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TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
JUNE 23, 1960 - 9:00 A.M.

PARTICIPANTS:

THE COMMISSION:

Messrs. Glenn M. Anderson, Lieutenant Governor,
Chairman

Alan Cranston, Controller

(Mr. John E. Carr absent)

Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson, Deputy Attorney General

APPEARANCES:

(In the order of their appearance)

Mr. Maurice L. Sorrells, Chairman of the
Board of Supervisors of Inyo County
(in re Item Classification 5(b), Item
22 of calendar)

Mr. Harold A. Lingle
Deputy City Attorney, City of Long Beach
(in re Item Classification 4(h), Item
20 of calendar)

Reporter: Louise M. Lilloco
Division of Administrative Procedure

I N D E X
(IN ACCORDANCE WITH CALENDAR SUMMARY)

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<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
1 Confirmation of minutes of April 28, 1960			1
2 <u>Permits, easements, rights-of-way -- no fee:</u>			
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(b) Granada Sanitary District	6	2	11
(c) Stanislaus, County of	15	3	11
3 <u>Permits, easements, leases, rights-of-way, fee:</u>			
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(b) Luke, Earl, and Don Peterson	27	6	12
(c) Ochotorena, Herman	9	7	12
(d) Spight, Lindsey	28	8	12
(e) Standard Pipe Line Co.	8	9	12
(f) Tanner, S. A.	21	10	12
(g) Standard Oil Company of Calif., Western Op., Inc.	4	12	12
MOTION ON ITEM CLASSIFICATION 3			13
4 <u>City of Long Beach Projects</u>			
(a) Beach Maintenance Costs -59-60 fiscal year	18	13	13
(b) Maintenance and Operation of Tid-land Beaches 1960-61 fiscal year	26	14	14
(c) Pler A	19	17	15
(d) Pler B	19	17	15

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I N D E X
(IN ACCORDANCE WITH CALENDAR SUMMARY)
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<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u> <u>CALENDAR</u>	<u>PAGE OF</u> <u>CALENDAR</u>	<u>PAGE OF</u> <u>TRANSCRIPT</u>
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(e) Pier G	19	17	15
(f) Back Areas, Piers A-D	19	17	16
(g) Roads and Streets	19	17	16
(h) Town Lot	20	23	16
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5 <u>School Land Sales</u>			
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(b) Authority for Executive Officer to proceed with issuance of patent to Eloss A. Elias, Inyo County	22	29	1
MOTION ON ITEM (b)			11
6 <u>Selections of Federal lieu lands on behalf of State</u>			
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(b) 640 acres San Bernardino County (George McCarthy)	10	32	19
7 <u>Value T & S Lands - Proposed Annexation City of Oxnard</u>	30	33	20
8 <u>Map of Ordinary H.W.M. Right Bank Petaluma Creek</u>	24	34	21
9 <u>Reproduction Services 1960-61</u>	25	35	23
10 <u>Salary - Executive Officer</u>	12	36	23

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I N D E X
(IN ACCORDANCE WITH CALENDAR SUMMARY)
continued

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<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
11 <u>Confirmation of transactions of Executive Officer:</u>	1		25
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Highfield Oil Corporation		41	
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12 <u>Report on Major Litigation</u>	29	43	25
13 <u>Next Commission Meetings</u>			29
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I N D E X
(IN ACCORDANCE WITH CALENDAR ITEM NUMBERS)

ITEM	PAGE OF CALENDAR	PAGE OF TRANSCRIPT	:	ITEM	PAGE OF CALENDAR	PAGE OF TRANSCRIPT
1	37-42	25	:	24	34	21
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11	(Not on calendar)		:			
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16	(Not on calendar)		:			
17	31	19	:			
18	13	13	:			
19	17-22	15-16	:			
20	23	16	:			
21	10	12	:			
22	29	1	:			
23	22	18	:			
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1 GOV. ANDERSON: The meeting of the State Lands
2 Commission will come to order and the secretary will make
3 note that Mr. Cranston and Mr. Anderson are present.

4 I have been informed that we have a visitor with us
5 this morning from Israel, a man who is observing our demo-
6 cratic processes, by the name of Jacob Hellner. He is an
7 artist-painter visiting from Israel in this country. Would
8 you stand up, Mr. Hellner?

9 The first item will be the confirmation of the
10 minutes of the meeting of April 28, 1960.

11 MR. CRANSTON: Move approval.

12 GOV. ANDERSON: I second it and it is approved
13 unanimously. Mr. Hortig.

14 MR. HORTIG: The Commission has an item on its
15 agenda on pages 29 and 30 relating to proposed issuance of a
16 State patent to a Mr. Bloss A. Elias. We have personal repre-
17 sentation here today including counsel for Mr. Elias, who has
18 a court appointment at nine thirty. May I suggest Commission
19 consideration for taking this item up out of order? Also, on
20 behalf of the County of Inyo, we have Mr. Maurice Sorrells,
21 Chairman of the Board of Supervisors, with us this morning,
22 who wishes to speak with us on the same matter.

23 GOV. ANDERSON: If there is no objection, then, we
24 will take up calendar item number 22 out of order. We will
25 take it up first so these gentlemen can make their other
26 appointments. Calendar item 22 is

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MR. HORTIG: Page 29, sir.

