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TRANSCRIPT OF  
MEETING  
of

STATE LANDS COMMISSION  
SACRAMENTO, CALIFORNIA  
March 26, 1964

PARTICIPANTS:

THE COMMISSION:

Hon. Hale Champion, Director of Finance, Chairman  
Hon. Glenn M. Anderson, Lieutenant Governor  
Hon. Alan Cranston, Controller

Mr. F. J. Hortig, Executive Officer  
Mr. Alan Sieroty, Executive Secretary to  
Lt. Governor Anderson

OFFICE OF THE ATTORNEY GENERAL:

Miss Ariel C. Hilton, Deputy Attorney General

SPECIAL COUNSEL:

Mr. Ernest E. Sanchez

APPEARANCES:

(In the order of their appearance)

Mr. Robert B. Krueger, Attorney-at-Law, representing  
Huntington Harbour Corporation

Mr. Richard P. Ruiz, Executive Assistant to David L.  
Baker, Supervisor of Second District, Orange County

Mr. Ronald D. Broatch, Deputy Public Works Director,  
County of Contra Costa

Mr. Samuel Gardiner, Attorney-at-Law, representing  
Associated Dredging Company

Mr. Howard Leach, Game Manager III, Water Projects  
Branch, Department of Fish and Game

Senator Joseph A. Rattigan

I N D E X  
(In accordance with Calendar Summary)

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
1. Call to order.			
2. Confirmation of minutes of Dec. 20, 1963 and Jan. 30, 1964			1
3. PERMITS, EASEMENTS, RIGHTS- OF-WAY, NO FEE:			
(a) City of Oxnard	12	1	1
(b) L.A. County Flood Control	13	2	1
(c) State of Calif., Forestry	5	3	2
(d) State of Calif., Highways	19	4	2
(e) U.S. Army, Corps of Engineers	14	5	2
4. PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE:			
(a) Associated Dredging Co.	22	6	35
MOTION ON (a) ONLY -----			49
(b) Contra Costa County Public Works Department	23	8	21
MOTION ON (b) ONLY -----			24
(c) R.W. and Alice M. Kelsey	10	9	3
(d) George W. Ladd	7	10	3
(e) Shell Oil Company	15	11	3
(f) Standard Oil Co. of Calif.	2	12	3
(g) Standard Oil Co. of Calif. and Shell Oil Company	3	13	4
(h) Tidewater Oil Co.	17	15	4
(i) Union Oil Co. of Calif.	11	16	4
(j) Richfield Oil Corp.	16	17	4
MOTION ON ITEM 4 except (a) and (b)			5

continued

I N D E X  
(In accordance with Calendar Summary  
continued)

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
5. CITY OF LONG BEACH			
(a) Approval amendment to contract for sale of natural gas with Signal Oil and Lomita Gasoline	4	19	5
6. LAND SALES			
(a) 909.23 ac. Imperial Co., to R. A. Ellsworth	18	21	5
7. Approval of Memorandum of Understanding re Anaheim Bay Access, etc.	21	23	6
8. OIL & GAS, MINERAL EXTRACTION LEASES			
(a) Authorization to offer Parcel 20, Orange County	6	25	14
(b) Authorization to issue mineral extraction lease to A.G. Schoonmaker Co. 905.423 ac. San Francisco Bay	9	27	15
(c) Ditto - 126.33 ac. in Suisun Bay	8	29	15
9 APPROVAL OF MAPS			
(a) Survey of Mean High Tide Line Shore of Santa Barbara Channel, Vicinity Ventura	1	31	15
10 CONFIRMATION OF TRANSACTIONS CONSUMMATED BY EXEC. OFFICER:			
Mobil Oil Co.	20	35	16
Richfield Oil Corp.		35	
Shell Oil Co.		32 and 33	
Standard Oil Co.		34	
11 INFORMATION - Status of Litigation			
	24	36	16

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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 CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
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12. Confirmation next meeting			50
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SUPPLEMENTAL ITEM

13. Approval of Unit Agreement, etc. Fault Block V, Ranger Zone, Wilmington Oil Field	25	39	16
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UNCALENDARED ITEM

Discussion re A.B. 132			26
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I N D E X  
(In accordance with item numbers)

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SUPPLEMENTAL		
25	39	16
UNCALENDARED		
A.B.132 discussion		26
NEXT MEETING		50

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1 MR. CHAMPION: The meeting will please come to  
2 order. I think Mr. Cranston will be with us shortly. We  
3 have a long calendar and a lot of things to discuss, and we  
4 have to conclude the meeting by the noon hour.

5 The minutes of the meeting of December 20, 1963  
6 having been furnished to the members of the board, unless  
7 there is objection or comment they will stand approved.

8 MR. HORTIG: Mr. Chairman, that item should also  
9 indicate that the minutes of January 30, 1964 have also been  
10 heretofore furnished to the Commissioners and should be com-  
11 sidered for confirmation.

12 MR. CHAMPION: Without objection, so ordered.

13 Item 3 -- Permits, easements, and rights-of-way to  
14 be granted to public and other agencies at no fee, pursuant  
15 to statute: (a) City of Oxnard -- Amendment of Permit P.R.C.  
16 573.9 by deletion of present legal description and substitu-  
17 tion of legal description that will incorporate area covered  
18 in the original permit plus additional area needed for a  
19 5200-foot-long extension, containing 3.89 acres tide and sub-  
20 merged lands in the Santa Barbara Channel near Port Hueneme,  
21 Ventura County, for a sewer outfall.

22 (b) Los Angeles County Flood Control District --  
23 Amendment of Permit P.R.C. 1908.9 by deletion of present legal  
24 description and substitution of legal description that in-  
25 cludes area in original permit plus additional area needed  
26 for 180-foot extension, containing 0.216 acre tide and

1 submerged lands in Santa Monica Bay, Los Angeles County, for  
2 storm drain.

3 (c) State of California, Division of Forestry --  
4 Five-year permit for conduct of training and for conservation  
5 and range improvement work on 80 acres State school lands,  
6 Lassen County.

7 MR. HORTIG: Mr. Chairman, correction of another  
8 typographical error: In lieu of the 80 acres the figure  
9 should be 3600.59. The 80 acres mentioned is a portion of  
10 that 3600 acres.

11 MR. CHAMPION: Sort of changes the size of the job.

12 MR. HORTIG: Yes, sir.

13 MR. CHAMPION: (d) State of California, Division of  
14 Highways -- Agreement for use for right-of-way purposes of  
15 0.20 acre State sovereign lands of the Napa River, Solano  
16 County, for State Highway, Road X-SOL-208-B.

17 (e) U. S. Army, Corps of Engineers -- One-year per-  
18 mit to dredge approximately 400,000 cubic yards of material  
19 from tide and submerged lands of Crescent City Harbor, Del  
20 Norte County, and to redeposit dredged material on State-owned  
21 tide and submerged lands in an area outside and east of the  
22 Harbor -- for improvement of navigation.

23 GOV. ANDERSON: I move them.

24 MR. CHAMPION: Second, and in the absence of comment  
25 will stand approved unanimously.

26 I understand that Senator Ratti, an wanted to be

1 heard on 4(a), so we will pass that by for the present and go  
2 to the other remaining items in Agenda Item 4. As a matter  
3 of fact, I think we might as well take up, too, 4(b) as a  
4 separate item -- since we had specifically a discussion on that.

5 MR. HORTIG: One of the representatives of Contra  
6 Costa County is even now on the road and phoned in and asked  
7 that this item be held until he arrives.

8 MR. CHAMPION: All right. We will pass items 4(a)  
9 and (b).

10 (c) R. W. Kelsey and Alice M. Kelsey -- Five-year  
11 grazing and/or agricultural lease, 640 acres school lands, Inyo  
12 County; annual rental, \$128.

13 (d) George W. Ladd -- One-year renewal of Lease P.R.C.  
14 400.1, 2.34 acres submerged lands of San Joaquin River, San  
15 Joaquin County, total rental \$280.80. Used for floating boat  
16 sheds and marine ways; City of Stockton plans eventually to  
17 develop area as an aquatic park.

18 (e) Shell Oil Company -- Acceptance of quitclaim deed  
19 for leasehold interest in Lease P.R.C. 481.1, covering 500-  
20 square-foot parcel of tide and submerged lands of Santa Monica  
21 Bay, Los Angeles County.

22 (f) Standard Oil Company of California -- Geological  
23 survey permit for period March 26 to September 25, 1964, on  
24 tide and submerged lands offshore Orange and San Diego counties,  
25 shoreward of the "Operations Line" approved December 6, 1962.

26 MR. HORTIG: Mr. Chairman, on page 12 of the full

4  
1 item, there is a reference to a Minute Item 29, Page 8454 --  
2 which should read "8485." Other than that the item is cor-  
3 rect as reported.

4 MR. CHAMPION: With that amendment, we will continue.

5 (g) Standard Oil Company of California and Shell Oil  
6 Company -- Deferment of drilling requirements, Oil and Gas  
7 Lease P.R.C. 2198.1, offshore Santa Barbara County, through  
8 October 13, 1964, to permit further review and evaluation of  
9 geological and geophysical data.

