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TRANSCRIPT OF
MEETING
of

STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA
June 24, 1964

PARTICIPANTS:

THE STATE LANDS COMMISSION:

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

Mr. F. J. Hortig, Executive Officer

APPEARANCES:

(In the order of their appearance)

Mr. Harold Lingle, Deputy City Attorney,
City of Long Beach

Mr. Sheldon E. Medall, representing
Doctor Richard Merriam

Mr. Richard H. Davidson, Game Management
Supervisor, California Department
of Fish and Game

Mrs. George D. La Moree

Mr. Arthur O. Spaulding, Petroleum Administrator,
City of Los Angeles

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 Call to order | | | |
| 2 PERMITS, EASEMENTS, AND RIGHTS-OF-WAY, NO FEE: | | | |
| (a) Shell Oil Company | 34 | 1 | 1 |
| (b) State of Calif., Dept. Water Resources | 24 | 3 | 1 |
| 3 PERMITS, EASEMENTS, RIGHTS-OF-WAY, LEASES -- FEE | | | |
| (a) Alamitos Bay Yacht Club | 26 | 4 | 1 |
| (b) Lake County Bd. of Superv. | 10 | 5 | 2 |
| (c) Pacific Gas & Elec. Co. | 36 | 6 | 2 |
| (d) Margie & Ben Rizzio | 8 | 7 | 2 |
| (e) Frances M. Smith | 16 | 8 | 2 |
| (f) Grant W. Squire | 17 | 9 | 2 |
| (g) United States of America | 9 | 10 | 2 |
| (h) Phillips Petroleum Co. | 5 | 11 | 2 |
| (i) Richfield Oil Corp. | 27 | 13 | 3 |
| (j) Shell Oil Company | 33 | 15 | 7 |
| (k) Shell Oil Company (1) | 20 | 16 | 7 |
| (2) | 21 | 17 | 7 |
| (3) | 22 | 18 | 7 |
| (4) | 23 | 19 | 7 |
| (l) Standard Oil Company | 1 | 21 | 7 |
| (m) Tidewater Oil Company | 11 | 22 | 7 |
| (n) Tidewater Oil Company | 23 | 23 | 7 |

continued

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

| <u>ITEM CLASSIFICATION</u> | <u>ITEM ON CALENDAR</u> | <u>PAGE OF CALENDAR</u> | <u>PAGE OF TRANSCRIPT</u> |
|---|-------------------------|-------------------------|---------------------------|
| 4 CITY OF LONG BEACH | | | |
| (a) Gen. Subsid. Maint. | 12 | 24 | 8 |
| (b) Repairs to Term. Facil. | 12 | 24 | 8 |
| (c) Repairs-Other Facilities | 12 | 24 | 8 |
| (d) Subsidence Studies '64-'65-14 | | 26 | 8 |
| (e) Expenditure \$1,129,870 City's share tideland rev. for tideland beach areas and facilities, '64-'65 | 13 | 28 | 8 |
| (MOTION Pages 9 and 18 for Classif. 4) | | | |
| 5 LAND SALES AND EXCHANGES | | | |
| (a) Jean L. Sainsevain | 6 | 35 | 20 |
| (b) Cancel applic. Margrette A. MacAulay - Fed. land | 7 | 37 | 20 |
| (c) Applications Nos. 11676 and 11677, L.A.L.D. | 15 | 38 | 20 |
| (d) George D. LaMoree | 37 | 41 | 20 |
| 6 Authorization request Atty. Gen. institute action to fix boundaries - lands Boss and Wilson, part of Andrus Isl. | 18 | 48 | 30 |
| 7 BOUNDARY AGREEMENTS | | | |
| (a) Est. Sam Arvanitis (Bank of America Natl Trust & Savings) | 35 | 49 | 30 |
| (b) Map of Marconi Cove and execution agreement with up- land owners fixing boundary | 2 | 53 | 31 |

continued

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

| <u>ITEM CLASSIFICATION</u> | <u>ITEM ON CALENDAR</u> | <u>PAGE OF CALENDAR</u> | <u>PAGE OF TRANSCRIPT</u> |
|---|-----------------------------|-----------------------------|-------------------------------|
| 8 APPROVAL OF MAPS | | | |
| (a) DELETED | | | |
| (b) Shore of Gulf of Santa Catalina, vicinity of Dana Cove | 28 | 62 | 31 |
| (c) Crescent City Harbor District grant | 29 | 63 | 32 |
| (d) Shore of Santa Monica Bay vicinity El Segundo and agreement with upland owners re boundary | 31 | 64 | 32 |
| (e) Redwood City grant, San Mateo County | 32 | 68 | 32 |
| 9 CONFIRMATION OF TRANSACTIONS OF EXECUTIVE OFFICER | | | |
| | 4 | | 32 |
| | | 69 | |
| | | 69 | |
| | | 70 | |
| 10 ELECTION OF CHAIRMAN | 38 | 71 | 33 |
| 11 SALARY ADJUSTMENT, EX. OFFICER | 40 | 72 | 33 |
| 12 INFORMATIVE - LEGISLATION | 39 | 73 | 34 |
| 13 NEXT MEETING | | | 34 |
| <u>UNCALENDARED:</u> | | | |
| APPEARANCE OF Mr. Arthur O. Spaulding, Petroleum Administrator of the City of Los Angeles re leasing in Santa Monica Bay by City of Los Angeles | | | 34 |

I N D E X
(In accordance with calendar items)

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|-------------------------|-------------------------|---------------------------|---|-------------------------|-------------------------|---------------------------|
| 1 | 21 | 7 | : | 24 | 3 | 1 |
| 2 | 53 | 31 | : | 25 | 23 | 7 |
| 3 | DELETED | | : | 26 | 4 | 1 |
| 4 | 69 | 32 | : | 27 | 13 | 3 |
| 5 | 11 | 2 | : | 28 | 62 | 31 |
| 6 | 35 | 20 | : | 29 | 63 | 32 |
| 7 | 37 | 20 | : | 30 | not on calendar | |
| 8 | 7 | 2 | : | 31 | 64 | 32 |
| 9 | 10 | 2 | : | 32 | 68 | 32 |
| 10 | 5 | 2 | : | 33 | 15 | 7 |
| 11 | 22 | 7 | : | 34 | 1 | 1 |
| 12 | 24 | 8 | : | 35 | 49 | 30 |
| 13 | 28 | 8 | : | 36 | 6 | 2 |
| 14 | 26 | 8 | : | 37 | 41 | 20 |
| 15 | 38 | 20 | : | 38 | 71 | 33 |
| 16 | 8 | 2 | : | 39 | 73 | 34 |
| 17 | 9 | 2 | : | 40 | 72 | 33 |
| 18 | 48 | 30 | : | | | |
| 19 | not on calendar | | : | NEXT MEETING | | 34 |
| 20 | 16 | 7 | : | | | |
| 21 | 17 | 7 | : | UNCALENDARED: | | |
| 22 | 18 | 7 | : | Appearance of | | |
| 23 | 19 | 7 | : | Arthur O. Spaulding - | | 34 |

1 MR. CHAMPION: Call the meeting to order, please.
 2 What we will try to do is to run through the regular calendar,
 3 dispose of that, and then hopefully we can get on to the
 4 pricing matter immediately; and we will have to make our
 5 plans on that depending on how much industry testimony there
 6 is to be on the subject.