GOV. ANDERSON: ... is an application to select lieu
land in Inyo County by Bloss A. Elias from Tecopa, California.
Do you want to comment on it first before we hear from Mr.
Elias, Mr. Hortig?

MR. HORTIG: Yes. With reference to the problem
before the Commission, the Commission at its meeting March 24,
1960 authorized the sale of a designated parcel of land for
which application had been on file since July 2, 1951, which
was Federal land to be selected by the State from the Federal
government for the benefit of sale to the applicant, Bloss A.
Elias. Subsequent to this Commission action approving the
sale, but prior to completing the clerical work of issuing a
State patent, a letter was received by the Chairman of the Com-
mission from Senator Charles Brown of Shoshone under date of
May 6, 1960, suggesting that it would be in the public interest
that the land in question remain in a public agency and that
the specific land proposed to be conveyed to Mr. Elias was
necessary in connection with a county project for the develop-
ment of certain hot springs, which the County of Inyo is nego-
tiating to lease from the Federal government on adjoining
Federal land.

In view of this letter from Senator Brown, the ques-
tion as to whether the State Lands Commission might now --
after having approved the sale of the land to Bloss Elias by
resolution adopted at its meeting of March 24, 1960 -- rescind

1 the action in favor of the County of Inyo, reject the applica-
 2 tion of Bloss Elias, and in turn sell the land to the county
 3 at the current market value, was referred to the office of
 4 the Attorney General.

5 An informal letter opinion rendered by Deputy
 6 Attorney General Paul M. Joseph states that under the principles
 7 of contract law the State is now bound to deliver a patent to
 8 the applicant Bloss Elias. Therefore, it has been the staff
 9 recommendation that the Executive Officer be authorized to
 10 proceed with the issuance of a State patent for the specified
 11 lands in Inyo County, in accordance with the resolution of the
 12 Commission adopted at the Commission's meeting of March 24,
 13 1960 approving this sale, in view of the fact that in accord-
 14 ance with the law the State is bound to issue the patent; and
 15 if the county has -- and we have a report here that they now
 16 do -- if they have a superior use for this land, the county
 17 is authorized to bring proceedings in eminent domain on these
 18 lands for a public project by condemnation if they still require
 19 the land for public use; but there are no other courses for the
 20 State Lands Commission.

21 However, as I commented previously, representatives
 22 of both the applicant and the County Board of Supervisors wish
 23 to appear.

24 GOV. ANDERSON: Who do you wish to appear first?

25 MR. HORTIG: I think under the circumstances Mr.
 26 Elias's position would be repetitive if the staff recommendation

1 is approved. Therefore, I think it would be appropriate to
2 hear from the representative of Inyo County.

3 MR. SORRELLS: My name is Maurice Sorrells, Super-
4 visor from Inyo County. I know our action here is delayed and
5 I think it is due to circumstances beyond our control and be-
6 yond your control. I might relate, in the interest of the
7 County, the reason I am here today.

8 In July 1958, the Bureau of Land Management called
9 the Board of Supervisors and asked them if they would consent
10 to taking over the Hot Springs at Tecopa and supervising them
11 both from the standpoint of public health and housing. After
12 consultation the Board of Supervisors agreed they would take
13 over. At that time the application was based on an eighty-
14 acre parcel and we were assured by the Bureau of Land Manage-
15 ment this area was required for the operation they had in mind
16 and such land would be held by them until the lease was consum-
17 mated.

18 Since then, I think it was in August, last August,
19 we had a communication from the Bureau of Land Management and
20 they informed us that forty acres of this land had been with-
21 drawn by the State. Of course, that didn't disturb us too
22 much -- we felt then we would be in a position to negotiate
23 with the State Lands Commission for the land. We felt it
24 didn't impair our operation too greatly. However, we found
25 out later that this land had been applied for and that patent
26 was in the process of being issued. We then asked Senator

1 Brown what we could do and what he could do for us and the
2 letter he wrote was at our request.

3 The position of the County is this: We have com-
4 mitted the County to an expenditure of approximately \$26,000
5 over a period of twenty years. We feel, and the Bureau of
6 Land Management feels, that anything less than eighty acres
7 would be insufficient to conduct the operation they have in
8 mind -- and I might explain that the operation is in the
9 nature of a public bath facility and trailer area that the
10 State Housing insists be cleaned up; and that's the interest
11 the County has. In other words, we are looking at it a little
12 selfishly. The State Health Department has told us -- not
13 officially, but unofficially -- that unless the area is cleaned
14 up the County will have to assume administration of it.

15 So that, gentlemen, is the position of the County.
16 I realize your situation and I read the opinion you have in
17 mind from the Attorney General; and I realize you are limited
18 to what you can do legally, but I do feel that in view of the
19 position of the County and the amount of money at stake and
20 for the good of local administration, I think the Board should
21 present their case before you. I don't think I can do any
22 more than that.

23 GOV. ANDERSON: Thank you, Mr. Sorrells. Mr.
24 Cranston, would you like to ask Mr. Sorrells any questions?

25 MR. CRANSTON: No.

26 GOV. ANDERSON: Thank you.

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MR. SORRELLS: Thank you, sir.