10 (h) Tidewater Oil Company -- Assignment to Humble  
11 Oil & Refining Company of Leases P.R.C. 153.1 and P.R.C. 388.1,  
12 Sacramento County; P.R.C. 187.1, P.R.C. 331.1, P.R.C. 419.1,  
13 and P.R.C. 2869.1, Contra Costa County; P.R.C. 272.1, Monterey  
14 County; P.R.C. 2102.1, Napa County; and Sublease P.R.C. 502.1,  
15 Del Norte County.

16 (i) Union Oil Company of California -- 15-year ease-  
17 ment, 19.88 acres tide and submerged lands in San Pedro Bay  
18 near Huntington Beach, Orange County, for submarine pipelines  
19 and power cable from Platform "Eva" to an onshore point.  
20 Annual rental, \$658.03.

21 (j) Richfield Oil Corporation -- Approval of amend-  
22 ment dated July 2, 1963, effective June 13, 1963, to the Gas  
23 Sales Agreement dated June 11, 1962 between Richfield Oil  
24 Corporation and Pacific Lighting Gas Supply Company, providing  
25 for sale of State's royalty share of dry gas produced from  
26 Oil & Gas Lease. P.R.C. 308.1, P.R.C. 309.1, and P.R.C. 2793.1.

1           GOV. ANDERSON: I move Item 4, with the exception  
2 of (a) and (b).

3           MR. CHAMPION: Second. Any further comment or  
4 question? (No response) Stand approved unanimously.

5           Item 5 -- City of Long Beach: (a) Authorization  
6 for Executive Officer to certify approval of "Agreement Amend-  
7 ing Contract for Sale of Natural Gas," between the City of  
8 Long Beach and the Board of Harbor Commissioners of the City  
9 of Long Beach, as first parties, and Signal Oil and Gas Com-  
10 pany and Lomita Gasoline Company, as second parties.

11           GOV. ANDERSON: I move it.

12           MR. CHAMPION: Second. There being no question,  
13 stands unanimously approved.

14           6 -- Land Sales. (a) Authorization for sale to  
15 R. A. Ellsworth of 909.23 acres in Imperial County, obtained  
16 under an exchange transaction with the U. S. Bureau of Land  
17 Management, at appraised value of \$291,201.40. Notice that  
18 all public agencies have been circularized and agencies ex-  
19 pressing an interest have waived such interest in writing.  
20 There being no objection \*\*\*\*

21           MR. SIEROTY: I think it might be noted that this  
22 has been advertised in the newspapers of Imperial County of  
23 general circulation.

24           GOV. ANDERSON: I move it.

25           MR. CHAMPION: Second. There being no objection or  
26 comment, stands unanimously approved.

1                   7 -- Approval of "Memorandum of Understanding Regard-  
 2 ing Anaheim Bay Access and the Land Exchange Proposed by the  
 3 State Lands Commission, Orange County and the Orange County  
 4 Harbor District, and Huntington Harbour Corporation"; there-  
 5 after to be forwarded to Governor Brown for transmittal to  
 6 the Honorable Kenneth E. Belieu, Assistant Secretary of the  
 7 Navy. I understand there are some people who would want to  
 8 be heard on that subject. Mr. Hortig, would you express the  
 9 staff opinion on this and then we will hear from them.

10                   MR. HORTIG: Yes, sir. As early as 1962, the Secre-  
 11 tary of the Navy requested the assistance and cooperation of  
 12 the State and local authorities with respect to the resolution  
 13 of a title problem affecting the ability of the United States  
 14 Navy to maintain an effective perimeter for safety purposes  
 15 around what is the U. S. Naval Weapons Station, Seal Beach--  
 16 which, geographically, is intersected by a series of tidewater  
 17 sloughs that belong to the State of California.

18                   Additionally, the County of Orange has been inter-  
 19 ested in acquiring, by lease or otherwise, tide and submerged  
 20 lands in inner channels adjoining the Seal Beach Naval opera-  
 21 tion, for purposes of a small boat harbor, recreational type  
 22 development; and, additionally, the Commission will recall  
 23 that the same channels to which I have made reference, farther  
 24 down the coast, were subject of an exchange between the State,  
 25 as approved by the Lands Commission, and the Huntington Harbour  
 26 Corporation, in order that a waterfront home development can

1 be undertaken -- which has been undertaken and which is being  
2 fully implemented.

3           The problem to the Huntington Harbour development is  
4 that the entrance to the waterways is through Anaheim Bay,  
5 which is also to the United States Weapons Station, and it  
6 would be preferable to separate the military explosive traffic  
7 to the portions down coast. Under these circumstances, the  
8 Division of Highways, State Lands Division, the Navy, Orange  
9 County, have all considered the problem and bases under which  
10 in general terms a waterway exchange could be arranged, whereby  
11 the Navy would convey to the State in exchange for the water-  
12 ways now inside the Naval Station other tide and submerged  
13 lands, which tide and submerged lands after acquisition by  
14 the State could be leased to Orange County for the development  
15 of the Huntington Harbour operation.

16           (Mr. Cranston came into the meeting; Lt. Governor  
17 Anderson left.)

18           MR. HORTIG: (continuing) In addition to the over-  
19 all project, a separate entrance channel could also be pro-  
20 vided to the small crafts harbor by Orange County, as well as  
21 separate and private access to the Huntington Harbour Corpora-  
22 tion. Negotiations have proceeded to the point of having  
23 developed a memorandum of understanding and desirability of  
24 proceeding with a program of this type; and it had been sug-  
25 gested that there be a letter of transmittal to the Honorable  
26 Kenneth Be Lieu, Assistant Secretary of the Navy, pursuant to

1 a more recent request, to the Governor -- with respect to the  
2 indication that all the State and local agencies involved in  
3 this operation are agreed in principle as to the desirability  
4 of negotiating a final settlement and land exchange program  
5 to accomplish these things.

6 MR. CHAMPION: Where does this ultimate decision  
7 rest? Is this a preliminary action? Would we then have to  
8 approve some final action?

9 MR. HORTIG: The Commission very definitely would  
10 have to approve final action on the basis that the lands being  
11 acquired by the State were of sufficient value to justify  
12 relinquishment of the present lands.

13 MR. CHAMPION: But if there is agreement of all  
14 parties, why is it necessary to have this come to us for  
15 approval?

16 MR. HORTIG: Because the Secretary of the Navy has  
17 requested from the State of California, number one, willing-  
18 ness to proceed. The Commander at Seal Beach has asked that  
19 such a letter be drafted and, in addition, has indicated the  
20 desirability.

21 MR. CHAMPION: Even though the Navy has agreed in  
22 principle....

23 MR. HORTIG: Except this is the local base commander  
24 and we have to kick it upstairs to Washington, so that every-  
25 one can be happy. Additionally, the Navy is desirous of  
26 having in the record that there is in principle agreement

1 between Orange County and the Huntington Harbour Corporation  
 2 and State Lands Division with respect to this operation, and  
 3 it is with respect to expressing this latter agreement that  
 4 the representatives of Orange County are here, from their  
 5 Planning Commission, Harbor Commission and Assemblyman Whezmore.

6 MR. CHAMPION: Unless there is disagreement, would  
 7 you like to speak on this subject at all? I don't think there  
 8 is a problem here, except I don't think I approve of the  
 9 procedural problems -- it seems to me there are some needless  
 10 complications.

11 MR. SIEROTY: I have a question relating to the  
 12 Huntington Harbor participation. Maybe the people from Orange  
 13 County who are familiar with that could come forward.

14 MR. HORTIG: Huntington Harbour has representatives  
 15 here, too.

16 MR. SIEROTY: Under the memorandum, paragraph B-3,  
 17 I think it is ....

18 MR. CHAMPION: This is Mr. Sieroty, who is Governor  
 19 Anderson's representative.

20 MR. SIEROTY: Paragraph B-3 says; "They shall agree  
 21 to issue Huntington Harbor a long-time lease covering this  
 22 seven-acre parcel." This is the seven acres the State would  
 23 be receiving in exchange?

24 MR. KRUEGER: That's right.

25 MR. SIEROTY: The State has obligated itself, or  
 26 says it will issue a lease to Huntington Harbor when it

1 receives title, and "said lease shall be for a term a . contain  
2 such provisions that shall be mutually agreed upon, and it  
3 being the intention of the State to compensate Huntington  
4 Harbor for adequate sums."

5 Can you explain why Huntington Harbor should be a  
6 part of this agreement; and, secondly, what kind of a lease do  
7 you contemplate, and why and how is the State to compensate  
8 Huntington Harbor for the expenditures?

9 MR. KRUEGER: I am Robert Krueger. I am attorney  
10 for Huntington Harbour Corporation and I'd say that one of the  
11 basic reasons that Huntington Harbour is in this picture is  
12 that it is putting up some of the money for Phases 1 and 2.  
13 The concept of the lease is left to the discretion of the State.  
14 No lease terms are agreed upon. We did, however, want an  
15 agreement in principle that we would receive some compensation  
16 for the moneys that we put out for the construction of Phases  
17 1 and 2. I will say that since the writing of this document,  
18 Huntington Harbour has entered into an agreement to put up  
19 money for Phase 1 with the County and it would not at this  
20 time expect compensation for these sums it has already firmly  
21 agreed to put up. In short, the reason Huntington Harbour is  
22 in this picture -- it is the private entity most interested in  
23 this development and it is the private entity which will put  
24 up most of the money into it.

