

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

TRANSCRIPT OF
MEETING
of

STATE LANDS COMMISSION

Los Angeles, California
July 28, 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)

Mrs. James P. Crowley, representing
Citizens Committee for the Preservation
of Public Beaches and Parks

Mrs. Alberta P. Guiver, representing
Long Beach Sailing Club, etc.

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

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

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 meeting of 3/26/64		1
3	PERMITS, EASEMENTS, RIGHTS- OF-WAY, NO FEE:		
	(a) County of Lassen	45	1
	(b) Dept. Water & Power, City of Los Angeles	43	1
	(c) Pacific Tel. & Tel. Co.	5	1
	(d) City of Rio Vista	12	1
4	PERMITS, EASEMENTS, RIGHTS- OF-WAY, LEASES -- FEE		
	(a) Herman Akers	3	2
	(b) Casiano Land & Livestock	1	2
	(c) Diaz Brothers	2	2
	(d) Department of the Navy	22	2
	(e) Continental Oil Company	36	2
	(f) Finley-Carpenter, Inc.	37	2
	(g) E.R. & Bernice Haertling	23	3
	(h) Joseph Morris	34	3
	(i) Pacific Gas & Elec. Co.	38	3
	(j) Pacific Gas & Elec. Co.	32	3
	(k) Riverview Investment Co.	39	3
	(l) Shell Oil Company	44	4
	(m) Lindsey H. Spight, dba Diablo Communic. Center	25	4

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 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE, continued			
(n) Lindsey H. Spight, dba Diablo Communic. Center	26	27	4
(o) Sycamore Properties	40	28	4
(p) Tidewater Oil Company	8	29	4
5 CITY OF LONG BEACH			
(a) Final Closing Misc. Proj.	11	30	5
(b) Roads & Streets Pico Rd. 9th to 3rd St., 2nd phase	35	33	5
(c) Expenditure L.B. Harbor Dept. not to exceed \$1 mil- lion for water-injection facilities upland portion Fault Block V Ranger Zone and portion Fault Block IV	31	35	5
			(MOTION ON CLASSIFICATION 5 ----- 5)
6 Authorization re land in Sec. 36 and Sec. 16, Imperial County to be acquired by Navy	28	38	24
7 MINERAL EXTRACTION, OIL & GAS LEASES			
(a) 57.59 acres Suisun Bay (sand extraction) pursuant to applic. Harry C. Thomsen	13	40	24
(b) Award of Oil & Gas Lease Parcel 21, Santa Barbara County	24	41	24
(c) Gas Lease 42nd Dist. Agr. Dist. & Tidewater Oil 46.78 acr. Glenn County Fair Grounds	29	43	25

cont. nued

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>
7 MINERAL EXTRACTION, OIL & GAS LEASES continued			
(d) Negotiated lease State Dept. Employment and Standard Oil Co. of Calif. 4.07 acres, City of L.A.	30	46	25
8 Authorization re Unit Agree- ment Coal Oil Point Offshore Oil & Gas Field, Devereaux Area, Santa Barbara County	33	49	27
9 APPROVAL OF MAPS & BOUNDARY AGREEMENTS			
(a) City of Crescent City	4	52	27
(b) Map 12353, San Mateo Cy.	46	53	27
(c) City of Benicia	41	56	28
(d) Coast Capital, Inc., City Newport Beach & State	10	61	28
(e) Vicinity Las Tunas Beach- agreement with Harold M. and Doreen Field and Emile Maalouf	7	66	28
10 PROPOSED LEGAL ACTIONS			
(a) Quiet title, etc. against Robert E. MacDonald, Robt. E. MacDonald III and Blair MacDonald, and Monterey Sand Co	9	71	29
(b) Quiet title 80 acres in Contra Costa County	14	72	29
11 ADMINISTRATION			
(a) Amendment and adoption of regulations in Title 2, Calif. Admin. Code 2100 (f) (5)	6	74	29