7 First item on the agenda today is permits, easements,
 8 and rights-of-way:

9 (a) Shell Oil Company -- Temporary right-of-way
 10 permit for a dredge pipeline easement, 13.74 acres tide and
 11 submerged lands in Carquinez Strait, Contra Costa County,
 12 vicinity of Martinez, for transporting dredged material to a
 13 spoils area on land of the Utah Construction Company.

14 (b) State of California, Department of Water Re-
 15 sources -- Extension to June 30, 1969 of term of Permit P.R.C.
 16 2585.9, tide and submerged lands, Sacramento River, Contra
 17 Costa and Solano counties. (For current metering equipment.)

18 MR. CRANSTON: Move approval.

19 GOV. ANDERSON: Second.

20 MR. CHAMPION: No further questions, stand approved.

21 3 -- Permits, easements, leases, and rights-of-way
 22 issued pursuant to statutes and established rental policies
 23 of the Commission:

24 (a) Alamitos Bay Yacht Club -- 5-year minor-structure
 25 permit for eight yacht racing course marker buoys in San
 26 Pedro Bay, Los Angeles and Orange counties.

1 (b) Lake County Board of Supervisors -- Acceptance
2 of quitclaim deed, effective May 4, 1964, covering leasehold
3 interest in Lease P.R.C. 341.1, submerged lands of Clear Lake,
4 Lake County.

5 (c) Pacific Gas and Electric Company -- Ten-year
6 renewal of Lease P.R.C. 407.1, submerged lands of San Joaquin
7 River, San Joaquin County; annual rental \$59.85.

8 (d) Margie and Ben Rizzio - Rescission of Commission
9 action of June 28, 1962, authorizing issuance of a ten-year
10 lease of school lands, Lot 16, Fish Canyon Cabin Sites, Los
11 Angeles County. Parties have been unable to reach an agree-
12 ment regarding the proposed leasehold.

13 (e) Frances M. Smith -- Five-year grazing lease,
14 560 acres school lands, Monterey County. Annual Rental, \$56.
15 Renewal of Lease P.R.C. 2269.2.

16 (f) Grant W. Squire -- Five-year grazing lease,
17 187.41 acres school lands, Fresno County, annual rental \$46.85.

18 (g) United States of America -- One-year extension
19 of Lease P.R.C. 3018.2 effective July 1, 1963 through June 30,
20 1964, 21,120 acres school lands within Fort Irwin near Barstow,
21 San Bernardino county; annual rental \$21,120.

22 (h) Phillips Petroleum Company -- Deferment of
23 drilling requirements under Oil and Gas Lease P.R.C. 2205.1,
24 Santa Barbara County, through January 21, 1965, to allow time
25 for geological and geophysical data and reservoir engineering
26 studies to be coordinated in order to determine what further

1 development and exploration work is justified.

2 (i) Richfield Oil Corporation -- Deferment of
3 drilling requirements under Oil and Gas Lease P.R.C. 1466.1,
4 Rincon Field, Ventura County, through December 31, 1964, to
5 determine feasibility of proposing a water-flood program in
6 order to increase ultimate recovery.

7 GOV. ANDERSON: Could I just ask a couple questions
8 on the deferments here?

9 MR. CHAMPION: Yes.

10 GOV. ANDERSON: On both of these deferments, are
11 these the first deferments in each case?

12 MR. HORTIG: No, sir; these are follow-up deferments.

13 GOV. ANDERSON: Is this the second one to determine
14 the feasibility of water-flood programs?

15 MR. HORTIG: There have been prior deferments on
16 the lease, but for programing additional development, or to
17 determine the feasibility of drilling additional wells.
18 This is the first time that a deferment has been requested on
19 the specific ground that in order to evaluate all the data
20 available in terms of determining the feasibility of the
21 water-flood program -- this is the economic program -- that
22 a deferment has been requested for this purpose.

23 GOV. ANDERSON: On this one, now, when were the
24 first deferments?

25 MR. HORTIG: By "his one" you are referring to
26 the Richfield lease, P.R.C. 1466.1?

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GOV. ANDERSON: W. O. 5176.

MR. HORTIG: The first deferment was on December 22, 1960. There have been a series of deferments since. There have been exploration activities; there have been full development activities completed, and continuing operation activities at the present time consist of forty-seven producing wells, including one oil well which has been completed on the ocean floor off the area of the island, which is the principal center and location for the other forty-six wells that have been drilled under this lease.

GOV. ANDERSON: How long would you feel we would be continuing our deferments on these -- on this particular one?

MR. HORTIG: The anticipation is that the determination of the feasibility of a water-flood program should be programmed within the period of the six-month deferment.

GOV. ANDERSON: Yes, but that was a continuation of previous deferments for other reasons...

MR. HORTIG: Yes, sir.

GOV. ANDERSON: Can we assume when they come in for similar reasons, isn't it giving the impression of a delay for some time?

MR. HORTIG: Not necessarily, Governor, because of the form of the resolution on page 14, in which it is recommended on the bases for this deferment through the period December 31, 1964, that during this period of deferment the lessee will perform one of the following actions: Initiate a

1 renewed development program, which would include the water-
2 flood program; or quitclaim the undeveloped lease area; or
3 present adequate bases for consideration as to further defer-
4 ment. In other words, this is not an automatic notice of
5 deferment and continued deferment, unless adequate bases can
6 be presented for any further deferment, which bases can be
7 recommended by the staff.

8 GOV. ANDERSON: Now, aside from this well that they
9 drilled off the island position, have they done any drilling
10 since December 1960 -- any new wells at all since that time?

11 MR. HORTIG: There has been continuing recompletion
12 work in the forty-six wells that are on the island.

13 GOV. ANDERSON: Continuing recompletion?

14 MR. HORTIG: That is right -- repairs.

15 GOV. ANDERSON: Repairs of existing wells?

16 MR. HORTIG: And replacement of production --
17 production on wells that were not capable of making maximum
18 production under the circumstances.

19 GOV. ANDERSON: But no new wells?

20 MR. HORTIG: No, sir; but because the lessee has
21 not been able to justify economically that there is any other
22 portion of the lease which has not been drilled which should
23 have a well drilled into it, and the evaluation of this pro-
24 gram as to whether additional wells should be drilled was
25 carried on during the prior period of deferment of drilling
26 and operating requirements as specified under the lease, the

1 point of course is that as to the undeveloped area under the
2 lease, the lessee could relieve himself of the requirement of
3 getting deferment by simply proffering to the Lands Commission
4 under his own option a quitclaim of the undeveloped area; but
5 the problem now is: how much of the undeveloped area should
6 be quitclaimed, not knowing how much of the undeveloped area is
7 to be repressured with water flooding.

8 GOV. ANDERSON: If they did quitclaim it, then we
9 could offer it for lease?

10 MR. HORTIG: We could offer it if we had any bidders;
11 but by the very nature of the fact that a producing operator
12 has explored the area and developed it, at least to his evalu-
13 ation, to its potential productivity, it is very doubtful of
14 any bids being received by the Commission if the quitclaimed
15 area would be again offered for lease.