25 MR. SIEROTY: Do you have any idea of the value of  
26 Parcel 7?

1 MR. KRUEGER: No sir, I do not. At the present  
2 time, I believe it is largely unimproved. There would be sub-  
3 stantial cost in preparing it for real estate development;  
4 but I believe the short answer is that here the terms are not  
5 agreed upon. We are talking here of principle, rather than  
6 a contractual obligation.

7 MR. SIEROTY: You are saying that the State has no  
8 contractual obligation to issue a lease to Huntington Harbour?

9 MR. KRUEGER: That's right..

10 MR. SIEROTY: Well, I wonder if we might modify the  
11 language of this paragraph 3 to express that a little more  
12 clearly?

13 MR. KRUEGER: I wonder if we haven't handled that,  
14 sir, on page 11, the last paragraph. "The foregoing is sub-  
15 mitted without the formal authorization of the first parties  
16 hereinabove named, but does represent the thinking of the  
17 above parties who were present at the various meetings  
18 described."

19 MR. SIEROTY: Mr. Chairman, my own feeling is if  
20 it doesn't come before us for action, we are not taking action  
21 on it, it should not come before us. It would seem to me  
22 when we approve this, it is somewhat of an authorization and  
23 does indicate approval of the State Lands Commission.

24 MR. CHAMPION: I don't think it has any status of  
25 that kind. As a matter of fact, I gather this is to satisfy  
26 some formal and, in my mind, dubious procedure of the require-  
ments of the Navy; and that we are by no means committing

1 ourselves; that this did represent the joint thinking of our  
2 people, that's all we are saying -- and it doesn't necessarily  
3 involve any further action of the Lands Commission. I think  
4 it would be unnecessary for us to take any great time over  
5 this particular problem. Any question in connection with it  
6 can be raised at a later date and the reservations are pretty  
7 clearly stated in the document.

8 MR. SIEROTY: All right. Let me ask the gentleman  
9 from Huntington Harbour as to Phase 1. The money that Hunting-  
10 ton Harbour is putting up is for the clearing of the channel,  
11 or what will the money be used for?

12 MR. KRUEGER: Under agreement dated March 16th,  
13 Huntington Harbour Corporation has agreed to contribute to the  
14 cost of raising the U. S. Highway 101 bridge over Anaheim Bay  
15 the sum of \$450,000 and an undetermined additional sum, which  
16 would be caused by raising the bridge some three feet over  
17 that originally anticipated. This represents the greatest  
18 proportion of the cost of building that bridge. I believe the  
19 total anticipated cost to the County would be some \$580,000  
20 and this would be 450 to \$475,000 of that. That is Phase 1.

21 So for your present thinking, I think you can elimin-  
22 ate Phase 1 from this memorandum. We have already committed  
23 ourselves to put up this Phase 1 money and we wouldn't expect  
24 to have some ex post facto consideration from the State by  
25 lease or otherwise. Phase 2 is a different matter. The cost  
26 of that -- I don't have these figures with me, but perhaps you

1 could help me, Mr. Ruiz. I believe it is something estimated  
2 in excess of \$1,600,000. Does that sound right?

3 MR. RUIZ: The figures haven't been finalized yet,  
4 Mr. Krueger. What Mr. Krueger is talking about now is purely  
5 preliminary. Our Board of Supervisors have approved this in  
6 principle, recognizing the details will have to be worked out  
7 in the future.

8 MR. HORTIG: Mr. Ruiz, will you identify yourself  
9 for the reporter?

10 MR. RUIZ: My name is Richard P. Ruiz. I am the  
11 Executive Assistant of David L. Baker, Supervisor of Second  
12 District, Orange County; and the resolution I brought with me  
13 represents the Board of Supervisors' approval in principle of  
14 the understanding, with the understanding that future agree-  
15 ments will have to be worked out.

16 MR. KRUEGER: The preliminary figures for Phase 2  
17 were approximately \$500,000. Huntington Harbour under para-  
18 graph D, page 10, of this memorandum agrees to put up  
19 \$492,000 to the cost of Phase 2. At the time of the writing  
20 of this instrument, that was determined to be the actual con-  
21 struction cost for Phase 2.

22 MR. SIROTY: The point I am concerned about is that  
23 there is no obligation on the part of the State to issue a  
24 lease to Huntington Harbour Corporation at this time.

25 MR. KRUEGER: Not at this time. I don't want to use  
26 the expression "short answer" too much; but the agreement to

1 agree is not a binding commitment, and that is all we have on  
2 the lease.

3 MR. SIEROTY: I wanted that to be clear on the  
4 record, so there would be no question about it. One more ques-  
5 tion that has to do with the highway. Has the suggested high-  
6 way in paragraph E-2 been worked out with Division of Highways?  
7 Has the Division of Highways recommended it?

8 MR. KRUEGER: I think Mr. Ruiz can answer that.

9 MR. RUIZ: I can't speak for the State Division of  
10 Highways, but they have been in on this particular program.  
11 They have more or less established an agreement with the Naval  
12 reservation and there is no real problem there.

13 MR. SIEROTY: Thank you.

14 MR. CHAMPION: Is there any further question on  
15 this matter? (No response) What is the pleasure of the  
16 Commission?

17 MR. CRANSTON: Is action necessary?

18 MR. CHAMPION: Yes.

19 MR. CRANSTON: I move that we approve and take the  
20 appropriate action.

21 MR. CHAMPION: Second. Is there any further discus-  
22 sion? (no response) Unanimously approved. Thank you very  
23 much.

24 8 -- Oil and Gas, and Mineral Extraction Leases:

25 (a) Authorization for Executive Officer to offer

26 3,420 acres tide and submerged lands in Orange County,

1 designated as W. O. 5080 (Parcel 20), for oil and gas lease.

2 (b) Authorization for Executive Officer to issue to  
3 A. G. Schoonmaker Company, Inc., a mineral extraction lease,  
4 pursuant to bid, for 905.423 acres submerged land in San  
5 Francisco Bay, Marin County.

6 (c) Authorization for Executive Officer to issue  
7 to A. G. Schoonmaker Company, Inc., a mineral extraction lease,  
8 pursuant to bid, for 126.33 submerged land in Suisun Bay,  
9 Contra Costa and Solano counties.

10 MR. CRANSTON: I move the authorizations be made.

11 MR. CHAMPION: Second. Yes?

12 MR. STEROTY: May I ask a question, Mr. Champion?  
13 Does this indicate that we are to receive sixteen cents per  
14 cubic yard for this fill material in San Francisco Bay?

15 MR. HORTIG: The bid amount with respect to the item  
16 appearing on page 29 -- the basic royalty will be .08; in  
17 addition to the .08 per cubic yard, another .0808 for all  
18 minerals -- which is slightly in excess of sixteen cents a  
19 cubic yard. This is correct.

20 MR. CHAMPION: Is there any further question? (No  
21 response). Stand approved unanimously.

22 Item 9 -- Approval of Maps: (a) Authorization for  
23 Executive Officer to approve and have recorded Sheets 1  
24 through 5 of 5 of maps entitled "Survey of the Mean High Tide  
25 Line Along the Shore of the Santa Barbara Channel, Vicinity of  
26 Ventura, Ventura County, California," dated June 1963.

1 MR. CRANSTON: I move authorization.

2 MR. CHAMPION: Second. Any question? (No response)

3 Stands approved, unanimously.

4 Confirmation of transactions consummated by the  
5 Executive Officer pursuant to authority confirmed by the Com-  
6 mission at its meeting on October 5, 1959.

7 MR. HORTIG: These actions consisted in their  
8 entirety of the extension of time periods for previously auth-  
9 orized geological and geophysical exploration permits issued  
10 pursuant to resolution of the Commission.

11 MR. CRANSTON: I move confirmation.

12 MR. CHAMPION: Second. Any questions? (No response)

13 Stand approved. Now we have a report of the status of major  
14 litigation? Is there any?

15 MR. HORTIG: Other than the tabulation which follows  
16 on pages 36 through 38, the significant feature is the fact  
17 that I think the case of the People versus City of Long Beach,  
18 which is the first case reported on, is an element in the Long  
19 Beach boundary determination as to the area of tideland grants.  
20 This case has been re-assigned; a preliminary meeting has been  
21 had with the judge, and a pretrial now has been set for April  
22 23rd of this year.

23 MR. CHAMPION: Let's move to Supplemental Item 25 --  
24 Unit Agreement, Unit Operating Agreement and related agreements,  
25 Fault Block V, Ranger Zone, Wilmington Oil Field, Los Angeles  
26 County. Will you speak to that, Mr. Hortig?