continued

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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>
11 ADMINISTRATION continued			
(b) Report to State Controller re subventions	42	75	30
(c) Study of State Lands Div.	27	79	33
(d) Amendment or revision of Art. 1,2,5,6, of Title 2, Div.3, Calif. Admin. Code	47	81	36
12 CONFIRMATION TRANSACTIONS OF EXECUTIVE OFFICER	21		37
Humble Oil & Ref.		96,99	
Richfield Oil Corp.		96	
Shell Oil Co.		97,98	
Signal Oil & Gas Co.		99	
13 INFORMATIVE - (a) Litigation	48	100	38
14 TENTATIVE			
(A) Policy re offshore drilling on tideland grants within grantee's jurisd,			Deferred
(b) Policy re development of petrol. resources in tide and submerged lands under jurisdiction of Commission			Deferred
15 Approval Oil and Gas Lease, City of Los Angeles	20	107	39
16 Next meeting			48
<u>UNCALENDARED:</u>			
Proposed contract, City of Long Beach -- Navy landing facilities			6
Sequential leasing program			44

1 MR. CHAMPION: Call the meeting to order. First
2 item on the agenda is confirmation of minutes of meeting of
3 March 26, 1964. They have been furnished to the members of
4 the Commission.

5 MR. CRANSTON: I move approval.

6 GOV. ANDERSON: Second.

7 MR. CHAMPION: Stand approved as submitted.

8 Permits, easements, and rights-of-way to be granted
9 to public and other agencies at no fee, pursuant to statute:

10 (a) County of Lassen -- Amendment of Permit P.R.C.
11 2376.9 by deletion of present legal description and substitu-
12 tion therefor of a legal description that will incorporate an
13 additional area, or a total of 76.08 acres of lands of Eagle
14 Lake, Lassen County (for development of small-boat facilities.)

15 (b) Department of Water and Power, City of Los
16 Angeles -- Issuance of life-of-structure permit, approximately
17 0.367 acre tide and submerged lands of San Gabriel River,
18 Orange County (for construction, operation and maintenance of
19 steam plant and necessary appurtenances).

20 (c) Pacific Telephone and Telegraph Company --
21 Easement across approximately 4.821 acres tide and submerged
22 lands of Raccoon Strait, San Francisco Bay, Marin County (for
23 purpose of re-establishing telephone service on Angel Island
24 to State Division of Beaches and Parks and to U. S. Coast
25 Guard Station).

26 (d) City of Rio Vista -- Ten-year renewal of Lease

1 P.R.C. 434.9, effective July 26, 1964, covering tide and sub-
2 merged lands in Sacramento River, Solano County (for floating
3 dock and protection of dolphins).

4 MR. CRANSTON: I move approval of those items.

5 GOV. ANDERSON: Second.

6 MR. CHAMFION: Stand unanimously approved.

7 Permits, easements, leases, and rights-of-way
8 issued pursuant to statutes and established rental policies
9 of the Commission:

10 (a) Herman Akers -- Five-year grazing lease, 197.68
11 acres, San Benito County, annual rental \$19.77.

12 (b) Casiano Land & Livestock Co., Inc. -- Five-year
13 grazing lease, 6,006.66 acres, Lassen County, annual rental
14 \$242.67.

15 (c) Diaz Brothers -- Five-year grazing lease,
16 2,320.59 acres, Lassen County, annual rental \$116.03.

17 (d) Department of the Navy -- Amendment of Lease
18 P.R.C. 509.2, covering 920 acres of land in the Salton Sea,
19 Imperial County, to reflect a transfer of jurisdiction from
20 the Department of the Army and consequent changes in account-
21 ability.

22 (e) Continental Oil Company -- Acceptance of quit-
23 claim and termination of Oil and Gas Lease P.R.C. 1524.1,
24 Huntington Beach, Orange County, effective June 1, 1964.