16 GOV. ANDERSON: You don't think the alternative
17 would be that if they didn't think we would defer this, they
18 would go out and develop it?

19 MR. HORTIG: No, sir.

20 GOV. ANDERSON: You don't?

21 MR. HORTIG: No, sir; and in the interim we do
22 still collect annual rental on the undeveloped area, which
23 is not the case in the majority of the tide and submerged
24 lands under the Commission's jurisdiction.

25 MR. CHAMPION: If there is nothing further, I will
26 continue:

1 (j) Shell Oil Company -- Permit to dredge approxi-
 2 mately 75,000 cubic yards of material from bed of Carquinez
 3 Strait, in vicinity of Shell Oil Wharf at Martinez, Contra
 4 Costa County, at three cents per cubic yard, for spoils depo-
 5 sition on privately owned lands. Reference: Summary Item 2(a).

6 (k) Shell Oil Company -- Amendment of four submarine
 7 flow-line easements in Santa Barbara Channel, Santa Barbara
 8 County, as follows: (1) P.R.C. 3014.1, to decrease acreage to
 9 10,201 $\frac{1}{2}$ acres, and to reduce rental from \$322.93 to \$289.78;
 10 (2) P.R.C. 3015.1, to decrease acreage to 8,337 $\frac{1}{2}$ acres, and
 11 to reduce rental from \$252.25 to \$236.82; (3) P.R.C. 3016.1,
 12 to increase acreage to 6,927 $\frac{1}{2}$ acres, and to increase rental
 13 from \$187.54 to \$196.78; (4) P.R.C. 3017.1, to increase acre-
 14 age to 8,209 $\frac{1}{2}$ acres, and to increase rental from \$204.39 to
 15 \$233.16.

16 (l) Standard Oil Company of California -- Ten-year
 17 renewal of Lease P.R.C. 413.1, covering 100' by 750' right-of-
 18 way easement, tide and submerged lands, Estero Bay, San Luis
 19 Obispo County; annual rental \$54.18.

20 (m) Tidewater Oil Company -- Ten-year renewal of
 21 Lease P.R.C. 388.1, 6.48 acre tide and submerged lands in bed
 22 of Sacramento River, Sacramento County; annual rental \$302.40.

23 (n) Tidewater Oil Company -- Rescission of action of
 24 March 26, 1964, authorizing Executive Officer to approve
 25 assignment of Leases P.R.C.s 153.1, 187.1, 272.1, 331.1, 388.1,
 26 419.1, 502.1, 2102.1, and 2869.1 to Humble Oil & Refining

1 Company. Proposed sale of properties cancelled due to oppo-
2 sition of U. S. Department of Justice.

3 MR. CRANSTON: I move approval of all items under
4 Class 3.

5 GOV. ANDERSON: Second.

6 MR. CHAMPION: If there are no further comments,
7 stand unanimously approved.

8 4 -- City of Long Beach approvals required pursuant
9 to Chapter 29/56, First Extra. Session. (a) General Subsid-
10 ence Maintenance, 2nd phase, estimated expenditures July 1,
11 1964 to June 30, 1965, of \$25,000, with 100% estimated as
12 subsidence costs.

13 (b) Repairs to Terminal Facilities (2nd Phase) --
14 Estimated expenditures from July 1, 1964 to June 30, 1965 of
15 \$30,000 with 100% estimated as subsidence costs;

16 (c) Repairs to Other Facilities (2nd Phase) --
17 Estimated expenditures from July 1, 1964 to June 30, 1965 of
18 \$35,000, with 100% estimated as subsidence costs;

19 (d) Subsidence Studies, 1964-65 (2nd Phase) --
20 Estimated expenditures from July 1, 1964 to June 30, 1965, of
21 \$170,000, with 100% estimated as subsidence costs;

22 (e) Prior approval for expenditure of \$1,129,870
23 of the City's share of tideland revenues for the maintenance
24 and operation of tideland beach areas and facilities during
25 the 1964-65 fiscal year, which includes work by the Public
26 Service, Park, Engineering, Marine, Police, Health and Stadium
Departments.

1 MR. CRANSTON: Move Approval.

2 GOV. ANDERSON: I'd like to have Frank explain a
3 little bit on item (e) -- the approval for expenditure of the
4 City's share of tidelands revenue. Particularly, I am think-
5 ing of that portion which applies to the stadium, the mainten-
6 ance of that; and in reference to that, the use is about ninety
7 percent for municipal use and about ten percent actually meets
8 the recommendation of the trust. I think you know what I am
9 talking about.

10 MR. HORTIG: Yes, Governor. The Long Beach arena
11 construction by the City of Long Beach as a tidelands trust
12 asset was approved by the State Lands Commission in the first
13 instance pursuant to an opinion of the Office of the Attorney
14 General that the expenditure of tidelands trust funds for the
15 erection of the arena and operation of the arena in the manner
16 proposed by the City of Long Beach was a proper trust purpose
17 under Chapter 29, Statutes of 1956, and could be approved as
18 to its legality by the State Lands Commission; and this was
19 done.

20 GOV. ANDERSON: Was there a reference at that time
21 or a suggestion as to how much of the usage of that auditorium
22 would be for things that apply to the trust?

23 MR. HORTIG: Not specifically in percentages --
24 although the Attorney General's Office did reply on prior
25 court decisions in California with respect to similar opera-
26 tions, where it was held that this would be a proper trust

1 purpose if it was contemplated that the majority utilization
2 of the structure would be for the housing, display and demon-
3 stration of trust-connected events -- marine-oriented,
4 commerce-oriented, et cetera.

5 GOV. ANDERSON: If it was a majority of it, it
6 would apply and you could use it for general maintenance and
7 charge that amount?

8 MR. HORTIG: This is correct, and would comply under
9 the trust requirements under the statutory grants; and, of
10 course, it must be recognized that the portion of tidelands
11 funds proposed to be expended and which has been expended in
12 connection with both the erection and maintenance of this
13 facility has been from the City of Long Beach's share of tide-
14 lands oil revenues, and has not included any State tidelands
15 revenue.

16 GOV. ANDERSON: But it is all tidelands oil revenues
17 under the trust?

18 MR. HORTIG: This is correct, as a matter of fact,
19 to the extent that the City and the Attorney General approved
20 that if any revenues were derived as a result of the housing
21 of non-trust events in the arena facility, such revenues --
22 even though the non-trust event was financed by the City out
23 of its general municipal revenues -- any profits or proceeds
24 from such operation would go into the tidelands trust funds
25 for future operation and defrayment of the costs of the
26 auditorium. In other words, no profit can be made on the use

1 of this tidelands facility for the benefit of the general
2 city revenues. Any profits go to the tidelands trust, even
3 though the basic operating costs for maintenance and person-
4 nel costs that are assessed for a particular event may have
5 been actually financed by general city revenues.

6 GOV. ANDERSON: Now, in the past year -- am I
7 right in the information I have? -- approximately ninety
8 percent of the events that have been held have not been in
9 compliance with the trust requirements and recommendations?

10 MR. HORTIG: In the first year, very probably the
11 ninety percent possibly might be low in classification of
12 non-trust events -- which, again, did not result in the utili-
13 zation of any substantial amount of tideland revenues out of
14 the City's share of tidelands revenues to operate the audi-
15 torium, in that the total operation for the fiscal year
16 '62-'63 represented a net revenue loss of \$44,000 for the
17 entire year for all events that were conducted.