GOV. ANDERSON: Just a couple of questions on my part, Mr. Hortig: In the letter from Senator Brown he says, "(We) believe it is in the public interest that the land in question remain in a public agency" and "(we) request that the sale of this land be held up pending further investigation." Under the rule of the Attorney General, we cannot do that -- can we? We are bound to proceed with this sale.

MR. HORTIG: That is correct, sir.

GOV. ANDERSON: Is there any advantage in delaying this sale at this time to a subsequent meeting?

MR. HORTIG: Well, there are no further actions or questions to be resolved by the State Lands Commission in connection with this sale. The problem in retrospect generates apparently from lack of communication between possibly the left hand and right hand in the Bureau of Land Management -- who, according to Mr. Sorrells' report, were actively negotiating with the County and asking for assistance by the County with respect to certain lands at the same time that the Bureau of Land Management was advertising in Inyo County that they were going to transfer a portion of this land to the State of California unless objections or counterclaims were filed with the Bureau of Land Management. No such objections or counterclaims were received and, therefore, the Bureau of Land Management transferred -- one portion of the Bureau of Land Management apparently transferred forty acres of this land to the

1 State of California while another portion of the Bureau was
2 discussing eighty acres, including this same forty, with
3 Inyo County.

4 GOV. ANDERSON: I know in talking with some of the
5 people on this there was a question whether there had been
6 proper notification of these transfers and also of our Lands
7 meeting when this property was going to be sold. Could you
8 just briefly, for the record, restate some of the record on
9 this?

10 MR. HORTIG: Yes sir. I have a summary of the
11 total process file. A selection application requesting that
12 the State of California select from the Federal government for
13 future sale was filed by Mr. Bloss Elias for a specified forty
14 acres in Inyo County on July 2, 1951. This filing was accom-
15 panied with a \$300 cash deposit, representing the minimum
16 deposit for the acreage which it was desired be selected.

17 GOV. ANDERSON: Now, this was filed with the Federal
18 government?

19 MR. HORTIG: This was filed with the State of Cali-
20 fornia on July 2 under State law, for the State to select
21 Federal land -- which, if the State received the Federal land,
22 was to be sold to Mr. Elias in accordance with established law.
23 This application was forwarded to the Bureau of Land Manage-
24 ment of the Department of Interior on the same day, July 2,
25 1951. From that time, it was out of the hands and outside the
26 administrative cognizance of the State of California until the

1 decision by the manager of the Los Angeles Land Office of the
 2 Bureau of Land Management allowing the State indemnity selec-
 3 tion on August 20, 1958, seven years later.

4 Pursuant to this decision to allow this selection,
 5 there is an established procedure required by the Department
 6 of Interior that before the allowance is actually made and the
 7 land is transferred, there is notice published by the State
 8 at the direction of the Bureau of Land Management -- and
 9 published in the county where the lands are located -- with a
 10 copy posted at the courthouse for five consecutive weeks,
 11 inviting any protests on lands to be transferred to the State.
 12 Such notices were posted for five consecutive weeks starting
 13 June 2, 1959 in the County of Inyo. During the time of that
 14 publication, the State Lands Division completed appraisal of
 15 the lands. It was determined that the appraised value, which
 16 is the minimum for which land can be sold, exceeded the \$300
 17 deposit originally made. This fact was communicated to the
 18 applicant, with the result that an additional \$1,520 deposit
 19 was made by the applicant in two amounts on July 27, 1959 and
 20 March 8, 1960.

21 On March 15, 1960, a copy of the proposed sale
 22 recommendation which was to be presented to the Commission at
 23 the meeting of March 24 -- as I say, on March 15 a copy of
 24 this recommendation was forwarded to Senator Brown and to
 25 Assemblyman Lunardi, the legislators of the two houses in whose
 26 district these lands lie. On March 24, 1960, the State Lands

1 Commission, pursuant to staff recommendation, authorized the
2 sale of the lands to Mr. Bloss Elias; and on May the 9th, 1960
3 the Chairman received the request in writing from Senator
4 Brown proposing that the sale be withheld.

5 Senator Brown and Assemblyman Lunardi have again
6 been sent copies of the current calendar report we have here
7 today and, as you gentlemen have heard, the representative of
8 the Board of Supervisors of Inyo County is here today.

9 In the final analysis, the opinion of the Attorney
10 General says that the law has run to the point where, and
11 I quote: "The State is now bound to deliver a patent to the
12 applicant Bloss Elias."

13 GOV. ANDERSON: Mr. Cranston.

14 MR. CRANSTON: Well, is it the position of the
15 Attorney General, and do you concur in the position, that at
16 the present time we have no power to rescind actions taken in
17 the past regarding this?

18 MR. HORTIG: That is the position of the Attorney
19 General and we accept it as the advice of our legal counsel.

20 MR. CRANSTON: Does that mean that the only legal
21 way the county can acquire this property, if it wishes to do
22 so, is by eminent domain proceedings?

23 MR. HORTIG: I wouldn't know if this would be the
24 only way, but it has occurred to us in prior land transactions
25 and analogous and identical situations with respect to both
26 municipalities and counties; and this would be the most

1 expeditious and efficient way for the county to acquire this
2 land at this time.

3 MR. CRANSTON: If there is any delay in our proceed-
4 ing with the action that the Attorney General says we are
5 required to take, would eminent domain proceedings against the
6 State by the county be possible?