25 (No longer economical to operate the lease)

26 (f) Finley-Carpenter, Inc. -- Issuance of dredging

1 permit for approximately 200,000 cubic yards of material from
2 tide and submerged lands adjacent to Petaluma River, Marin
3 County; 50,000 cubic yards to be deposited on State lands
4 and 150,000 cubic yards on private lands at royalty of five
5 cents per cubic yard. (For purpose of developing waterways
6 in connection with a marina-type subdivision) State to be
7 guaranteed access to adjacent State lands.

8 (g) E. R. Haertling and Bernice Haertling --
9 Assignment to Windmill Cove Corporation of Lease P.R.C. 2856.
10 tide and submerged lands of San Joaquin River, San Joaquin
11 County.

12 (h) Joseph Morris -- Ten-year renewal of Lease P.R.C.
13 391.1, 1,653 acres tide and submerged lands of Santa Monica
14 Bay, Los Angeles County, and amendment thereof by deletion of
15 present legal description and substitution therefor of a new
16 legal description to correct a discrepancy. Annual rental,
17 \$781.20

18 (i) Pacific Gas and Electric Company -- Ten-year
19 renewal of Lease P.R.C. 390.1, 0.11 acre lands under Mokelumne
20 River, Sacramento and San Joaquin counties, for natural gas
21 pipeline crossing. Total rental, \$100.

22 (j) Pacific Gas and Electric Company -- Fifteen-
23 year lease, 1.03 acres, Hudeman Slough, Sonoma County, for
24 12 KV aerial wire crossing. Total rental, \$297.90.

25 (k) Riverview Investment Company -- Rescission of
26 Commission action of December 17, 1959, authorizing issuance

1 of 15-year lease covering 2.243 acres tide and submerged
 2 lands, Sacramento River, Yolo County, for a boating facility.
 3 Applicant failed to execute offered lease, to pay rentals, or
 4 to provide required surety bond.

5 (l) Shell Oil Company -- Geophysical Exploration
 6 Permit for period August 1, 1964 to February 1, 1965 for
 7 12,060 acres proprietary lands of the State on portions of
 8 Hammond, Grizzly, and Joice Islands, Solano County, and on a
 9 portion of Sherman Island, Sacramento County.

10 (m) Lindsey H. Spight, d.b.a. Diablo Communications
 11 Center -- Approval of sublease under Lease P.R.C. 2364.2 to
 12 Frank's Trucking, Inc., school lands, Contra Costa County,
 13 for maintenance and operation of a mobile repeater transmitting
 14 on 954.9 megacycles and receiving on 958.5 megacycles.

15 (n) Lindsey H. Spight, d.b.a. Diablo Communications
 16 Center -- Approval of sublease under P.R.C. 2364.2 to Ad
 17 Art, Inc., school lands, Contra Costa County, for maintenance
 18 and operation of a mobile repeater transmitting on 463.05
 19 megacycles and receiving on 466.30 megacycles.

20 (o) Sycamore Properties -- Approval of sublease for
 21 pier site of P.R.C. 719.1, tide and submerged lands in Ventura
 22 County, to Joe Klaassen, who intends to operate the pier
 23 thereon in connection with a trailer park and related facilities.

24 (p) Tidewater Oil Company -- Assignment of an un-
 25 divided 25% interest in State Oil and Gas Leases P.R.C. 308.1
 26 and P.R.C. 309.1 to Richfield Oil Corporation, Coal Oil Point,

1 Santa Barbara County.

2 MR. CRANSTON: I move approval.

3 GOV. ANDERSON: Second.

4 MR. CHAMPION: It has been moved and seconded. Is
5 there any question or comment? (No response) Stand approved
6 as submitted.

7 City of Long Beach -- Approvals required pursuant
8 to Chapter 29, Statutes of '56, First Extraordinary Session:

9 (a) Final Closing of Miscellaneous Projects Acc-
10 counts: Determination of subsidence costs subsequent to
11 April 1, 1956, and State's share of such costs, with credits
12 due State in amounts of \$65,78 and \$298,35; and credits due
13 City in amounts of \$3,15, \$215,65, and \$577,98.