18 It is now estimated, both because of more events
19 and denser scheduling of usage of the arena, the revenue loss
20 for the '63-'64 fiscal year will be on the order of \$17,000
21 for the year; and it is anticipated on this program that,
22 therefore, there should be a net revenue gain for the City
23 and for their tideland revenues by reason of events scheduled
24 for the next fiscal year.

25 Additionally, to decrease the operating loss in
26 starting this facility -- and in the first fiscal year

1 incidentally, it wasn't operated for a full fiscal year --
 2 more trust classification events are being scheduled as
 3 rapidly as they can be; so that the '63-'64 fiscal year, more
 4 trust events will have been held in proportion to the total
 5 than was the case in the opening '62-'63 year.

6 GOV. ANDERSON: What year was it that they had
 7 about fifty events and I think about five of them fell under
 8 the trust?

9 MR. HORTIG: This is about the order of magnitude
 10 of the opening year, '62-'63, Governor.

11 GOV. ANDERSON: Had we told the Attorney General
 12 at that time that it was not going to be a majority, but
 13 perhaps ninety percent of them would not fall within the
 14 trust, would they have given us the same ruling that we
 15 could have spent that money at that time and O.K. 'd it?

16 MR. HORTIG: We have discussed this matter with the
 17 Attorney General exactly in that context, and the informal
 18 opinion has been that as long as the operation, and in the
 19 near future, will probably result in a net income to the
 20 trust and an asset to the trust by reason of the construction
 21 of this arena, and there is obviously a determined program on
 22 the part of the City of Long Beach to schedule as many trust
 23 events as they possibly can - - In other words, no trust
 24 event has ever been refused scheduling; the non-trust events
 25 have been scheduled in order to bring in funds and keep the
 26 thing maintained on a year-round basis - - That as long as

1 the program is for eventual maximum utilization on trust
2 events and with preference to the trust events as against the
3 non-trust events, that this type of operation is still within
4 the scope of justification for expenditure of the City's share
5 of tideland trust funds, if this is what the City of Long
6 Beach wishes to do.

7 GOV. ANDERSON: If they haven't discouraged any of
8 their trust events, how did they come to the original estimate
9 that more of a majority would be trust events when we got
10 the Attorney General's opinion at that time?

11 MR. HORTIG: This was only an announced intent.
12 It was not predicated on an actual schedule of the events
13 that were available in the immediate future.

14 GOV. ANDERSON: We had nothing to go on?

15 MR. HORTIG: None whatsoever. The question was:
16 If we proceed toward a goal of getting maximum trust event
17 usage for such a facility, then can it be approved under
18 Chapter 29? And the answer was yes.

19 MR. CHAMPION: Well, if I follow this discussion,
20 what the Attorney General has informally told you is that as
21 long as the thrust of the activity there is toward substan-
22 tial compliance with their original statements -- in other
23 words, they are trying to get over the fifty percent -- that
24 they have given priority in their scheduling to trust events;
25 and as long as there is no financial penalty to the State,
26 but actually benefit to the trust, their ruling would be that

1 we should continue with this arrangement, that there isn't
2 any change. Is that the answer?

3 MR. HORTIG: That is a correct summary.

4 MR. CHAMPION: How does this affect our relation-
5 ship so far as what we pay for, or what we are being asked to
6 participate in, in item (e) before us today? There is no
7 State money, but this is a matter of our approval and that
8 approval is guided totally by this opinion. There isn't any-
9 thing outside that involved?

10 MR. HORTIG: That is correct, and that approval is
11 required under the statutes in order that the City may, pur-
12 suant to Chapter 29, expend such funds -- because Chapter 29
13 requires advance approval on even the City's share of funds
14 in certain specific instances, such approval to be obtained
15 from the State Lands Commission.

16 Now, I have summarized goals and intents on the
17 part of the City, in response to Governor Anderson's question.
18 I should like to bring the Chairman's attention to the fact
19 that the Deputy City Attorney who has had most to do with the
20 legal phases of this operation on behalf of the City of Long
21 Beach is with us, if Governor Anderson desires an expression
22 from the City on this.

23 GOV. ANDERSON: I am more interested in our posi-
24 tion. I would be more interested in your statement or the
25 Attorney General's opinion as to how we are living up to the
26 trust. I don't know how much of this \$350,00 we are talking

1 about, but we are talking about an expenditure of money.
2 True, it is the share of the City in the Tidelands trust,
3 but we are responsible for it. But ninety percent of the
4 general maintenance of this place -- ninety percent of that --
5 is brought about by non-trust events, and yet the people who
6 are running the operation on a month-around basis are taking
7 care of an auditorium ninety percent of which is used for non-
8 trust events and we are charging all of it against the trust,
9 all except those that can be charged to the specific event
10 at the time; but the general month in and month out operation
11 is being charged to the trust.

12 MR. HORTIG: This is correct -- the City's share;
13 but this is from all revenues, non-trust and trust.

14 MR. CHAMPION: If I understand this correctly, if
15 the City were to say arbitrarily "We can't do more than fifty
16 percent" -- in other words, if they could only schedule trust
17 events and were held to fifty percent, the cost would probably
18 be even greater.

19 MR. HORTIG: This would be correct; as, for example
20 taking the figures in the year Governor Anderson cited, where
21 there were approximately five trust-qualified events as against
22 fifty non-trust events, then in that year if the City in abid-
23 ing completely by the trust were limited in the utilization of
24 the arena to the trust events, the result would have been
25 that the arena would have been vacant the rest of the year.

26 MR. CHAMPION: I think what the Governor and I are

1 both trying to get, and probably we don't know -- What ratio
2 of these are overhead expenses which would go on, regardless
3 of which are expenses incurred because of specific events?
4 And, really, the judgment of this thing as to the benefit
5 depends on those figures.

6 GOV. ANDERSON: If some other city builds such an
7 arena as this, they have to go to bond issue in their com-
8 munity; they have to pay solely from the events they run or
9 they dip into their own funds. We are expecting cities like
10 Sacramento, Bakersfield and others to compete with this. I
11 have a feeling this isn't quite as tight as it should be.
12 I feel there is something wrong when we see what we are pay-
13 ing from a trust fund that should be paying for itself a lot
14 more than it is, unless I am incorrect in reading the figures.

15 MR. HORTIG: I believe you are correct in reading
16 the figures and the Division is presently auditing the entire
17 operation, and I think we can give you at the July meeting
18 a specific numerical reply as to what overhead expenses
19 would continue.

20 GOV. ANDERSON: If this were the Bakersfield arena,
21 this \$359,000 or a good portion of that would be stood by
22 the events put on or by the taxpayer or their bond issue;
23 but here we are taking money out of their oil fund to pay
24 for this operation. It just doesn't look right.

25 MR. HORTIG: The problem is a question of municipal
26 determination -- of having this oil fund and this share of

1 revenues available to the City of Long Beach. The City of
 2 Long Beach has elected to use these funds for this purpose
 3 as long as it can be legally qualified, in preference to a
 4 bond issue or supporting this out of the tax base. The advan-
 5 tages of having this tideland revenue have been decried in
 6 other instances, too. Los Angeles Harbor feels they are
 7 possibly at a disadvantage because the City of Long Beach
 8 has harbor revenue...