7 MR. HORTIG: I do not believe they would.

8 MR. CRANSTON: Then if we sold, as we are told we
9 must do by the Attorney General, would eminent domain proceed-
10 ings become possible at that point if the county so desires?

11 MR. HORTIG: Immediately.

12 MR. CRANSTON: Would the fact of the established
13 price have any effect one way or the other on the eminent
14 domain proceedings?

15 MR. HORTIG: This is theoretical -- but I assume
16 this could well expedite such proceedings in that the value of
17 lands is usually a matter of extensive debate in eminent domain
18 proceedings and at least a reasonably current value would be
19 available at the time the patent is issued. Being the last
20 sale or contemporary sale, it might expedite or serve as a
21 basis for almost immediate agreement between the county and Mr.
22 Elias as to the value of the lands, although I certainly can't
23 speak for Mr. Elias on that.

24 MR. CRANSTON: Mr. Sorrells stated in his testimony
25 that we seemed to have a set of circumstances which were beyond
26 the control of the county and beyond the control of the lands

1 Commission. It seems to me we have the reverse. The situa-
 2 tion has gone beyond the control of the Lands Commission and
 3 not the county -- because you do have a power that you may use
 4 if you wish. In view of the circumstances, I move that the
 5 sale be consummated.

6 GOV. ANDERSON: I second the motion. Are there any
 7 comments from the audience? (no response) If not, all in
 8 favor say "Aye." ("Aye" votes by Gov. Anderson and Mr.
 9 Cranston) It is unanimous that Item 22 be approved as
 10 recommended. Actually, on our calendar summary, it is Item
 11 Classification 5(b).

12 At this time, then, we will go back to the first
 13 part of the calendar and we will proceed with Item Classifica-
 14 tion 2. That is permits, easements, and rights-of-way to be
 15 granted to public and other agencies at no fee, pursuant to
 16 statute, and the first applicant, Applicant (a) is Crockett-
 17 Valona Sanitary District; item (b) is the Granada Sanitary
 18 District; item (c) is County of Stanislaus. Is there a motion
 19 to approve those three?

20 MR. CRANSTON: I move approval.

21 GOV. ANDERSON: It has been moved and I second it
 22 that these items be approved. If there is no objection, these
 23 items carried unanimously.

24 Item Classification 3 -- Permits, easements, leases,
 25 and rights-of-way issued pursuant to statutes and established
 26 rental policies of the Commission; and the first applicant is

1 Applicant (a) - William L. Appleford and the Signal Oil and
2 Gas Company - - Mr. Hortig, if you want to comment on any of
3 these, I'll pause; otherwise I'll go right ahead.

4 MR. HORTIG: For your information, item (a) repre-
5 sents an application for extension and continued operation of
6 an existing oil and gas lease issued originally under Chapter
7 303 of the Statutes of 1921 for a term of twenty years; sub-
8 sequently renewed for a term of ten years under the Public
9 Resources Code; and now, still being commercially productive,
10 it is recommended that under current statutes the lease be
11 continued for five years and so long thereafter as there is
12 commercial production. This lease actually utilizes for its
13 production the westernmost pier in the Elwood Oil Field, con-
14 structed approximately in 1929.

15 GOV. ANDERSON: (b) is Earl Luke and Don Peterson.
16 Any comments on that? (No response) (c) is Herman Ochotorena;
17 (d) is Lindsey Spight; item (e) is Standard Pipe Line Company;
18 item (f), applicant is S. A. Tanner; item (g), the applicant
19 is Standard Oil Company of California, Western Operations, Inc...

20 MR. HORTIG: At that point, Mr. Chairman, again for
21 the benefit of the Commission, not to overly amplify what is
22 actually essentially a simple contract item, but the State
23 does have a percentage interest in the production of the Kirby
24 Hill Gas Field, a percentage interest on the amount of produc-
25 tion of Standard Oil of California from that field by reason
26 of the fact that the exterior of the fields do contain beds of

1 navigable sloughs of Suisun Bay, primarily Montezuma, Nurse,
 2 and so on. The contract provides that at times of essential
 3 productivity changes -- wells being abandoned, new wells being
 4 drilled -- that the State percentage be modified; and over the
 5 years these modifications have gone both up and down. We
 6 have here before the Commission today consideration of approval
 7 of modifications that have been approved by the staff as to
 8 engineering correctness, proposing the changes up to the cur-
 9 rent calendar period and for percentages to be applicable after
 10 March 1, 1960. March 1, 1960 is the annual revision date and
 11 annual review date recorded by the contract, even though no
 12 new wells have been drilled.

13 GOV. ANDERSON: Then a motion to approve is in
 14 order.

15 MR. CRANSTON: I so move.

16 GOV. ANDERSON: It has been moved that all the items
 17 under Item Classification 3 be approved, and I'll second it.
 18 If there is no objection, the item is carried unanimously.

19 Next will be Item 4 -- City of Long Beach Projects.
 20 First item is Project (a) - Beach Maintenance Costs, 1959-60
 21 fiscal year. Do you want to comment on these? I think you
 22 should on most of them, Mr. Hortig.