14 (b) Roads and Streets, Pico Service Road - 5th
15 Street to 3rd Street, (2nd phase) -- Estimated expenditures
16 from July 28, 1964 to termination of \$296,000, with \$94,720
17 (32%) estimated as subsidence costs.

18 (c) Approval of expenditure by the Long Beach Harbor
19 Department of not to exceed \$1,000,000 from the City of Long
20 Beach share of tideland revenues for municipally owned water-
21 injection facilities to serve the upland portion of the Fault
22 Block V Ranger Zone Unit and a portion of the Fault Block IV
23 Area.

24 MR. CRANSTON: I move approval.

25 GOV. ANDERSON: Second.

26 MR. CHAMPION: It has been moved and seconded that

1 we approve the items as recommended. Any question? (No
2 response) Stand approved. Is there any question?

3 GOV. ANDERSON: My only question was: Is this the
4 proper time to discuss this other item where we have these
5 telegrams and communications from the Citizens Committee for
6 the Preservation of Public Beaches and Parks on the Long
7 Beach Navy landing? I thought we might take it up at this
8 time. Is there someone here, Frank?

9 MR. HORTIG: Yes, Governor Anderson. Several of the
10 people who have sent telegrams as well as letters to the Com-
11 mission, raising question with respect to the propriety of a
12 proposed modification under private contract of the existing
13 Long Beach Navy landing facilities to be used for other pur-
14 poses, are present here this morning. A representative of
15 the Citizens Committee for the Preservation of Public Beaches
16 and Parks desires to address the Commission.

17 MR. CHAMPION: Who would that be?

18 MR. HORTIG: Mrs. James P. Crowley; similar request
19 from Mrs. Alberta P. Guiver, I believe representing also the
20 Long Beach Sailing Club as well as the Committee for the
21 Preservation of Alamitos State Beach; and of the people who
22 have sent telegrams to the individual Commissioners, as well
23 as the staff, these are the ones who have registered this
24 morning, desiring to address the Commission on this subject.

25 In Summary, and for the Commission's information,
26 when this question was raised we had had it under informal

1 discussions with the Office of the Attorney General and with
2 staff counsel, to be followed up by more definitive opinion.
3 The consensus at the moment, which is from the initial review
4 as to the local situation -- and this includes the opinion of
5 the Office of the City Attorney of the City of Long Beach --
6 that the type of operation herein proposed by the City of
7 Long Beach does not require advance approval by the State
8 Lands Commission for the purposes for which the City desires
9 to modify this facility and, therefore, no application is
10 before the Lands Commission for consideration.

11 MR. CHAMPION: Do I understand this -- that it is
12 unlikely that the City of Long Beach would ask any action by
13 the Lands Commission if the present legal view is taken? In
14 other words, they would not make a request; only if we felt
15 we had some role and asked to consider the matter would this
16 matter come before us?

17 MR. HORTIG: That is a correct summary.

18 MR. CHAMPION: And your present information is that
19 the legal finding will probably be that we have no authority
20 to ask for such and, therefore, we are not likely to have
21 jurisdiction over this matter.

22 MR. HORTIG: This is the initial conclusion as to
23 the matter.

24 MR. CHAMPION: I understand that. I wanted to
25 make that clear. We certainly want to hear what people have
26 to say on this subject, but I want to make it clear that it

1 now appears, at least as of the present opinion, that we will
2 not have jurisdiction and this problem will be resolved in
3 Long Beach itself; but we will be very glad to have your views
4 and any views as to the jurisdictional problem involved.