1 MR. HORTIG: Yes, Mr. Chairman. As the Commission  
2 will recall, the developed area of the Long Beach tidelands  
3 and the adjoining upland areas are separated into what are  
4 virtually individual operating entities, which are isolated  
5 generally one from the other by a series of faults, which  
6 make each fault block area an individual engineering, economic  
7 and operating problem. The Commission has heretofore approved  
8 agreements for unit operations of the tideland areas in con-  
9 junction with the adjoining upland areas for those lands con-  
10 tained within the boundaries of Fault Blocks II, III and IV,  
11 as they are identified by Roman Numerals on the maps before you.

12 The City of Long Beach has now submitted for  
13 approval -- pursuant to statute, approval by the State Lands  
14 Commission -- the necessary agreements to accomplish unit  
15 operations to maximum extent practicable for one zone, the  
16 Ranger Zone, which is the most productive zone within the  
17 area, within the geographic limits of Fault Block V. The  
18 documentation necessary thereto has all been reviewed by the  
19 Office of the Attorney General and has been found to be in  
20 the form in which the Commission can consider it for approval  
21 because of its correspondence with and fulfilling requirements  
22 of the statutes and findings which must be made by the State  
23 Lands Commission.

24 Hence, by reference to the resolutions which start  
25 on page 47, the findings are a series with respect to the  
26 documentation that has been submitted -- that the documents

1 as submitted do contain the findings by the City of Long  
2 Beach as required as a condition precedent in Section 6879 of  
3 the Public Resources Code; that the documents do involve tide  
4 and submerged lands which were granted with a mineral reserva-  
5 tion to the State; that the entered into agreement is necess-  
6 ary in order to prevent or alleviate subsidence and to insure  
7 maximum benefits and maximum returns from the oil operations  
8 within the area.

9 Therefore, the serial numbers are shown on pages  
10 47 through 50 as to the individual findings and recommended  
11 approval by the Commission, based on the statutory requirement  
12 that the Commission may approve if the Commission finds that  
13 the entering into and performance of such agreement is in  
14 the public interest, and that the unit operating agreements  
15 and the balance of the agreements comply with the applicable  
16 State law, and that they each in turn provide where applicable  
17 that any impairment of the public trust for commerce, naviga-  
18 tion or fisheries to which the granted lands are subject is  
19 prohibited.

20 MR. CHAMPION: This is our standard ....

21 MR. HORTIG: They are all standard. There is one  
22 other document in the series that does not relate to the  
23 Ranger Zone -- a hold harmless agreement, which would permit  
24 water injection into the tidelands without subjecting the  
25 tidelands operation to any hazard of liability by any reason  
26 of water going into the uplands. It appears that it might not

1 be economically feasible to inject any water on the uplands.  
2 Therefore, the uplands owners have agreed to release the City  
3 and State from liability, which liability could raise if we  
4 did not have this hold harmless agreement.

5 MR. CHAMPION: Is there any reason why we couldn't  
6 take a single action approving the authorizations to make  
7 the agreements?

8 MR. HORTIG: May I pass this to counsel?

9 MR. SANCHEZ: Mr. Chairman, I am Ernest Sanchez,  
10 special counsel for the State in this matter. There is no  
11 reason why it can't be done with a single approval. However,  
12 I would like the record to be clear on one point and that is,  
13 when it comes to the amendments to the three zone operating  
14 contracts that affect the contracts, Items G, H, and I, pages  
15 49 and 50 -- speaking of those three, the Commission approval  
16 of those resolutions is made pursuant to Section 6879 of the  
17 Public Resources Code, as well as Sections 7058 and 7051;  
18 and to comply as closely as possible with the literal require-  
19 ments of the statute, the Commission should recognize that  
20 these documents, like the other documents, contain a finding  
21 by the City of Long Beach that the amendments are necessary  
22 in order to increase the amount of oil and gas recoverable or  
23 prevent unreasonable waste, or possibly ameliorate subsidence;  
24 and that these documents, as well as the previous documents,  
25 contain a provision that impairment of the trust, if any,  
26 under which the lands are held is prohibited. That language

1 is not specifically recited in the form of the resolution, and  
2 the record should be clear that the approval of the Commission  
3 embraces these points.

4 MR. CRANSTON: Mr. Chairman, I recommend that the  
5 Commission approve all the recommendations submitted to us by  
6 staff, taking into consideration the advice of special counsel.

7 MR. HORTIG: Mr. Chairman, we have also now received,  
8 for the record, a signed stipulation in which both the City  
9 through its City Attorney and the State through the Attorney  
10 General's Office have agreed that none of the approvals in  
11 connection with the supplemental documents herein involved will  
12 be urged by either the State or City in the current boundary  
13 litigation; so this will not affect them.

14 MR. CHAMPION: I'll second, and Mr. Sieroty has a  
15 question.

16 MR. SIEROTY: I understand that the State and City  
17 will benefit to approximately \$15,000,000 greater than would  
18 be the case if we continued our present operations, under  
19 this unitized agreement. I'd like to ask one question . . . .

20 MR. CHAMPION: Is that \$15,000,000 each or do we  
21 split it?

22 MR. SIEROTY: I believe that's total.

23 MR. HORTIG: The tidelands will benefit to the  
24 total of fifteen million.

25 MR. SIEROTY: I'd like to ask the question as to  
26 what protection the City has for subsidence control in the

1 unit agreement.

2 MR. HORTIG: All the same protections that are  
3 currently applicable to tide and submerged lands under exist-  
4 ing statutes, or whatever will be provided by any subsequent  
5 statutes.

6 MR. SIEROTY: The City has indicated it is satis-  
7 fied with the subsidence control conditions under the  
8 agreement?

9 MR. HORTIG: The City does not relinquish under  
10 these unit agreements any subsidence control they now have  
11 in the operation of the field.

12 MR. CHAMPION: Is there any further question or  
13 comment? (No response) It has been moved. There being  
14 none, it stands unanimously approved.

15 Let's return - - Have the parties on 4(b) arrived?  
16 That's the Contra Costa County Public Works Department and  
17 their permit.

18 MR. HORTIG: Yes, I see Mr. Broatch now.

19 MR. CHAMPION: We will take that item up, then,  
20 Contra Costa County Public Works Department -- Permit to  
21 dredge approximately 200,000 cubic yards of material from  
22 bed of Suisun Point Channel in vicinity of Martinez Bridge,  
23 at charge of one cent per cubic yard for spoils deposition on  
24 privately owned lands.

25 We had a lengthy discussion on this at the February  
26 26th meeting, and this is a change in the recommendation of

1 the staff from three cents to one cent?

2 MR. HORTIG: That's correct, sir,

3 MR. CHAMPION: Would you like to be heard, sir?

4 MR. BROATCH: If I may, sir. Gentlemen of the  
5 Commission, my name is Broatch. I am Deputy Director of  
6 Public Works for Contra Costa County. I have a statement  
7 here, signed by Mr. E. A. Linscheid, Chairman of the Board  
8 of Supervisors of Contra Costa County, and I'd like to read  
9 it in the record. It is:

10 " Dear Mr. Champion:

11 We have received a copy of the agenda for the meeting  
12 of your Commission in Sacramento, California on March  
26, 1964.

13 Item 23 on this agenda indicates that the recommendation  
14 of your staff will be to charge \$0.01 per cubic yard for  
15 the spoils removed from the Emergency Suisun Point  
Channel Dredging Project.

16 We wish to again voice our objection to this charge.  
17 We are not now opposing generally the policy of the  
18 State Lands Commission, which is asserted to require  
assessment of charges for spoils deposited on private  
lands; we are objecting in this specific case because:

19 1. The Suisun Point Channel Project is an emergency  
20 job for the removal of a shoal obstruction which is a  
serious navigational hazard.

21 2. The disposal of spoils is a secondary, although  
important, consideration.

22 3. Physical factors, such as length of pipe line, nar-  
23 rowed down available sites to an extremely limited  
24 number; only one site owner, in the final analysis,  
25 was willing to assume liability, responsibility for  
the solution to engineering problems, and responsibil-  
ity for the cost of retention dikes -- which cost was  
\$75,000.

26 4. From the outset the U. S. Army Corps of Engineers

1 " represented to the County of Contra Costa that there  
 2 would be no charge for spoils to the owner of the dis-  
 3 posal site providing that the obligations mentioned in  
 3 above were assumed; all negotiations were conducted  
 on the basis of this representation.

4 5. There has been an apparent conflict between the  
 5 State Lands Commission and the U. S. Army Corps of Engi-  
 6 neers as to the rights of each in terms of the ownership  
 of spoils material removed from the "navigable channel."

7 Without attempting to establish a precedent, and con-  
 8 fining our objections to this one Emergency Project,  
 9 which obviously has unusual characteristics, we ask  
 10 that the nominal consideration of \$1.00 be fixed as  
 the charge to be assessed for the job; such action  
 appears to be within your authority and to fulfill  
 your responsibility as spelled out under Section 6303  
 of the California Public Resources Code.