9 GOV. ANDERSON: It would seem without oil funds it
 10 could operate itself, particularly when ninety percent is
 11 non-trust items, on a paying basis -- without going into the
 12 trust. This is the question I want answered.

13 MR. HORTIG: This question we are going to answer
 14 specifically as a result of the audit.

15 GOV. ANDERSON: I am not going to object to the
 16 item, but it bothered me.

17 MR. CHAMPION: I think it would be useful to know
 18 on an accounting basis how this breaks down. Is there any-
 19 thing further? The Controller has moved. I don't believe
 20 I have a second.

21 GOV. ANDERSON: I'll second it -- with a little
 22 -- something or other.

23 MR. CHAMPION: Any further comments? (No response)
 24 It will stand unanimously approved.

25 GOV. ANDERSON: You will look into that?

26 MR. HORTIG: The audit is in process, Governor.

1 GOV. ANDERSON: When would we have that?

2 MR. HORTIG: We would expect to have the report to
3 you at the July meeting. It will be on an estimated basis
4 for the last fiscal year because we will be a month in
5 arrears.

6 GOV. ANDERSON: I'd like to have you look into how
7 much of that \$359,000 goes for general operation.

8 MR. HORTIG: This will be specifically identified
9 in the audit report.

10 MR. CHAMPION: I might add that while we did not
11 issue any specific invitation to the City of Long Beach to
12 comment on this, they are perfectly welcome to do so.

13 MR. LINGLE: There are a few points I could take an
14 hour or two of your time to clear up. If you are going to
15 go into it at the next meeting, just a couple points:

16 The \$390,000 does go to total overhead. The actual
17 cost of any specific performance, the bill that is rendered
18 to that man is enough to pay for it. If there is any loss
19 because of a non-trust activity, the City pays for it out of
20 its own pocket.

21 I might say we could make this thing mighty self-
22 supporting if we weren't trying to meet the trust aspect.
23 We could book all kinds of athletic things in that arena but
24 under the trust we are doing our level best to carry this on
25 as it was intended. As Mr. Hortig said, we could make it
26 one hundred percent trust activities and we would lose

1 \$359,000 a year. As it is, I think it lost \$17,000 last year.
2 This \$359,000 is enough money to run the hall; but if we
3 don't spend it, we don't transfer it.

4 GOV. ANDERSON: But you have to call \$359,000 a
5 loss?

6 MR. LINGLE: No, sir. We recouped \$342,000 of that
7 last year, and we could recoup much more of this if we did
8 not put the stress on the trust purposes, because we won't
9 book something in here a year ahead of time because of the
10 possibility that we could get something in that was more of
11 a trust purpose.

12 GOV. ANDERSON: So of the \$359,000, over \$300,000
13 will go back into the trust fund?

14 MR. LINGLE: I'd wager almost \$350,000 will go
15 back and almost all of that comes from the non-trust activi-
16 ties. As long as we have the hall down there, we think there
17 is no point in having the thing dark if we can get somebody
18 to pay to use it.

19 GOV. ANDERSON: That would have answered my question.
20 If this money comes back in, we are not going to worry about
21 it.

22 MR. LINGLE: It is very complicated.

23 GOV. ANDERSON: It doesn't have it on here.

24 MR. HORTIG: As you will recall, Governor, in my
25 answering your opening question, for the 1963-'64 year we
26 have estimated their total expenses were to be \$330,000 with

1 estimated revenues of \$313,000, which have gone back to defray
2 these costs; so they will end up with a \$17,000 loss for the
3 year, which is less than the \$44,000 of last year.

4 MR. CHAMPION: And the audit will show the breakdown.

5 GOV. ANDERSON: So they lost \$44,000 the first year,
6 the second year was \$17,000, and if we move that way we will
7 come out plus?

8 MR. HORTIG: On the plus side the next fiscal year.

9 MR. CHAMPION: Land Sales and Exchanges: All items
10 here presented have been reviewed by all State agencies hav-
11 ing a land acquisition program and, unless otherwise indicated,
12 no interest has been reported by those agencies in the lands
13 proposed for sale or exchange:

14 (a) Authorization for sale to Jean L. Sainsevain
15 of 120 acres vacant State school lands, Imperial County, at
16 cash price of \$16,500; appraised value \$6,000.

17 (b) Approve Executive Officer's action canceling
18 application of Margrette A. MacAulay to purchase 37.84 acres
19 vacant Federal lands, San Bernardino County, for failure to
20 meet deposit requirements; approve selection of said land on
21 behalf of the State.

22 (c) Find that the Department of Fish and Game has
23 adequately supported its objections to the sale of Section 16,
24 Township 17 North, Range 13 East, S.B.M. containing 640 acres
25 in San Bernardino County, by showing substantial public need
26 and greater benefit to the State, and reject Applications Nos.

1 11676 and 11677, L.A.L.D., and refund all deposits except \$5
2 filing fees; hold said land for two-year period, or for such
3 further period as is required to resolve the matter of title,
4 for purchase or lease by the State Department of Fish and
5 Game;

6 And we have an alternative recommendation: If the
7 Commission finds otherwise, continue pending purchase applica-
8 tions in good standing for so long as the applicants desire,
9 pending clarification of title.

10 Mr. Hortig?

11 MR. HORTIG: Mr. Chairman, the recommendations you
12 just read were those that were considered by the Commission
13 at the last meeting in May and the entire item was deferred
14 for further hearing before the Sull Commission today. In the
15 interim, it had been the request that the applicant and Fish
16 and Game explore the possibility, and the applicant in particu-
17 lar, of selecting other State land in lieu of the contested
18 lands here listed; and this further exploration resulted in
19 what I have had finally confirmed to me verbally this morning--
20 an alternative solution on behalf of the applicant and the
21 Department of Fish and Game, both of whom are present here
22 today for a procedure under which it would be suggested, and
23 the staff would recommend, that the land be conveyed to the
24 applicant, Mr. George D. LaMoree, on the understanding that
25 rights-of-way I am sorry. I have the wrong one.
26 What you have read is the question before the Commission.

1 The Supervisor of Game Management for the Department of Fish
2 and Game does want to comment on the item you have just read.

3 MR. CHAMPION: Let me find out the history of the
4 item we just read. I have recollection of only one such item
5 and it is the same one you just discussed with me. What is
6 the history of this one, and how does it happen to come be-
7 fore us in this particular form? Did we also raise questions
8 about this one and whether Fish and Game had made a support-
9 ing case?

10 MR. HORTIG: Both applications have had parallel
11 paths. However, the item now under consideration, item (c) --
12 this is the first time this item has been before the Commis-
13 sion and it is before the Commission in this form because on
14 announcing availability of this land for public sale, the
15 Department of Fish and Game indicated a substantially greater
16 public need and benefit to the State if the Department of
17 Fish and Game were to acquire it for a program which Mr.
18 Richard H. Davidson, Game Management Supervisor of the Cali-
19 fornia Department of Fish and Game wants to present to the
20 Commission.