23 MR. HORTIG: Yes sir, although in nature they are
 24 standard items in the sense that all of the matters here pre-
 25 sented for approval by the Commission require advance approval
 26 by the Commission pursuant to Chapter 29 of the Statutes of

1 1956 and before the City of Long Beach can undertake the ex-
2 penditure of the funds on any of the detailed projects; and
3 as to those items which are not specifically characterized in
4 Chapter 29 as being clearly the subject of State Lands Commis-
5 sion approval, these items have again been reviewed with the
6 office of the Attorney General as to their legal sufficiency
7 and propriety; and formal written opinions of the office of
8 the Attorney General, attesting to the facts which must be
9 considered in connection with approval and which have been
10 reviewed by the staff, have been obtained and are attached to
11 the Commission's calendar.

12 So the first item, (a), is as stated solely a request
13 to permit extension of time to October 31, 1960 rather than
14 June 30, 1960 to complete necessary computations and entries
15 and transfers on the books of records with respect to an
16 amount which the Commission approved a year ago.

17 GOV. ANDERSON: Project (b) is Maintenance and Opera-
18 tion of Tideland Beaches, 1960-61 fiscal year -- Prior
19 approval of costs for fiscal year ended 6/30/61, with time
20 limitation of 10/31/61 for drawing from the Tideland Oil Fund
21 Account to reimburse City departmental accounts, of total of
22 \$590,000.

23 MR. HORTIG: If the Commission will please refer to
24 page 15 of the calendar, the second sentence refers -- excuse
25 me, the third sentence refers to considerations developed in
26 "informal discussions with the office of the Attorney General."

1 This was the advance status at the time of the preparation of
 2 this calendar item. We have since, under date of June 6, 1960,
 3 received written informal opinion of the office of the Attorney
 4 General and it is pursuant to the written considerations in
 5 that opinion that the staff recommendation is based.

6 GOV. ANDERSON: Project (c) is Pier A -- Prior
 7 approval of estimated subproject expenditure from 7/1/60 to
 8 termination of \$5,838,200, with \$4,029,010 to be allowed as
 9 subsidence costs.

10 MR. HORTIG: If I may, Mr. Chairman, items (c)
 11 through (h) all represent projects to be undertaken by the
 12 Harbor Department, the Harbor Board of the City of Long Beach,
 13 which contemplate in the construction operations either the
 14 remedy, protection against, or additional construction to
 15 alleviate subsidence, land surface subsidence which has or
 16 may occur on the surface of the land; and, therefore, repre-
 17 sent operations of the type that to the extent that such sub-
 18 sidence costs are actually expended and determined after com-
 19 pletion of the project, the State under Chapter 29, 1956 again
 20 will contribute twenty-five percent of the cost of such projects.

21 GOV. ANDERSON: Project (d) is Pier B -- Prior
 22 approval of estimated subproject expenditure from 7/1/60 to
 23 termination of \$5,000, with \$600 to be allowed as subsidence
 24 costs.

25 Project (e) is Pier G -- Prior approval of estimated
 26 subproject expenditure from 7/1/60 to termination of \$3,623,300

1 with \$362,330 to be allowed as subsidence costs.

2 Project (f) is the Back Areas, Piers A to Pier D --
3 Prior approval of estimated subproject expenditure from July
4 1st, 1960 to termination of \$8,000, with \$1,520 to be allowed
5 as subsidence costs.

6 Project (g) is Roads and Streets -- Prior approval
7 of estimated subproject expenditure from July 1st, 1960 to
8 termination of \$3,020,600, with \$638,485 to be allowed as
9 subsidence costs.

10 Project (h) is the Town Lot -- Purchase of property,
11 building demolition, fill, public utilities, etcetera -- Prior
12 approval of estimated subproject expenditure from July 1st,
13 1960 to termination of \$5,501,350, with \$3,465,852 to be
14 allowed as subsidence costs.

15 MR. HORTIG: Mr. Chairman, with reference to the
16 amounts which you have just read for items (c) through (h),
17 I wish to stress the word "estimated" which prefaced each of
18 these amounts, and that the resolution of the Commission
19 recommended in these specific items does state that "It is
20 recommended that the Commission approve such costs proposed
21 to be expended by the City of Long Beach including subsidence
22 remedial work..." as indicated on the respective exhibits for
23 the periods listed "subject to the conditions, however, that
24 the amounts, if any, of each of the items to be allowed ulti-
25 mately as subsidence costs, deductible under Section 5(a) of
26 Chapter 29, Statutes of 1956, First Extraordinary Session, will

1 be determined by the Commission upon an engineering review
2 and final audit subsequent to the time when the work under any
3 of these items is completed."

4 GOV. ANDERSON: Motion to approve Item Classification
5 4

6 MR. GRANSTON: I so move.

7 GOV. ANDERSON: It has been so moved and I'll second.
8 If there is no objection, it will be approved unanimously.

9 MR. LINGLE: May I make a little interruption?

10 GOV. ANDERSON: Yes, you certainly may.

11 MR. LINGLE: I am Harold Lingle, Deputy City Attorney,
12 Long Beach, and I am addressing my remarks at this time solely
13 to this item (h) - Town Lot. This is a matter which involves
14 a great deal of money and the negotiations between your staff
15 and ours have been going on for a long time, because of the
16 amount of money involved and the unique problem there involved;
17 and I wouldn't want, for the record, want that our presence
18 here would in any way mean that we assented to the determina-
19 tion at this time. I certainly understand Mr. Hortig - - it
20 was my interpretation that he made it very clear that it was
21 only an estimate at this time and we would understand that it
22 was only an estimate at this time, and that it was a direction
23 of the Commission on the basis of what was contained in this
24 recommendation we could go forward from this point. But we
25 still think there is probably a great deal of negotiation before
26 the final figures could be determined on this particular item.