11 Very truly yours,

12 /s/ E. A. Linscheid  
 13 E. A. Linscheid, Chairman  
 Board of Supervisors

14 cc: Colonel Robert E. Mathe, Corps of Engineers, Sacramento  
 15 Robert H. Langner, Secretary Northern California  
 Marine Affairs Conference  
 16 J.P. McBrien, County Administrator, County Public  
 Works Department

17 MR. BROATCH: (continuing) May I have this in the  
 18 record? Thank you very much, gentlemen.

19 MR. CHAMPION: Thank you, Mr. Broatch. Mr. Hortig,  
 20 do you wish to comment further on the subject? What, by the  
 21 way, is the total amount involved in one cent?

22 MR. HORTIG: To a maximum of 200,000 cubic yards  
 23 and one cent, we have \$2,000. If I may clarify for the Com-  
 24 mission a misunderstanding, as reported in item 5 by Mr.  
 25 Broatch in the letter from the Board of Supervisors, that  
 26 there appeared to be a difference of opinion as between the

1 U. S. Army Corps of Engineers and the State Lands Commission  
2 with respect to charging for the material -- no charge has ever  
3 been assessed on the U. S. Army Corps of Engineers; and prob-  
4 ably the best evidence of the fact that this is a continuing  
5 program appears on the Commission's agenda, on page 2 of your  
6 calendar, item 3(e). You have this morning approved a permit  
7 which was requested by and granted to the U. S. Corps of  
8 Engineers to dredge approximately 400,000 cubic yards of  
9 material, where this is being dredged by the U. S. Corps of  
10 Engineers in the enhancement and improvement of navigation  
11 and is being deposited on public lands which were made avail-  
12 able for the spoils deposition area -- not being deposited on  
13 privately owned lands. This is the distinction.

14 MR. CHAMPION: I think we have been over this mat-  
15 ter at some length at previous meetings. Have we had any  
16 further reports, or have there been any further discussions  
17 with the Army Corps of Engineers, where they felt we were  
18 here setting a bad precedent in any way or one that would  
19 affect their policy?

20 MR. HORTIG: We haven't had any specific discussion;  
21 but in every other instance where land has been removed here-  
22 tofore under Lands Commission permit, where application was  
23 made to deposit the spoils on privately owned lands, there  
24 has been a charge for such material.

25 MR. CHAMPION: What is the pleasure of the Commission?

26 MR. CRANSTON: I'll move approval.

1 MR. CHAMPION: I'll second. Is there any comment?

2 MR. SIEROTY: Just a comment -- not opposing the  
3 motion, but I think it should be made clear to the representa-  
4 tives of Contra Costa that they should not assume that this  
5 policy is going to be continued so far as additional removals  
6 of spoils. The three-cent charge, I thought, was a reasonable  
7 one in the beginning. Contra Costa made representations to a  
8 private landowner and I think the State is trying to be gener-  
9 ous in backing up the County in this situation.

10 We have issued permits at sixteen cents and eight  
11 cents and six cents, and certainly the price we are talking  
12 about is very reasonable. The problem we see is that these  
13 spoils are going on private lands, which are being enhanced.  
14 The value of these lands are being enhanced considerably by  
15 these spoils, and I think the Commission feels some responsi-  
16 bility along these lines; and I would just not like Contra  
17 Costa to assume that they will continue to receive spoils at  
18 this price.

19 MR. CHAMPION: Is there anything further on this  
20 subject? (No response) It having been moved and seconded,  
21 the commendation of the staff is unanimously approved.  
22 That concludes the other items on the agenda.

23 MR. HORTIG: There is the one we were holding for  
24 Senator Rattigan.

25 MR. CHAMPION: Does anyone know if Senator Rattigan  
26 is going to appear on that subject?

1 MR. HORTIG: Representatives of Associated Dredging  
2 are with us.

3 MR. CHAMPION: Do you know whether the appearance  
4 of Senator Rattigan is still scheduled? We have another mat-  
5 ter, and we can defer it still further if there is any advan-  
6 tage to do so.

7 VOICE: I haven't heard.

8 MR. CHAMPION: Let's proceed. Could someone find  
9 out definitely, so we could move on with that?

10 The other matter before the Lands Commission this  
11 morning, not on the agenda, concerns Assembly Bill (I think  
12 it is 132) involving the Long Beach tidelands, which has  
13 been set for hearing this afternoon in Ways and Means; and  
14 while I have been involved at the request of that committee  
15 in discussions with Long Beach as to possible compromise  
16 agreements and have testified concerning those in executive  
17 session of the Joint Committee on Tidelands of the Legislature,  
18 I have done this in my capacity as Director of Finance rather  
19 than as Chairman of the State Lands Commission.

20 As Director of Finance, it was my intention to sug-  
21 gest certain amendments to A.B. 132 at the meeting this after-  
22 noon, and I thought it proper at this time to bring those to  
23 the Lands Commission for their consideration as to whether  
24 this should be a policy of the Commission, or whether they  
25 simply want this to remain on the basis it has been in the  
26 past. I think during the period of negotiations it is very

1 difficult to operate as a Commission, but we now have an  
2 actual piece of legislation before us and we have been work-  
3 ing on a number of amendments, many of which grew out of our  
4 discussions with the representatives of the City of Long  
5 Beach.

6 This by no means implies their approval -- just a  
7 submission of the bill that grew out of those discussions,  
8 which by no means implied our approval. I am going to ask  
9 Mr. Hortig at this time to outline -- not in great detail,  
10 but the basic amendments, and see whether the Lands Commis-  
11 sion itself would like to take a policy position on this;  
12 and also, if for no other purpose, to inform the Lands Com-  
13 mission as to what my present recommendations have been.

14 Would you proceed, please, Mr. Hortig?

15 MR. HORTIG: Mr. Chairman, in order of their prob-  
16 able appearance within the framework of Assembly Bill 132, .  
17 amendments would be proposed for consideration, first, at  
18 line 3, page 3 of Section 2 of the bill which you have before  
19 you, which relates to and requires .....

20 MR. CHAMPION: Mr. Hortig, I think nobody here is  
21 trying to amend the bill.

22 MR. HORTIG: This is the shortest form...

23 MR. CHAMPION: I want to keep this to the principal  
24 matters.

25 MR. HORTIG: We will stick to the subject matter  
26 rather than the verbiage on all subsequent amendments, but

1 in this instance it is necessary to refer to the bill -- to  
2 require that production should be for the maximum benefit  
3 and profit of the State of California and the City of Long  
4 Beach; it has been suggested that this be amplified to in-  
5 clude what the Lands Commission has heretofore indicated --  
6 the necessity of such language which might read: "... con-  
7 sistent with public policy with relation to the prevention  
8 of monopolies."

9 The second amendment in order of appearance would  
10 be to provide, in lieu of what is now provided in Section 4  
11 of the bill, which would yield to Long Beach it is estimated  
12 between \$293 and \$335 million dollars -- in lieu thereof,  
13 to provide a financial schedule which would accrue to the  
14 State; and a sum total of approximately \$165 million dollars,  
15 representing the maximum amount that has been justified for  
16 the record in terms of needed and applicable and qualified  
17 shoreline development programs as reported by the City, to  
18 Long Beach

19 MR. CHAMPION: I might add this figure represents  
20 no recognition of Harbor improvements. This would remove the  
21 whole subject of Harbor improvements as a proper expenditure  
22 of these funds.

23 MR. HORTIG: And it would be proposed to amend  
24 Section 6 of the proposed bill, A.B. 132, relating to ex-  
25 penditures, to provide a mechanism whereby the expenditure of  
26 the \$165 million dollars would be subject to review and

1 approval by the State Lands Commission pursuant to master  
2 plans which had been filed by the City of Long Beach relative  
3 to their proposed shoreline development -- again outside the  
4 Harbor District, as the Chairman just noted.

5 Section 7 of the bill as drafted proposed to estab-  
6 lish by legislation a boundary of the Long Beach tidelands  
7 and a very substantial effect of this would be the elimination  
8 of the boundary litigation which is currently on file, with-  
9 out any compensation or compromise as to the values which  
10 might be recovered by the State under that boundary litigation.  
11 Therefore, it is suggested that this definition of a boundary  
12 be deleted by amendment from the bill, and the question of  
13 boundary determination be determined by the court, as it is  
14 already underway as a pending litigation.

15 These, Mr. Chairman, then, with exception of  
16 appropriate clarification of the vast field of subsidence  
17 control, would constitute the proposed amendments. The pro-  
18 posed clarification of subsidence control would be to provide  
19 a mechanism for assurance that the determination as to the  
20 necessity for subsidence control would be in the hands of  
21 the City of Long Beach on any proposal to conduct operations  
22 alleged to be or found to be necessary, felt to be necessary  
23 for subsidence control. These programs or plans would be sub-  
24 ject to review by the State Lands Commission. On a finding  
25 of the State Lands Commission that the program was reasonably  
26 necessary for subsidence control, the program would be

1 implemented by the City. On a finding that there was serious  
 2 question as to the reasonable necessity and a finding of a  
 3 question by the Lands Commission and a determination by the  
 4 City that the program still was necessary, the matter would  
 5 be referred to a third party arbitrator -- again not to deter-  
 6 mine the economic necessity, but only whether there is any  
 7 reasonable basis for invoking the operation for subsidence  
 8 control, in which event it would be implemented.

