied the items listed in my February 17 letter.

Please send us the information we have asked for as soon as possible so that we may issue you the permit. If we do not receive all of the required documentation within sixty days of the date of this letter, we will recommend the Commission revoke its authorization.

Sincerely,

Betty K. Louie  
(916) 322-7823

Attachments

Certified Letter  
PO1 5219554

*EXHIBIT - D*

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October 18, 1989 :

File Ref.: W 20041 :

Mr. William E. Gibson  
Segamb, Inc.  
700 Ygnacio Valley Road  
Walnut Creek, CA 94596

Dear Mr. Gibson,

I have received your letter of September 28, 1989. As you know from my prior correspondence, there are a number of things, in addition to insurance and bond, that we have asked for pursuant to the terms of the permit. Nothing has ever been received from Segamb.

Your letter indicates you are having difficulty obtaining liability insurance and bond. If you will send us the required insurance certificate and bond as soon as you have a contractor, but not less than 30 days before commencement of operations, it will be satisfactory. Assurances (a) through (e) specified in my February 17, 1989 letter need to be stated on the insurance certificate. Commencement of onsite activities cannot occur without insurance and bond coverage acceptable to the State.

The other items I have asked for should have been obtainable. It has been eight months since the Commission approved the permit but the fees and information I have requested have never been provided by Segamb.

Again, Segamb has been asked to provide:

1. Check in the amount of \$1,025.
2. Resolution authorizing William Gibson to execute the permit on behalf of Segamb.
3. Proof of financial responsibility, capability and solvency including Segamb's most recent certified financial statement, project budget and list of investors, if any.
4. Survey objectives (see my letter of February 17, 1989 with its attachment) and project schedule.

We will give you additional time to send in the above items if we do not receive this information by December 31, 1989, we

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Mr. William E. Gibson

October 13, 1989

will recommend that the Commission revoke its authorization at its next regularly scheduled meeting. By then, Segamb will have had a nearly a year to find its contractors and investors since the Commission's original authorization.

Sincerely,

Betty Louie  
Sr. Land Agent  
(916) 322-7823

cc: Peter Pelkofer  
Kirk Walker

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STATE OF CALIFORNIA  
STATE LANDS COMMISSION  
1807 13TH STREET  
SACRAMENTO, CALIFORNIA 95814

GEORGE DEUKMEJIAN GOVERNOR

November 16, 1989

File Ref.: PRC 7280.1

Mr. William E. Gibson  
Segamb, Inc.  
700 Ygnacio Valley Road  
Walnut Creek, CA 94596

Dear Mr. Gibson,

This is a follow up to my October 18 letter which listed the fees and information we still needed. As I had explained over the phone to Gus Cafcalas, we need evidence that you are actively pursuing the project and that progress is being made to complete it.

If we have not received the fees and other information requested by the end of December, we will reschedule the calendar item to consider revoking Segamb's salvage permit for the next Commission meeting. It is important that you send us the information we need as soon as possible and keep us informed, on a regular basis, of the status of the project. We look forward to hearing from you.

Sincerely,

*Betty Louie*

Betty Louie  
(916) 322-7823

cc: Peter Pelkefer  
Kirk Walker

EXHIBIT F

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