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GOV. ANDERSON: Mr. Hortig, would you like to comment on that?

(MR. CRANSTON: Put his assenting head shakes in the record)

MR. HORTIG: This was the basis for my stressing for the record the fact that these are of necessity estimated values.

MR. LINGLE: Thank you.

GOV. ANDERSON: We will proceed, then, to Item Classification 5 -- School land sales. First item is (a) -- Rejection of application of Anthony and Laura Frigoletto to purchase forty acres in Riverside County and refund of all deposits. Mr. Hortig.

MR. HORTIG: The Commission may recall that by resolution, action taken by the Commission at the May 24th meeting in Sacramento, the Commission at that time authorized the sale, among other lands, of certain specified lands, or the retention for sale to the Imperial Irrigation District at the market value to be established by staff appraisal following the filing of a standard purchase application, of primarily those lands underlying -- not only primarily -- exclusively those lands underlying currently the Salton Sea, but which lands under current title status are still vacant State school lands.

During the process of this action by the Commission, the application was received by the Land Title Section for a

1 private purchase of these same lands which were designated
 2 by the Commission action of May 24th to be withheld for dis-
 3 position only to the Imperial Irrigation District; and further
 4 action of the Commission is requested this morning to reject
 5 the private application of Anthony and Laura Frigoletto, with
 6 a refund of all deposits to the applicants.

7 MR. CRANSTON: I so move.

8 GOV. ANDERSON: It has been moved that item (a) under
 9 Item Classification 5 be approved. I'll second it. If there
 10 is no objection, so ordered -- carried unanimously.

11 Item (b) we have already taken up. That was the
 12 first item of the meeting.

13 So at this time we will proceed to Classification
 14 Number 6 -- The selections, on behalf of the State, of Federal
 15 lieu lands to assist in satisfying deficiencies under the
 16 School Land Grant, and the first (a) is 360 acres in Shasta
 17 County, subject to future approval and listing. The applicant,
 18 Richard M. Smith, did not desire to proceed with acquisition
 19 of the land; and (b) is 640 acres in San Bernardino County.
 20 The land was listed to the State on 4/29/60. Application of
 21 George McCarthy was cancelled at his request.

22 MR. HORTIG: Therefore, the staff recommendation is
 23 that the Commission proceed with the acquisition of the desig-
 24 nated lands from the Federal government to assist in minimizing
 25 the deficiencies under the School land grant. These lands, when
 26 listed by the Federal government, currently will be put in the

1 withdrawn category with all vacant State lands, as withdrawn
 2 from sale as of the last meeting of the Commission, and here-
 3 after will be processed in accordance with the future program
 4 to be determined by the Lands Commission with respect to the
 5 disposition of vacant State school land.

6 MR. GRANSTON: I'll so move.

7 GOV. ANDERSON: I'll second it. If there is no
 8 objection, so ordered and approved.

9 Classification 7 is the authority for the Executive
 10 Officer to notify the City Council of the City of Oxnard that
 11 the present value of tide and submerged lands, Ventura County,
 12 proposed to be annexed under Resolution No. 2267, is \$855,200.

13 MR. HORTIG: Section 35313.1 of the Government Code
 14 requires that when territory proposed to be annexed consists
 15 wholly or partly of tide or submerged lands owned by the State,
 16 the State Lands Commission shall fix the value of the tide or
 17 submerged lands owned by the State and shall notify in writ-
 18 ing the legislative body of the agency desiring to complete
 19 the annexation of the determination of value.

20 The City of Oxnard has requested that the Commission
 21 determine and fix the value of a parcel of tide and submerged
 22 lands proposed to be annexed and it is only tide and submerged
 23 lands, adjoining a present tide and submerged land area within
 24 the City of Oxnard, which is within the City of Oxnard which
 25 is proposed to be annexed.

26 Pursuant to this request, an office appraisal has been

1 made and it has been determined there is a total estimated
2 value of \$865,200 and no bases developed for the staff to
3 recommend objection by the Commission to the annexation.

4 Therefore, it is recommended that the Commission
5 authorize the Executive Officer to notify the City Council of
6 the City of Oxnard that, pursuant to the statutes, the Commis-
7 sion has determined the present value of the tide and sub-
8 merged lands in Ventura County proposed to be annexed under
9 Resolution 2267 to be \$865,200.

10 MR. CRANSTON: I so move.

11 GOV. ANDERSON: I'll second it. If there is no ob-
12 jection, it is approved unanimously.

13 Classification 8 is the authority for the Executive
14 Officer to approve and have recorded the map of the ordinary
15 high water mark on the right bank of Petaluma Creek, Marin
16 County, California dated August-November, 1958. Mr. Hortig?