5 Would you call the people?

6 MR. HORTIG: Mrs. James P. Crowley.

7 MRS. CROWLEY: I am Mrs. James P. Crowley. I live
8 at 6427 East Seaside Walk in Long Beach.

9 Mr. Champion, Lieutenant Governor Anderson, Mr.
10 Cranston, I appreciate very much this opportunity to speak,
11 although we were not an agenda item. I am sure you must be
12 fairly versed with the situation. We have tried to inform
13 you, each of your offices. We think we have a desperate prob-
14 lem there. We are most unhappy to know that a valuable tide-
15 land property, which cost the trust some five and one-half
16 million dollars, can be leased -- I'll refrain from the
17 words "givenaway" for the time being -- to a group whose
18 intent seems to be of a private nature.

19 I would like first to have you look at this proposed
20 Long Beach West Beach Development project. At one time this
21 was referred to as "urban renewal" but since the City has
22 decided not to use Federal or State funds for anything of
23 this nature, this is to be a completely private enterprise.
24 It is now referred to as the Long Beach West Beach Development
25 Project. Now, this has a rather, to me, nebulous financial
26 plan. It seems to me to be a tax kickback plan of some kind

1 and I am sure it would require study before it goes forward;
2 but it gets down to the fact that this will be a private mat-
3 ter and I would like you to look at this particular book and
4 the picture, so you may see exactly the relationship of this
5 high rise proposed development to the Navy landing, and the
6 parks and areas and the related facilities of that. May I
7 enter this? We fumbled for a while as to who we thought
8 might have the advantage of this thing should it come to pass
9 and then that little book seemed to reveal all to us.

10 You spoke of the legal aspects. We have a differ-
11 ence of opinion there because we have consulted a private
12 attorney who is considered quite an expert on tidelands mat-
13 ters. I have no statement officially from him, but he felt
14 that indeed, since this Navy landing was developed by the
15 vote of the people of the City of Long Beach, that the public
16 funds were utilized for its development, that it was developed
17 for a specific public purpose -- the United States Navy; that
18 this does not quite go into the category of many of the other
19 trust properties that have been leased privately. Now,
20 that's all I have to say as to the legal end of it, because
21 I am sure you have not completed your study on it, as Mr.
22 Hortig specified there; but there are other aspects aside
23 from the moral or legal, and that is the financial -- and
24 this is where we feel that the State Lands Commission should
25 be definitely interested.

26 We feel that we can prove that the tidelands fund,

1 the trust itself, will suffer under this private lease over
2 the fact that it might be kept in the public operation. So
3 I am going to read this, and I am going to be as brief as I
4 can. This is addressed to the Honorable Hale Champion, with
5 copies to the members of the Commission, and the subject is
6 the proposed conversion to private interest of the Long Beach
7 Navy Landing, the "D" phase -- which is the small boat harbor.

8 Now, in this phase, if you have had an opportunity
9 to study the specifications, you will find included the
10 marine fuel dock. We feel this will be quite a gold mine and
11 will carry the difference between the gross and the net on
12 this. However, since all figures are relative, I will present
13 this.

14 "Dear Mr. Champion:

15 The Long Beach Public Marina, built at a
16 cost of 18 million dollars from the Tideland Fund
17 is efficiently operated at a profit by the Marine
18 Department of the City of Long Beach. There is a
19 3 year old waiting list of over 3,000 applicants.
20 This marina charges the boating public \$1.00 per
21 foot per month for moorings.

22 We submit that the small boat harbor proposed
23 for the Navy Landing should be retained by the City
24 and operated as a natural adjunct to our existing
25 public marina system.

26 The City Engineer's office supplies the infor-
27 mation that there will be 7,000 feet of dockage,
28 with 200 moorings in the Navy Landing site."

29 The private marinas in our entire area charge from \$1.50 to
30 \$2.00 a foot, and it is said now that possibly it will be much
31 higher in this area.

32 "Because of the unique position of the Navy landing,

1 "its fine related facilities and the intense need,
2 under private speculation this figure could easily
3 be raised to as high as \$2.50 per foot.

4 It is anticipated by the City that the lease
5 will go for about 20%."

6 This lease has a minimum rental on each phase, and then if
7 the lease will be given on the basis of the percentage point
8 above the normal, the lessee will pay either the minimums or
9 the percentage points that they bid.