9 MR. CHAMPION: I would like to add two points,  
 10 because of the complication of this problem: One is that  
 11 Long Beach could act on its own initiative and proceed while  
 12 any review process was going on; and, secondly, in the ulti-  
 13 mate determination in the review process by an arbitrator,  
 14 the burden would be on the State to show that there was no  
 15 reasonable ground for this action in the area of subsidence.

16 (Lt. Governor Anderson returned to meeting)

17 MR. CHAMPION: (continuing) It is only the purpose  
 18 to have the State participate in some way in the determination  
 19 of whether a subsidence measure is, in effect, a subsidence  
 20 measure instead of something else. Without some language of  
 21 this kind, anything could be done and could be labeled a sub-  
 22 sidence measure by Long Beach and there would be no State con-  
 23 trol. This element is intended to provide that ultimate  
 24 third party determination if the State should question that  
 25 this is, in fact, a subsidence measure, a reasonable subsid-  
 26 ence measure; and the entire burden of proving that it is not

1 is on the State, and the measures go forward unless there is  
2 some ultimate final determination by that third party that  
3 it is not reasonable. In other words, it is not the inten-  
4 tion to have the State intrude in the subsidence process.  
5 It is a measure designed to have the State be able to have  
6 an arbitrator decide whether something is or is not a sub-  
7 sidence control. Otherwise, the whole operation could be  
8 completely controlled simply by saying it is subsidence con-  
9 trol; and this is to give the State ability to question that.

10 MR. HORTIG: If I may add a third item -- This  
11 could also be of advantage to the City of Long Beach in terms  
12 of having independent support for their determination against  
13 some other party who might feel that it might not be subsid-  
14 ence control.

15 MR. CHAMPION: Unfortunately, Governor, we have  
16 been on this subject and Mr. Hortig has almost completed his  
17 review.

18 MR. HORTIG: Those are the proposed amendments for  
19 consideration.

20 MR. CHAMPION: Now, I'd like to say one other  
21 thing with respect to these amendments and that is, as I  
22 said at the outset, these were drafted after long discussion  
23 with the City of Long Beach, as was the bill, A.B. 132; and  
24 they obviously represent points of view on which we said we  
25 had some difference and they would have to be settled through  
26 the legislative process. These amendments really provide the

1 other side of what was presented in A.B. 132 and it is in this  
2 area we feel the Legislature has to make the decision. In the  
3 interest of compromise, it is understood that there probably  
4 is going to be some movement between these two positions. It  
5 was my personal feeling, and this was the question I was  
6 bringing to the Lands Commission, that this other question  
7 should be put as concretely as the other side of these nego-  
8 tiations was put into A.B. 132 -- to present to the Legisla-  
9 ture these two views, which have come much closer together  
10 than they were before the negotiations started. I think we  
11 made a good deal of progress and some of the things in A.B.  
12 32 represent specific agreement; some of the things here  
13 represent some agreement; but it was here we were unable to  
14 reach final agreement.

15           The provisions in A.B. 132 represent one side of  
16 the matter; the amendments represent the other side of that  
17 matter. It is in that spirit that I am offering these to the  
18 Lands Commission. If they want to adopt them as policy, as  
19 Chairman of the Lands Commission, as well as Director of  
20 Finance, I would represent them.

21           MR. HORTIG: (To Gov. Anderson) It would be proposed  
22 to add the requirement that the operations be conducted at  
23 maximum profit consistent with public policy relative to the  
24 prevention of the forming of monopolies.

25           GOV. ANDERSON: Now, then, what about the operational  
26 control?

1 MR. HORTIG: Operational control would be included  
2 for normal field operations under approval and directions of  
3 the State Lands Commission; subsidence control under the  
4 initiative of the City, but subject to State Lands Commission  
5 review -- and in the event of difference of opinion, for refer-  
6 ence to a third party arbitrator.

7 GOV. ANDERSON: Would that eliminate the present  
8 impasse, where we always have a feeling we are presented with  
9 a deadline?

10 MR. HORTIG: That would be a mechanical problem  
11 which we could probably handle better under the proposed  
12 language than we have been able to in the past. This would  
13 be a matter of inter-staff cooperation more than necessary  
14 legislation.

15 MR. CHAMPION: I'd like to speak to that. I think  
16 there was general agreement in this operational area; we  
17 understood each other pretty well. What would facilitate it --  
18 we would have people working with Long Beach in their day-to-  
19 day operations and control. We would have them there in  
20 constant communication.

21 GOV. ANDERSON: This has been constant pressure on  
22 our part. Where we don't act favorably, we would be holding  
23 it up. The first times we went along with it. After that  
24 we got tired of it. Are they aware of this?

25 MR. CHAMPION: I think so. When they got to us,  
26 they had to have rapid action and we weren't prepared to

1 give them action, This is a better base. We would have an  
2 early warning.

3 GOV. ANDERSON: What about the boundary?

4 MR. HORTIG: This would be eliminated by eliminating  
5 the definition of the boundary entirely.

6 GOV. ANDERSON: I think those were the three I was  
7 primarily concerned with, weren't they, Alan?

8 MR. SIEROTY: Yes.

9 MR. CHAMPION: Is there anyone who would like to  
10 speak further to these matters of policy with respect to  
11 A.B. 132? (No response) What is the pleasure of the  
12 Commission?

13 MR. CRANSTON: I move that we approve the amendments  
14 that have been proposed by the Chairman.

15 GOV. ANDERSON: I'll second that.

16 MR. CHAMPION: Is there anything further -- any  
17 questions or comment? (No response) They will stand unani-  
18 mously approved and they will be presented to the Assembly  
19 Ways and Means Committee by Mr. Hortig as proposed amendments  
20 to A.B. 132.

21 MR. CRANSTON: I would like to also move that we  
22 go on record as supporting the bill with these amendments.

23 GOV. ANDERSON: Well, I will second that, but that  
24 doesn't imply that we will support it without them.

25 MR. CRANSTON: No.

26 GOV. ANDERSON: In other words, we make it very clear.

1 MR. CHAMPION: It has been moved and seconded that  
2 we support the bill with these amendments included. Is there  
3 any question on that. (no response) Unanimously approved.

4 MR. HORTIG: Associated Dredging is here. The  
5 report is Mr. Shannon will not be here. However, a Mr.  
6 Howard Leach is in the audience, representing Fish and Game;  
7 as for Senator Rattigan, my secretary is trying to locate  
8 him and standing by for the report.

9 MR. CHAMPION: I think we will have to proceed  
10 with the item at this stage of the game, and that is Item  
11 4(a) Associated Dredging Company -- 15-year lease 30,627  
12 acres tide and submerged lands of Petaluma River, Sonoma  
13 County, to create two basins for company equipment. Annual  
14 rental, \$1,419,26. Issuance of lease opposed by Marin Rod  
15 and Gun Club, Inc., and by Department of Fish and Game.

16 Now, I assume representatives of both parties  
17 are here. Do you wish to say anything before they make  
18 their presentations?

19 MR. HORTIG: The application has been in process  
20 for almost two years in the State Lands Division, in the  
21 hopes of being able to arrive at an amicable settlement as  
22 to how the operation might be conducted without objection --  
23 which resolution having not been reached up to this date,  
24 the applicant requested that this item be calendared for  
25 hearing before the State Lands Commission, so that they

26 (Mr. Cranston left meeting)

1 can be informed positively or negatively that they are going  
2 to have a lease. Under these circumstances, the basis for  
3 the lease and the need for the lease can be explained most  
4 briefly by the representatives of Associated Dredging Company,  
5 who are here this morning.

6 MR. GARDINER: Gentlemen, my name is Gardiner,  
7 Samuel Gardiner, attorney in San Rafael. I can't conceive of  
8 any substantial opposition to this lease. Associated Dredging  
9 is presently operating in Sausalito. They are required to move  
10 from their present location. They can't very well operate in  
11 their new location unless they have access to water. The  
12 primary purpose of the lease is to provide them access to  
13 water, since they now have upland property on which I have  
14 negotiated a lease.

15 This lease -- I might say there are two or three  
16 extremely interesting facets of this thing. In the first  
17 place, they may not be within the jurisdiction of the State  
18 Lands Commission. There has been considerable controversy on  
19 the boundaries of the area. We made a survey in 1952, which  
20 indicated it was not within the jurisdiction -- that it was  
21 accreted land.

22 I would assume you would like to assume complete  
23 control, and if you have your own lease you will be able to  
24 control it. These people are willing to go along with what-  
25 ever kind of lease you would approve. I assume the survey of  
26 1860 has been adopted; a survey was made in 1952 indicating

1 it was private land; a resurvey was made in 1960 -- I am not  
2 sure how it will end up.

3 MR. CHAMPION: Who would be the private owner?

4 MR. GARDINER: Mr. Halperin is here. He and his  
5 associates have the upland land. I don't wish to debate that  
6 thing. I just say it seems to me, no serious damage is being  
7 done -- it is to the State's interest to have your own lease.  
8 As far as Fish and Game is concerned, I am sure there is no  
9 one in this room who is not interested in the preservation of  
10 wildlife. I do a great deal of that myself.