21 MR. CHAMPION: The reason I want to ask this
22 question is: Does anybody maintain Fish and Game's position
23 in this case is wrong; and if no one has protested or made
24 any such claim, what is the reason for going behind the
25 Fish and Game position?

26 MR. HORTIG: In order to establish the record in the

1 Commission that Fish and Game has by this method officially
2 asserted its desire to have the Commission action to withhold
3 the land from public sale.

4 MR. CHAMPION: This is a thing which ordinarily on
5 a staff recommendation, in the absence of complaint or pro-
6 test, we would simply accept the staff's finding that they
7 had made. Is there any reason for us to go beyond that at
8 this time?

9 MR. HORTIG: No, sir; unless, and if the Chair will
10 recognize whether there is any representation by the applicant,
11 who as recently as yesterday telephoned our office and had
12 not yet concluded whether or not he would be here to protest
13 today. Lacking such protest, your position would be correct.

14 MR. CHAMPION: Is there anyone who is in opposition?
15 Yes, sir. Would you come forward? Are you the applicant?

16 MR. MEDALL: No, sir. There are four of us involved
17 and I am representing the applicant of register, Doctor
18 Richard Merriam. My name is Sheldon E. Medall. I am a
19 geologist and a representative up here today for Doctor
20 Richard Merriam.

21 MR. CHAMPION: He is the applicant of record?

22 MR. MEDALL: The four of us intended to involve in
23 this parcel, put up equal shares of money in order to obtain
24 this parcel. Two of the people that are involved are pro-
25 fessors of geology at U.S.C. I am the other person, a
26 graduate student working in private industry. We wanted this

1 land in order to utilize it, although we don't get any
2 mineral rights. We wanted this land to put up some permanent
3 structure. After this time, the University of California
4 would be able to utilize this land in summer training, which
5 they accomplish every summer, and mostly that's it.

6 I talked to Mr. Davidson yesterday and I think he
7 has something to say on the matter.

8 MR. CHAMPION: Why don't we hear from him? Under
9 our rules, the Fish and Game declaration that they are inter-
10 ested in it puts a hold on the land for a given period of
11 time. That really is the fundamental question on which this
12 has to turn. Then if you have further comment, we can hear
13 from you.

14 Mr. Davidson?

15 MR. DAVIDSON: Mr. Chairman, members of the Commis-
16 sion, I am Richard H. Davidson. I am Game Management Super-
17 visor for the California Department of Fish and Game, speak-
18 ing for the Department.

19 These two items, items 5 (b) and (c), I believe
20 they are - - (c) and (d), excuse me -- they are actually re-
21 lated in some ways from our standpoint and I don't want to
22 confuse you by talking about both of them at once.

23 MR. CHAMPION: Decide which is less confusing. If
24 they are both together, maybe you better talk about both of
25 them together.

26 MR. DAVIDSON: If I might display a map, I really

1 would appreciate a little of your time, because this involves
2 a little more than this isolated instance. I'd like to give
3 you an idea of what the Department has been doing for fifteen
4 years to try to help the Bureau of Land Management.

5 Up to fifteen years ago, they were a land disposal
6 agency, and they were land managers only up to the point dis-
7 posal took place. There is every indication the trend is go-
8 ing the other way. We like to think part of this is through
9 our activity in withdrawal of lands for land management.
10 This actually places the Bureau of Land Management as land
11 managers; this gives them tenure; and it was done under
12 executive order. We had a number of other areas proposed,
13 but the whole machinery stopped because the Congress and the
14 Secretary of Interior began taking a closer look; and right
15 now in Washington there is a multiple use bill that everybody
16 is fairly confident will pass, and this is to be considered
17 the week of July 6th. The reason I bring this up, time is
18 important. One of the main things we have been trying to
19 fight is a holding action. They are going through much the
20 same thing the United States Forest Service went through.

21 If I could have some assistance and take some of
22 your time

23 MR. CHAMPION: I hope we can avoid a general exposi-
24 tion of land management in the State. I think we understand
25 the problem.

26 MR. DAVIDSON: Certainly. We don't anticipate

1 taking too much time. The yellow indicates the Bureau of
2 Land Management holdings in the State of California, and you
3 can see in southern California they are quite extensive, and
4 they are quite extensive up here. We had hoped that they
5 would set aside some small areas, relatively small in relation
6 to the total holdings now, and the other lands would be up for
7 disposal or whatever they want to do with it; but certain key
8 areas would be held. And the two items we are talking about
9 today are key areas.

10 If we could possibly interest State Lands in some
11 land exchange, if we accomplish this at all, then the little
12 battle we lose is going to be well worth the loss.

13 We have a letter from the Bureau of Land Management,
14 it is to me, and it indicates that: "The presentation of our
15 public and State of California land tenure problem in connec-
16 tion with certain key State-owned sections in this area to
17 the State Lands Commission should now be easier to present."
18 So this indicates that the Bureau of Land Management is
19 interested in this and it took some time to get them inter-
20 ested, because this will be a complex problem.

21 What we have in mind -- In the mid-hills section
22 near the Providence Mountains, Kingston, et cetera, say you
23 own probably fifty to one hundred sections, scattered sections;
24 whereas down here near Kramer Junction, right near 395 and
25 main highways, there are extensive Bureau of Land Management
26 holdings that could be exchanged. I think this would be of

1 mutual advantage to the Bureau and the State Lands Commission
2 because this land would be much more salable and would appre-
3 ciate much more rapidly than the real mountainous area.

4 There are some unique things about this. In both
5 cases, these people have had fairly large deposits for quite
6 a few years. In view of the stand of the Bureau of Land
7 Management and in view of my discussion with the La Morees and
8 Mr. Medall yesterday -- that they would be willing to guaran-
9 tee public access if they were to acquire this; and also in
10 connection with item 5(c), Mr. Medall would guarantee that
11 wild life would be allowed to use water in the area -- we
12 would withdraw our protest, at the same time hoping that
13 serious consideration would be given to a study of public
14 lands. One of the people in Bureau of Land Management sug-
15 gested this -- that a State lands examiner and the Bureau
16 examiner should go out together and come up with exchange
17 lands in a local area.

18 MR. CHAMPION: I don't think that policy is in any
19 way different -- as a matter of fact, it conforms to our
20 policy in this matter, and doesn't pose any difficulties that
21 I know of. I don't see any reason why that assurance should
22 not be given you.

23 Mr. Hortig, is there any further problem?

24 MR. HORTIG: No, sir. It would be suggested, in
25 order that there be a complete understanding all the way
26 around, that the Lands Division staff would write a conveyance

1 with such supplemental agreements, understandings or condi-
2 tions as to reflect what I feel is a statement of agreement
3 today between the applicants and the Department of Fish and
4 Game. This can be confirmed by the applicants. This was our
5 understanding of the latest position of the Department of
6 Fish and Game and, as you can see, this has just been culmin-
7 ated literally overnight.

8 GOV. ANDERSON: On this suggestion that you get to-
9 gether on exchange of these lands, we have always done that.

10 MR. HORTIG: We have always done so, and have held
11 extensive holdings for other agencies, as long as there has
12 been a need.

13 GOV. ANDERSON: Is there anything holding up your
14 Department?

15 MR. DAVIDSON: I don't think so.

16 GOV. ANDERSON: I had assumed this was being done
17 and I don't see why you raise the question of "if it can be."
18 I assumed this had been going on for several years.