17 MR. HORTIG: As the Commission is aware, there is a
18 full time survey crew in the State Lands Division, whose sole
19 assignment is the surveying and monumenting of the boundary
20 lines of State-owned waters and privately owned uplands, both
21 on the ocean coasts and along interior streams and lakes --
22 with the assignment of the crew being made to those points
23 where the boundary is in question -- there being tremendous
24 numbers of unsurveyed boundaries of the type, which some day
25 by this process of attrition we will eliminate (although we
26 have backlog estimates of that work that could be done of this

1 type which amount to ninety-eight crew years of work). In
2 the determination of the ordinary high water mark which was
3 in question along the right bank of Petaluma Creek, Marin
4 County, the survey has been completed, the maps are ready for
5 recordation, and the statutes require the approval of the
6 Lands Commission to be recorded.

7 GOV. ANDERSON: Would you know if any of these
8 were areas where we have had controversy?

9 MR. HORTIG: Yes sir. In almost all instances, the
10 maps which we bring currently to the Lands Commission are
11 areas in which, if there was no controversy, at least there
12 was doubt -- and that is the reason a survey was completed.

13 GOV. ANDERSON: I remember receiving several letters
14 on this area. What action we take today, does this settle
15 our claim and if they wish to contest it they come in and
16 contest it in court?

17 MR. HORTIG: The correctness of the survey and the
18 determination of title ownership can be brought up in a quiet
19 title action by the adjoining upland owner if they desire to
20 contest it.

21 GOV. ANDERSON: The adjoining upland owners-- do
22 they know of this survey?

23 MR. HORTIG: Yes sir.

24 GOV. ANDERSON: And have they been notified of this?

25 MR. HORTIG: Yes sir.

26 GOV. ANDERSON: And they agreed to this?

1 MR. HORTIG: Not necessarily -- but even if they
2 don't agree, there is nothing they can contest in court until
3 this map is filed for record.

4 GOV. ANDERSON: I see.

5 MR. CRANSTON: I move approval.

6 GOV. ANDERSON: I'll second it. If there is no
7 objection, so ordered -- approved unanimously.

8 Classification 9 -- Authority for Executive Officer
9 to enter into agreement for reproduction services for 1960-61
10 fiscal year with Metropolitan Blueprint Co., at a cost not to
11 exceed \$6,000.

12 MR. HORTIG: This is the annual renewal for the new
13 fiscal year for a service contract -- which, of course, is
14 necessary to the operation of the State Lands Division -- to
15 have a reproduction service; and Metropolitan Blueprint are
16 again the low bidders. This contract also requires and will
17 be submitted for approval to the Department of Finance.

18 MR. CRANSTON: I'll move approval.

19 GOV. ANDERSON: I'll second. If there is no objec-
20 tion, it will be approved unanimously.

21 Item Classification 10 -- Recommendation that salary
22 for position of Executive Officer be declared open for adjust-
23 ment as of July 1, 1960.

24 MR. HORTIG: As the Commission is aware, the Governor's
25 budget as approved provides funds for adjustment of salary
26 ranges for all civil service classifications. Salary ranges

1 for exempt positions are established and recommended by the
 2 Department of Finance usually some months after the Personnel
 3 Board has adjusted salary ranges for civil service classifi-
 4 cations.

5 The purpose of this item is only to do what it says
 6 to declare the range for the position of Executive Officer
 7 open for consideration for adjustment, and does not accomplish
 8 any adjustment. It only permits the maximum latitude to the
 9 Commission to decide however they wish to decide in the future,
 10 when the various ranges have been established by the Depart-
 11 ment of Finance and can be considered by the Commission.

12 Lacking a declaration "Open for adjustment as of
 13 July 1" would limit the Commission to consideration of adjust-
 14 ments, if they so desired, only from the date of consideration.

15 GOV. ANDERSON: This would mean that at a future
 16 date, say at our next meeting or at any time the Department of
 17 Finance acted, they could adjust the salary and it would be
 18 retroactive as of July 1st?

19 MR. HORTIG: If the Commission so desires. The
 20 Commission is not bound that way.

21 MR. CRANSTON: I'll move approval.

22 GOV. ANDERSON: I will second it. I think we should
 23 comment that everybody else in the department got a raise
 24 automatically except the Executive Officer and that's what
 25 this item covers. If there is no objection, it's approved
 26 unanimously that the salary be declared open for adjustment.

1 GOV. ANDERSON (continuing) Item 11 -- Confirmation
 2 of transactions consummated by the Executive Officer, pursu-
 3 ant to authority granted by the Commission at its meeting
 4 on October 5, 1959.

5 MR. HORTIG: The tabulation appearing between pages
 6 37 and 42 contains a summary of assignments and extensions
 7 and routine easement issuances approved pursuant to delega-
 8 tion of authority heretofore granted to the Executive Officer.

9 MR. CRANSTON: I will move approval.

10 GOV. ANDERSON: I'll second it. If there is no
 11 objection, approved unanimously.

12 Item 12 is report on the status of major litigation.
 13 This is informative only -- no Commission action required.
 14 Mr. Hortig?

15 MR. HORTIG: I would like to comment although there
 16 is no change in status and has been no change in status in
 17 the action U. S. versus Anchor Oil, et al, including the
 18 State of California, which covers the request by the United
 19 States for a court order to shut down Wilmington Field if
 20 satisfactory subsurface repressuring programs for land surface
 21 subsidence alleviation are not put in operation -- no action
 22 in court is under way and primarily because of expressed satis-
 23 faction by the Federal representatives with the results and
 24 the manner of conduct of the secondary recovery operations and
 25 unitization programs and cooperative programs which are being
 26 entered into in connection with the Wilmington Field.