11 MR. CHAMPION: Do you preserve it, Mr. Gardiner?

12 MR. GARDINER: I do; I generally freeze mine. I  
13 say this is a phantom issue. The accretion that has occurred  
14 is such that there can be no substantial fish life in this  
15 area; there can be no substantial bird life in this immediate  
16 thirty-acre parcel. I say it is a phantom issue.

17 It is impossible for these people to operate without  
18 access to water. They have to have access somewhere, unless  
19 you want to put them out of business. The nominal amount of  
20 fish in the accreted area is so small that it is not worth  
21 talking about.

22 Now I am talking in rebuttal, as a matter of fact.  
23 I suppose you should hear from the Fish and Game Commission.

24 MR. CHAMPION: Will the representatives from the  
25 Fish and Game Commission come forward? This is the Department  
26 of Fish and Game, rather than Fish and Game Commission?

1 MR. LEACH: Yes. My name is Howard Leach and I am  
2 in the Water Projects Branch of the Department of Fish and  
3 Game. I am here to represent our director, Walter Shannon,  
4 in regards to the application of the Associated Dredging Com-  
5 pany of Sausalito for a lease of a thirty-acre parcel of  
6 tide and submerged lands at the mouth of the Petaluma River.

7 The Department of Fish and Game has formerly recom-  
8 mended that the State Lands Commission not issue a permit to  
9 the Associated Dredging Company in these thirty acres of tide-  
10 lands in respect to a development they propose, and we did  
11 this in a letter of January 31, 1964 directed to Mr. H. E.  
12 Palmer, State Lands Division, Los Angeles. Earlier -- in fact,  
13 two years ago, in October, October 21, 1963 -- the Department  
14 of Fish and Game requested that the Army Corps of Engineers  
15 deny to the same company a permit to dredge in the same State  
16 lands as described in Public Notice 6429. Earlier in that  
17 month, October 8, 1963, U. S. Fish and Wildlife expressed to  
18 the Army Corps of Engineers a protest to the granting of said  
19 permit.

20 Our protests, we believe, are well founded. The  
21 Department of Fish and Game is vitally concerned with the  
22 future of San Francisco Bay, once one of the most outstanding  
23 scenic areas of the world. Tidelands are disappearing at an  
24 alarming rate and if the prognosis of the Bay area is true,  
25 then we can only view with great alarm the disappearance of  
26 the tidelands.

1 MR. CHAMPION: Mr. Leach, may I interrupt? We have  
2 a matter of great importance currently before the legislature  
3 on this general problem of the tidelands. Could we restrict  
4 this to the issue?

5 MR. LEACH: Our concern for this thirty acres is  
6 really our concern in the whole question of the tidelands and  
7 we are well aware of this nibbling of small parcels of tidelands  
8 which will destroy the tidelands. This particular thirty acres  
9 of State-owned land, which apparently will be filled in with  
10 some 291,000 cubic yards of material dredged from the Petaluma  
11 River, destroys an irreplaceable wet lands.

12 MR. CHAMPION: Let me ask you: When you say they  
13 destroy the wet lands, what benefits are there in the present  
14 wet lands, taking into consideration Mr. Gardiner's assertion  
15 about accretion and the fact this does not have any benefit  
16 either to fish or wildlife?

17 MR. LEACH: We undoubtedly would take issue with  
18 this because tidelands are vital, are vital to the area in the  
19 Bay area.

20 MR. CHAMPION: I am speaking to these tidelands,  
21 to this particular parcel. Do they themselves participate in  
22 the general benefit to fish and wildlife of the whole of the  
23 Bay area, or is this a separate and distinct question? Is  
24 there any benefit here, even as part of an over-all situation  
25 as far as fish and wildlife are concerned specifically?

26 MR. LEACH: Specifically, yes, I would definitely

1 say so because even though this acreage amounts to only thirty  
2 acres, they are utilized by hundreds of thousands of shore  
3 birds; different varieties of animal life frequent them  
4 seasonally.

5 MR. CHAMPION: And would not do so if they are  
6 filled?

7 MR. LEACH: That's our statement.

8 MR. CHAMPION: What about the rate of accretion?  
9 Would the rate of accretion do naturally what we are supposed  
10 to do officially? I gather that was the point of your testi-  
11 mony, Mr. Gardiner. I'll give you an opportunity to speak,  
12 Is there anything further on this matter, Mr. Leach?

13 MR. LEACH: I might have one thing to say and that  
14 is the fact that the Department of Fish and Game in our  
15 regional office are in a two-year study, in which they are  
16 documenting the State lands and the importance of these lands  
17 to wildlife. Unfortunately, we haven't got it completed.

18 MR. CHAMPION: Thank you, Mr. Leach. Is there  
19 anyone else who wishes to be heard?

20 MR. HORTIG: Mr. Chairman, if I might supplement  
21 the record, first, particularly because of Mr. Leach's refer-  
22 ence to the objection by the Department of Fish and Game  
23 filed with the U. S. Army Corps of Engineers asking that a  
24 permit not be accorded for this filling: The United States  
25 Corps of Engineers did, on December 30, 1963, grant such permit.

26 MR. CHAMPION: Let me ask you this question: What

1 is your opinion of this accretion question?

2 MR. HORTIG: The accretion would be much slower;  
3 but necessarily, because of the very nature of the area,  
4 deposition of the Petaluma River ultimately would accumulate  
5 additional filled land in this area by natural processes.  
6 would be accomplished much more rapidly by the artificial  
7 processes proposed by our applicant.

8 Additionally, I should note for the Commission's  
9 record the receipt from the Marin Rod and Gun Club of a tel-  
10 gram, and I quote:

11 "The Marin Rod and Gun Club with a membership  
12 with over 2,000 members wishes to go on record  
13 as being opposed to the issuing of the permit  
14 to dredge and fill the state-owned tidelands  
near the mouth of Petaluma Creek Sonoma County  
California.

15 Marin Rod and Gun, Paul B. Ware "

16 MR. CHAMPION: Yes, Mr. Gardiner?

17 MR. GARDINER: I just want to add one brief thing  
18 what was said a moment ago, and that is, the net usable fish  
19 and wildlife area will be greater, if this occurs, in fifty  
20 years than if a similar procedure goes on naturally. If this  
21 occurs, at least a substantial portion of it will be waterway.  
22 a substantial portion will be filled. I would say the net  
23 would be better.

24 MR. CHAMPION: What is your view of that? Has the  
25 staff discussed this beyond the Department of Fish and Game?

26 MR. HORTIG: Definitely. Of course, the problem of

1 what the net effect is going to be and whether there is a bal-  
2 ance on one side or the other depends on how many construction  
3 projects, dredging projects to provide for additional water-  
4 ways, are actually undertaken and completed. In the view of  
5 Associated Dredging, the project they see on the horizon, this  
6 is a reasonable expectation as it has been outlined by Mr.  
7 Gardiner.

8 MR. CHAMPION: Is there anything further to be said?

9 GOV. ANDERSON: Have you had any indications from  
10 Senator Rattigan? I know he was supposed to be here.

11 MR. HORTIG: Senator Rattigan cannot get here.

12 GOV. ANDERSON: Has he left any views on this, be-  
13 cause several times when I have been down in his county he has  
14 gone out of his way to discuss this whole problem of waterways  
15 in Sonoma County, and I would like to hear his views.

16 MR. HORTIG: From the County standpoint there is  
17 support, because Sonoma County Industrial Development Board  
18 wrote.

19 MR. CHAMPION: I hardly think they speak for Senator  
20 Rattigan. Do you have any indication from Senator Rattigan?

21 MR. HORTIG: We do not; but the Planning Director  
22 of Sonoma County has advised by letter that this area is an  
23 unclassified district and that the use proposed is permitted.  
24 They neither underwrote it nor objected.

25 MR. SIROTY: May I ask whether Associated Dredging  
26 Company has had negotiations or conferences with the Department

1 of Fish and Game to work out something in this area?

2 MR. GARDINER: I would be surprised if they had.

3 MR. CHAMPION: I am a little concerned on what you  
4 could work out in a subject as general as this.

5 MR. SIEROTY: I spoke to Mr. Shannon yesterday and  
6 I thought he would be here today to express the viewpoint he  
7 thought maybe there was a possibility, either by reducing the  
8 area or some other way, of providing an agreement between  
9 these two interests.

10 MR. CHAMPION: Is Mr. Leach still here? Did Mr.  
11 Shannon speak to you at all of this, or are you authorized to  
12 discuss that subject at all?

13 MR. LEACH: Yes, Director Shannon did imply he would  
14 entertain an idea of talking to these people and discussing  
15 the nature of their problem, and very likely in the discussion  
16 the issue could be resolved.

17 GOV. ANDERSON: How could it be resolved?

18 MR. LEACH: One thing we are vitally concerned with  
19 is not only the tidelands, but access of the public to the  
20 tidelands. Certainly, we feel the filling in of this thirty-  
21 acre parcel by a private party under lease would destroy for  
22 a time, at least, the access of the public to these lands.  
23 Certainly we would not be agreeable or amenable to that solu-  
24 tion.