19 MR. DAVIDSON: Governor, we are the middle men in
20 this and we are trying to get the two agencies together. It
21 won't be our program. It will be a Bureau of Land Management
22 program and we finally got a commitment from them; and also
23 if they do establish multiple use lands, there will be a real
24 sound proposal we can present to State Lands. What we were
25 trying to develop was State Lands' interest in this type of
26 activity.

1 MR. CHAMPION: On these two items before us today,
 2 really the situation is this: So far as Fish and Game is con-
 3 cerned you have no objection to our making conveyance to these
 4 two parties, subject to the conditions which you worked out in
 5 discussions with them; and we might take recommendations on
 6 both of these items today, without formal approval, and you
 7 can work out the conditions of conveyance.

8 So far as the other, you have the assurance we are
 9 very anxious to work toward this use of public lands and we
 10 will be glad to work out land exchange agreements with the
 11 Bureau of Land Management.

12 MR. DAVIDSON: Thank you very much.

13 GOV. ANDERSON: It is my understanding that both
 14 Merriam and the La Morees will go on with the sale subject
 15 to these conditions.

16 MR. HORTIG: And subject to the final approval or
 17 authorization of the documentation by the Commission at the
 18 July meeting.

19 MR. CHAMPION: There will be no formal action today.
 20 You will go ahead and we will consider them when you have the
 21 formal arrangements worked out. No formal action is required
 22 of the Commission today.

23 MR. HORTIG: No, sir; unless the other applicant
 24 wishes to be heard.

25 MRS. LA MOREE: I am Mrs. La Moree. I wonder if the
 26 public access -- if we need to define that further today, or

1 if that will be in the conveyance?

2 MR. HORTIG: Yes.

3 MR. CHAMPION: We will work that out in the docu-
4 mentation.

5 MR. HORTIG: Yes.

6 MR. CHAMPION: Thank you very much. We will, then,
7 omit items (c) and (d) in our action.

8 MR. CRANSTON: I move approval of the other items,
9 (a) and (b).

10 GOV. ANDERSON: Second.

11 MR. CHAMPION: It has been moved and seconded.
12 Any further question? (No response) Stand approved.

13 6 -- Authorize Executive Officer to request the
14 Attorney General to institute required action to fix boundaries
15 between the privately owned lands of Boss and Wilson (d.b.a.
16 B & W Boat Harbor), being a part of Andrus Island and the un-
17 conveyed State sovereign lands in the bed of the Mokelumne
18 River, with a view to requiring the operators of B & W Boat
19 Harbor to enter into a lease for State land that they occupy.

20 MR. CRANSTON: Move approval.

21 GOV. ANDERSON: Second.

22 MR. CHAMPION: Any questions? (No response) Stand
23 approved.

24 7 - Boundary Agreements: (a) Authorization for
25 Executive Officer to execute an agreement with Bank of America
26 Trust & Savings Association as Special Administrator with

1 general powers of the Estate of Sam Arvanitis, Deceased, fix-
2 ing the Ordinary Low Water Mark as the Common Boundary along
3 a tidal waterway in the vicinity of Surfside, Orange County,
4 as described in the Boundary Agreement, W.O. 5171 (Exhibit
5 A), as the permanent boundary between State submerged land
6 and subject private lands along this tidal waterway.

7 (b) Authorize the Executive Officer to: (1) Approve
8 Sheet One of One of map entitled "Contours, Marconi Cove, Pro-
9 posed Harbor Site, Marina Developers," dated April 19, 1962;
10 (2) record said map after completion of marina construction
11 in Marconi Cove; (3) Execute an agreement with the upland
12 owners, H. Morgan Noble, David L. Fraser, Norman A. Gamble,
13 and Blair McDonald, fixing the common boundary in Marconi
14 Cove as described in an agreement (Exhibit A), as the per-
15 manent boundary between the State submerged lands and the
16 subject private lands along Tomales Bay, Marin County.

17 MR. CRANSTON: I move approval.

18 GOV. ANDERSON: Second.

19 MR. CHAMPION: Any further question? (No response)

20 Stand approved.

21 Approval of Maps: Item (a) has been deleted.

22 (b) Authorization for Executive Officer to approve
23 and have recorded Sheets 1 and 2 of 2 of maps entitled
24 "Survey of the Mean High Tide Line Along the Shore of the
25 Gulf of Santa Catalina, Vicinity of Dana Cove, Orange County,
26 Calif." dated February 1964.

1 (c) Authorization for Executive Officer to approve
2 and have recorded Sheets 1 through 7 of 7 of maps entitled
3 "Map of the Grant to the Crescent City Harbor District, Vicin-
4 ity of Crescent City, Del Norte County, Calif." dated March
5 1964.

6 (d) Authorization for Executive Officer: (1) To
7 approve and have recorded Sheets 1 and 2 of 2 of maps en-
8 titled "Map of the Ordinary High Water Mark Along the Shore
9 of Santa Monica Bay, Vicinity of El Segundo, Los Angeles
10 County, California" dated March 1962; and (2) to execute an
11 agreement with the upland owners fixing the common boundary
12 along Santa Monica Bay as described in the agreement (Exhibit
13 A) as the permanent boundary between the State tide and sub-
14 merged lands and the subject private lands along Santa Monica
15 Bay, vicinity of El Segundo, Los Angeles County.

16 (e) Authorization for Executive Officer to approve
17 and have recorded Sheet 1 of 1 of map entitled "Map of the
18 Grant to the City of Redwood City, Vicinity of Deepwater
19 Slough, San Mateo County, Calif." dated April 1963.

20 MR. CRANSTON: I move approval.

21 GOV. ANDERSON: Second.

22 MR. CHAMPION: Any further question? (No response)

23 Stand approved.

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

1 MR. CRANSTON: I move confirmation.

2 GOV. ANDERSON: Second.

3 MR. CHAMPION: Any question? (No response) Stand
4 approved.

5 Next item on the agenda is "Election of Chairman."

6 GOV. ANDERSON: I would like to make a suggestion
7 there. This was to have been our election date, but I know
8 that our Chairman has been working very hard on the Long
9 Beach contract project and we have hopes of clearing that up
10 in the next, what -- sixty days perhaps? And I'd like to
11 extend this election over so he can be the Chairman for the
12 next ninety days.

13 MR. CRANSTON: I concur in that.

14 MR. CHAMPION: Thank you very much, gentlemen.
15 Shall I take that as formal approval?

16 MR. CRANSTON: Yes.

17 MR. CHAMPION: Then for ninety days I will continue
18 as Chairman and then the regular rotation policy will in no
19 way be disturbed by this action.

20 Another item, with which I am unfamiliar -- Salary
21 Adjustment of Executive Officer.

22 GOV. ANDERSON: Do you recommend that, Mr.
23 Director of Finance?

24 MR. CHAMPION: I do. Were I not in the chair, I
25 would be glad to move it.

26 MR. CRANSTON: I so move.

1 GOV. ANDERSON: I'll second it.

2 MR. CHAMPION: There being no objection from the
3 Executive Officer, stands approved.

4 We have next, informative only, the status of
5 legislation. Is there anything special in that area?

6 MR. HORTIG: No, sir. In view of the fact, of
7 course, that due to the timing and the bill signing period not
8 having been over by the time this matter had to be completed,
9 final report on those matters significant to the Commission
10 will be on the July agenda.