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However, in our Alamitos Bay Quitclaim litigation, which is Item 2 on page 43, we must report that since our last meeting of the Commission, on May 25, 1960 the trial judge decided that while the State owns the land in fee, it owns it in fee except for the oil, or administration of the oil, and can only operate the lands for use as to beach and park purposes.

The Attorney General's office, our counsel, do not agree with the conclusions and it is the intention of the office of the Attorney General to pursue an appeal in this matter.

County of Orange litigation is still indeterminate and with no firm expressions of policy or determination of future course of action by the Board of Supervisors, which we are still awaiting.

As directed at the last meeting of the Commission, the office of the Attorney General not only took steps as recited on page 44 toward the filing of an action against the City of Long Beach in connection with the boundary determination as required by Chapter 2000, Statutes of 1957, but such action -- and actually it is now "actions" -- have been filed. The Deputy Attorney General who filed the action, Jay Shavelson, is here with us this morning and I believe it would be of interest to the Commission if he would give a brief summary of the nature of the actions filed, as against the suggestion here that an action would be filed.

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GOV. ANDERSON: Mr. Shavelson.

MR. SHAVELSON: Our office filed a new plenary action entitled "People vs. Long Beach" on July 13th and simultaneously we filed a petition in the earlier action, also entitled "People vs. Long Beach," in which the stipulated judgment was entered under which the State is receiving revenues from the Long Beach tidelands; and in the earlier action the court had reserved jurisdiction to determine the upland status of any lands in doubt.

These new actions are substantially identical and it is questionable as to whether the entire action is within the reserved jurisdiction of the old "People vs. Long Beach" and that's the reason for our filing the new action.

The complaint in our new action has been served on the City of Long Beach and upon the Board of Harbor Commissioners, and the petition has been served on the City Attorney. The City Attorney requested that we agree to an extension until September 16, 1960; and in light of the very bulky nature of the complaint -- it's about a foot thick including exhibits -- and in the light of the fact that a new City Attorney is going to have to look at this, we felt that that was an entirely reasonable request and we have signed a stipulation extending the time to plead to that date -- that is, September 16th.

I don't know if you want any comment on the substance of the proceedings. I believe the Commissioners are fully

1 familiar with it.

2 GOV. ANDERSON: Mr. Cranston?

3 MR. CRANSTON: Nothing.

4 GOV. ANDERSON: Mr. Hortig?

5 MR. HORTIG: Nothing further on that item.

6 GOV. ANDERSON: Then I think that completes that
7 portion of the agenda then.

8 MR. CRANSTON: I'd like to ask one question in a
9 general matter. What is the calendar or the schedule before
10 us in regard to the Shell nomination?

11 MR. HORTIG: The final date for election to request
12 a public hearing, such request to be considered by the County
13 of Santa Barbara, was June 18th. No request has been received
14 from the county. There is a question being evaluated by the
15 staff now, which will be reported on at the next meeting of
16 the Lands Commission, whether the Commission should direct a
17 public hearing to be held in Santa Barbara County although not
18 specifically required to do so by the statute under a request
19 by the county; and after a determination on that question and
20 completion of the public hearing or conclusion on the alterna-
21 tive recommendations which will be presented, the matter will
22 then go forward to the point of determining the actual lease
23 terms, conditions and methods of bids to be invited by the
24 Commission, and the publication of notice of intention to
25 receive bids.

26 MR. CRANSTON: Well, that follows immediately after

1 the determination of whether or not to have a hearing; and,
2 if so, after this hearing?

3 MR. HORTIG: Yes sir.

4 GOV. ANDERSON: Anything further to be brought
5 before the meeting before we take up the time and place of
6 the next meeting?

7 MR. HORTIG: That was the next point -- determination
8 of date, time and place. The normal date provided by the
9 rules and regulations would be July 28th -- Thursday, July
10 28th; and lacking unusual circumstances, on the rotating
11 schedule would be in Sacramento.

12 GOV. ANDERSON: All right with you?

13 MR. CRANSTON: Yes.

14 GOV. ANDERSON: A motion is in order.

15 MR. CRANSTON: I so move that we meet at that time
16 in Sacramento.

17 GOV. ANDERSON: Moved that our next meeting will be
18 on Thursday, July 28th, and the staff will notify us where
19 that will be, at nine in the morning?

20 MR. CRANSTON: Yes.

21 GOV. ANDERSON: Nine a. m. Before we adjourn, I
22 want to make this comment. A year ago we set a new policy of
23 electing a chairman of the State Lands Commission every year
24 and as of July I will be chairman a year; and at that time,
25 after the meeting, why, we will elect another chairman.

26 MR. HORTIG: Do I understand, Mr. Chairman, that you

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propose this action be taken at the July meeting?

GOV. ANDERSON: At the next meeting, yes.

MR. CRANSTON: I move we adjourn.

GOV. ANDERSON: It has been moved we will adjourn.
I'll second it. If there is no objection, it is approved
unanimously.

ADJOURNED 10:07 A.M.

CERTIFICATE OF REPORTER

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I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing thirty pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held in Los Angeles, California, on June 23, 1960.

Dated: Sacramento, California, June 29, 1960.

Louise H. Lillico