25 GOV. ANDERSON: How would that affect fish and  
26 wildlife?

1 MR. LEACH: How would it affect - - It would only  
2 affect the use. The public has access to wildlife to hunt  
3 and fish. Obviously, on this land, the opportunity for this

4 GOV. ANDERSON: You mean while dredging is in opera-  
5 tion the areas would be kept closed to the public?

6 MR. LEACH: No -- after it would be completed.

7 GOV. ANDERSON: I had an idea after the project  
8 would be completed most of the wildlife would be destroyed?

9 MR. LEACH: This is what we would like to find out.

10 GOV. ANDERSON: Why would you want the public to  
11 have access if wildlife is destroyed? I don't follow this.

12 MR. LEACH: The only knowledge we have is we received  
13 the public notice, and we would like to discuss with these  
14 people the nature of their dredging, the extent of their  
15 dredging, where they are taking their fill material, and the  
16 nature of their filling in.

17 MR. CHAMPION: Have you made any attempt to do so  
18 since this item was first called to your attention?

19 MR. LEACH: No sir, it was called to our attention  
20 yesterday.

21 GOV. ANDERSON: Was yesterday the first time this  
22 item was called to your attention?

23 MR. LEACH: Of the hearing.

24 GOV. ANDERSON: How about the item itself?

25 MR. LEACH: The item itself -- we lodged our protest  
26 in January with the Lands Division.

1 MR. CHAMPION: Outside of your protest, you never  
2 discussed it with the party to get exact knowledge of his  
3 project?

4 MR. LEACH: Not to my knowledge.

5 MR. CHAMPION: It would seem to me that would be  
6 the initial setup.

7 GOV. ANDERSON: Yes, but it is also our part to make  
8 sure there is some contact back and forth on something as im-  
9 portant to all of us as wildlife.

10 MR. CHAMPION: Is there anything further, Mr. Leach?

11 MR. LEACH: No, sir.

12 MR. CHAMPION: Mr. Gardiner?

13 MR. GARDINER: The only further thing I would add is  
14 that filed with the application, of course, was a diagram indi-  
15 cating the kind of development. That diagram indicates more  
16 than thirty per cent of the acreage would be dredged. There  
17 is no secret of the kind of development planned. I submit  
18 on thirty acres which are largely accreted, if you are going  
19 to dredge out fifteen, you are going to increase the net total  
20 waterways.

21 (Mr. Cranston returned to meeting)

22 GOV. ANDERSON: Up until this meeting you have had  
23 no further contact?

24 MR. GARDINER: Yes, sir.

25 GOV. ANDERSON: Frank, I am a little confused.

26 When we have a protest like this since January, what do we do --

1 just let it hang there?

2 MR. HORTIG: We continue to discuss with the divi-  
3 sion as to whether or not they can resolve their problem on  
4 the protest. As of October 28, 1963, for example, we were  
5 furnished copies of discussions which the Department of Fish  
6 and Game and the U. S. Fish and Wildlife Service had had on  
7 this very problem and which they had referred to the District  
8 Engineer.

9 GOV. ANDERSON: With this company?

10 MR. HORTIG: No sir, between themselves as to the  
11 proposed operation by this company, which discussions they  
12 furnished to the U. S. Corps of Engineers as a basis for not  
13 issuing the dredging permit; but the Army Corps of Engineers,  
14 on evaluation, proceeded and did issue the dredging permit.

15 GOV. ANDERSON: I would think that there should be  
16 a contact between the applicant and our Division to work out  
17 some of these things that might be worked out. Again, until  
18 we get it in front of us, the public access is one thing.....

19 MR. HORTIG: I would agree with you, and we had  
20 assumed -- obviously not a correct assumption -- that Fish  
21 and Game having protested and, as I understood, having involved  
22 the U. S. Fish and Wildlife, in a three-corner discussion with  
23 the U. S. Corps of Engineers, that they had discussed this  
24 operation with the applicant.

25 GOV. ANDERSON: Had the applicant been advised of  
26 the Fish and Game protest?

1 MR. HORTIG: Yes, sir.

2 GOV. ANDERSON: Had it been suggested they get in  
3 touch with them?

4 MR. HORTIG: Not in so many words. The logical assump-  
5 tion would be that Fish and Game would be contacted because of  
6 the protest.

7 MR. CHAMPION: I see Senator Rattigan has arrived,  
8 Senator, would you care to speak on this subject at all?

9 SENATOR RATTIGAN: Thank you, Mr. Chairman. Since  
10 I did just arrive, I have to ask: Is this the dredging com-  
11 pany application?

12 MR. CHAMPION: Yes. Both parties have made their  
13 presentations and the present discussion revolves around the  
14 fact that apparently there has never been a direct discussion  
15 between the Department of Fish and Game and the dredging com-  
16 pany on a resolution. There has been some suggestion from  
17 Fish and Game that something might be worked out, although it  
18 is pretty cloudy how it could be worked out.

19 SENATOR RATTIGAN: That goes directly to what I had  
20 hoped might materialize. As a matter of record, there is a  
21 complete conflict between the applicant and the Department of  
22 Fish and Game. When I received the notice of this hearing  
23 which referred to two pieces of correspondence, I obtained  
24 copies of the correspondence from the Department of Fish and  
25 Game, one of which sets forth its objections -- which, on  
26 their face, appear to me to be very well taken; and it occurred

1 to me that perhaps they could discuss the matter and arrive  
2 at a mutually acceptable solution.

3 I certainly don't want to contribute to delaying it  
4 but insofar as it involves my district, we have a very import-  
5 ant set of commercial assets on one side and a very valuable  
6 recreational interest on the other.

7 MR. CHAMPION: Let me ask Mr. Gardiner -- Is there  
8 any pressing reason why we should <sup>not</sup> delay this until such  
9 conversations take place?

10 MR. GARDINER: I don't see any reason why it can't  
11 be done. As you indicated a while ago, the room for negotia-  
12 tion doesn't seem to be very good. The nature of this devel-  
13 opment is pretty clear. Actually, we have assumed this is  
14 simply a part of the whole Fish and Game and Conservation  
15 opposition to development of the tidelands. We didn't think  
16 there was any point in contacting them.

17 MR. CHAMPION: I think in light of the discussion  
18 this morning it might be. We are not going to try to set a  
19 new policy for the State of California ourselves, but if  
20 there is any possible compromise that can be made, we would  
21 like to see it.

22 MR. GARDINER: Is the representative of Fish and  
23 Game here?

24 MR. LEACH: Yes.

25 MR. GARDINER: I'd like to know if they have any-  
26 thing in mind. We might as well discuss it. If they are

1 going to oppose it, we might as well get it over.

2 MR. CHAMPION: I think the indication from Mr.  
3 Shannon is they might, and we would like to defer it for one  
4 month in order to see if anything might be done.

5 MISS HILTON: Gentlemen, I might point out to you  
6 the reason under which Fish and Game was contacted comes under  
7 Section 6818, Public Resources Code: "All applications to  
8 the Commission \*\*\*\*\* for depositing thereon or removal there-  
9 from of any material shall be submitted by the Commission to  
10 the Director of Natural Resources to make an examination and  
11 report concerning possible interference with the recreational  
12 use of lands littoral to the tidelands or submerged lands in-  
13 volved in such application. \*\*\*\*\* Should it be found by the  
14 Commission that the action proposed in any such application  
15 would unreasonably interfere with the maintenance or use of  
16 the lands involved for recreational purposes or protection of  
17 shore properties, such application shall not be granted unless  
18 modified in a manner which may avoid such interference."

19 That's the standard that they are seeking -- the  
20 recreational purpose or protection of the shore property.

21 MR. CRANSTON: Mr. Chairman, I move the matter go  
22 over one month, with the hope expressed by the Commission  
23 that the parties will negotiate at once.

24 MR. CHAMPION: I think what was said here provides  
25 a clue to this -- the matter of public access, the matter of  
26 anything specific as being of damage to fish and wildlife.

1 I don't think there is anything of record. Perhaps this  
2 matter of public access might be discussed.

3 MR. GARDINER: We will discuss it with them.

4 GOV. ANDERSON: I'll second it.

5 MR. CHAMPION: Any further question or comment?

6 (No response) The motion stands approved unanimously.  
7 Anything further to come before the Commission.

8 MR. HORTIG: Confirmation of the next meeting, which  
9 should be Wednesday, April 29th, ten o'clock, in Sacramento.  
10 It has been cleared with all your individual calendars.

11 MR. CHAMPION: That, then, will be the time and  
12 place of our next meeting.

13  
14 ADJOURNED 11:50 a.m.

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CERTIFICATE OF REPORTER

1  
2  
3 I, LOUISE H. LILLICO, reporter for the Office of  
4 Administrative Procedure, hereby certify that the foregoing  
5 fifty pages contain a full, true and correct transcript of the  
6 shorthand notes taken by me in the meeting of the STATE LANDS  
7 COMMISSION held at Sacramento, California, on March 26, 1964.

8 Dated: Los Angeles, California, April 7, 1964.

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10 Louise H. Lillico  
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