11 MR. CHAMPION: All right. Then the only subject
12 formally to come before this meeting is confirmation of the
13 date, time and place of next Commission meeting, will be.....

14 MR. HORTIG: Tuesday, July 28th, in Los Angeles
15 at ten a.m.

16 MR. CHAMPION: There was a matter before the Com-
17 mission at the last meeting on the subject of leasing a por-
18 tion of the submerged lands in Santa Monica Bay by the City
19 of Los Angeles. The report that was called for is not pre-
20 pared yet, will be ready by the July meeting, and Mr. Spaulding,
21 who is Petroleum Administrator for the City would like to
22 speak to the question.

23 Mr. Spaulding.

24 MR. SPAULDING: Mr. Chairman, members of the Com-
25 mission, at the last meeting you will recall the issue of
26 leasing certain portions of the City's lands in Santa Monica

1 Bay was discussed and at that time there was a remark made
2 by the Governor to the effect that it would be continued to
3 this date.

4 Just to make the record complete, I would like to
5 read a couple of letters which have been addressed to various
6 Commissioners since the date of your last meeting. The first
7 was addressed to the Honorable Glenn M. Anderson:

8 "We have read with interest several recent news-
9 paper articles recounting the concern of the
10 State Lands Commission over the aesthetic effects
11 of marine oil well drilling and producing installa-
12 tions on the California seascape. In particular,
13 we refer to the Los Angeles Times May 29, 1964
14 report that the Commission deferred action on the
15 proposal of the City of Los Angeles to seek oil
16 and gas leases in Santa Monica Bay until aesthetic
17 considerations could be properly assessed.

18 "For your information we are enclosing a copy of
19 City of Los Angeles Ordinance No. 126,825, passed
20 by the City Council and approved by the Mayor in
21 February of this year. The purpose of this
22 ordinance is the imposition of planning controls
23 over the submerged lands within the City of Los
24 Angeles in order to preserve their natural attri-
25 butes but in such a way as to permit their develop-
26 ment for oil and gas. Implementing this purpose
Ordinance No. 126,825 specifies the procedures
and regulations to be followed in the conduct of
oil operations on tide and submerged lands located
within the City of Los Angeles.

"The adoption of the enclosed ordinance (which
has been sent to the individual Commissioners)
culminated a year-long period of deliberation by
various agencies and officials of the City of Los
Angeles. Throughout this period our prime concern
was for the aesthetic impact of oil drilling on
the marine and coastal environment. But it was
our belief that the situation along the coastline
does not differ greatly from that of the highly
urbanized portions of the City where oil drilling
has been carried on successfully for many years
under the rigid restrictions of the Los Angeles
Municipal Code "

1 and I refer particularly here to the area around Beverly Hills
 2 and Cheviot Hills and the La Cienega district and the vicinity
 3 of the whole oil field south of that primarily near an area
 4 of Western and Washington, without urban conflicts in the City
 5 of Los Angeles. These operations have been conducted since
 6 1952 without any serious incident in the City.

7 (Continuing with letter):

8 "Basically, then, by extending these same drilling
 9 and producing controls to the offshore area, we
 10 believe we have devised a formula whereby a valu-
 11 able resource may be recovered with little sacrifice
 12 of the scenic pleasures which are to be found in the
 13 seaside communities. Furthermore, the unique effort
 14 spent by the City of Los Angeles in planning for
 15 the exploration of its submerged lands could well
 16 serve as a model for other governmental agencies to
 17 follow in contemplating offshore drilling operations."

18 Now, consistent with the closing remarks made by
 19 the Lieutenant Governor, I have written a letter to the
 20 Honorable Hale Champion, dated June 19th, last Friday:

21 "At the regularly scheduled meeting of the State
 22 Lands Commission May 28, 1964, the proposal of the
 23 City of Los Angeles to seek oil and gas leases on
 24 approximately 7,000 acres of its submerged lands
 25 in Santa Monica Bay was discussed. In response to
 26 the motion of Lieutenant Governor Anderson, action
 upon the City's proposal was postponed until a
 later date. In concluding his remarks, Governor
 Anderson stated that the matter should be continued
 until the next meeting of the Commission...."

And this is why I am here with you today, even though I
 realize we are not part of your agenda.

(Continuing with letter):

"On June 5, 1964, we wrote to Mr. Frank J. Hortig
 to request that our proposal again be placed upon
 the calendar for the June 24 meeting of the State

1 "Lands Commission. We have recently received a
2 copy of the calendar summary for the June 24
3 meeting, and we note that our proposal is not due
4 for consideration. We should be very grateful if
5 you would again consider our request that our
6 project be placed upon your agenda at the earliest
7 opportunity in order to permit the City of Los
8 Angeles to proceed with its plans to seek oil and
9 gas leases on its granted lands in Santa Monica
10 Bay. As you may have been informed, the City of
11 Los Angeles wishes to offer these leases as the
12 opening phase of an effort designed to protect our
13 granted lands from drainage by upland oil producers."

14 This is the end of the letter.

15 MR. CHAMPION: I think telephone response was made
16 to that letter to me by Mr. Hortig.

17 MR. SPAULDING: Yes, Mr. Hortig did call Mr. Piper,
18 who did sign these letters.

19 MR. CHAMPION: I recognize the City's interest in
20 having this thing move as quickly as possible. As I under-
21 stand it, and I quite agree with the position Governor
22 Anderson took -- which is that while so far it is a matter
23 only for the City of Los Angeles -- the City of Los Angeles
24 obviously after careful examination arrived at a conclusion --
25 his stated position went to the whole State policy, not only
26 this land but our total policy in this area; and it is a
27 report as to the whole of this, rather than specifically to
28 the Los Angeles item, and as to where the Los Angeles item
fits within our total policy. That is the reason for the
deferment and the delay; and we are sorry for any inconveni-
ence here, but I discussed with Mr. Hortig the problem of
possible drainage. As I understand it, there is no new

1 drainage that would result by this kind of thirty-day delay
 2 and in view of the importance of the whole policy considera-
 3 tion of the State, we did want to put it over until we got
 4 the report that Governor Anderson asked for. I feel all the
 5 members of the Commission felt this should be before us,
 6 before we do something.

7 MR. SPAULDING: May we get assurance that we will
 8 have consideration at your next meeting?

9 MR. CHAMPION: I understand from Mr. Hortig you
 10 will be on the agenda next meeting.

11 MR. SPAULDING: This will be entirely satisfactory
 12 as far as our interests are concerned.

13 MR. CHAMPION: Is there anything more you would
 14 like to say?

15 GOV. ANDERSON: No.

16 MR. CHAMPION: That concludes the business of the
 17 regular meeting and I will declare that adjourned, and we
 18 will adjourn to the meeting set forth in the notice of the
 19 public review.

20 ADJOURNED 11:25 A.M.

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CERTIFICATE OF REPORTER

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I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing thirty-eight pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION at Sacramento, California, on June 24, 1964.

DATED: Los Angeles, June 30, 1964.

Louise H. Lillico