10 "Thus the lessee will pay 20% after certain reduc-
11 tions of the gross. Since we speak only of the "D"
12 phase of the proposed lease, you will note that the
13 Marine fuel dock is included. This could be a very
14 profitable area and cover the difference between
15 gross and net for the lessee. However, since all
16 these figures are relative, we submit: ****"

17 (Balance of letter not quoted verbatim by Mrs. Crowley, there-
18 fore her own interpretation as given at the meeting follows)

19 MRS. CROWLEY continuing: Under the public plan
20 under our own Marine Department, the public would pay \$1 a
21 foot per month; that is \$7,000; one year, \$84,000; forty
22 years, the terms of the lease, \$3,360,000. Now, under pri-
23 vate lease, if the lessee were to charge a dollar and a half
24 per foot, the price - - perhaps if I distribute these to you,
25 it will be easier for you to follow the figures. (Copies
26 distributed)

Under the private lease at \$1.50 a foot, it will be
\$10,500 a month against the seven; at \$2, it will be \$14,000
a month against the seven that the public has to pay for these
moorings -- which, in the course of time, if you follow your
figures through, in forty years the public will pay three

1 million and a third, approximately, under public management.
2 Under private management, at \$1.50, they will pay over five
3 million, and under private management at \$2, they will pay
4 \$6,720,000.

5 Now, the return to the tideland fund on a 20% con-
6 tract for forty years: The public will return to this fund
7 the \$3,360,000; the private ownership lessee under \$1.50 will
8 return only \$1,000,000; and if they charged \$2 a mooring,
9 they will turn in \$1,344,000.

10 The overcharge to the public -- who just happen to be
11 the owners of this facility: If it is publicly operated, there
12 will be none; if it is privately operated under the charge of
13 \$1.50, the overcharge to the public will be \$4,032,000; under
14 the \$2.00 plan, it will be \$5,376,000.

15 Now, it is obvious that the differential will go into
16 the promoters' pockets. We question the judgment and the
17 fiscal responsibility of the trustee. We claim the trust pur-
18 pose is not being served. The spirit of Chapter 1560, Section
19 2, #2, requires that maximum return to the trust be obtained
20 by any lease. This is being directly violated in this proposal.

21 We respectfully request your intervention in this
22 matter and we again call your attention to "D" Day, which is
23 two o'clock next Monday afternoon. The bids will be opened
24 at that time. I am sure they are pretty well organized and
25 I think the leases will be signed very, very quickly.

26 Now, I spoke on only this one phase because this is

1 the phase that I think should interest the State. The fact
2 that we have given away millions of dollars worth of our tide-
3 land trust property to private yacht clubs and millions of dol-
4 lars worth of our State beach park to private yacht clubs
5 leads us to think that maybe the public should get a little
6 break around here. I can name at the moment four public clubs
7 that have no place to go. One is the Sailing Club of Long
8 Beach. One is the State College Sailing Club, with about
9 sixty members at the moment, who have their own boats, are go-
10 ing to be pushed off the beach in the Marina area and are
11 therefore going to have to break up their club and toss away
12 their boats, or have some public spot for them.

13 Then we have a Boat Owners Association -- Marina
14 Boat Owners Association, that has eighteen hundred members
15 and have been on this waiting list in the marina for up to
16 three years, and with a 3,000 waiting list you can see how
17 few of them and how long before they can get on to it.

18 I want to also mention this -- that you will find
19 in the City of Long Beach still needs to come to you for any
20 of these matters, for many marine developments, it seems a
21 little absurd -- millions of dollars to develop a new marina
22 when we have available 200 slips that should be in public usage.
23 The City has also claimed that at the moment they are a little
24 strapped for funds and yet the head of the Marine Department
25 with only \$350,000 -- which would be tideland funds -- can
26 develop the floats in this marina, which provides 200 more

1 spots. Since the City has so recently spent a half million
2 dollars to develop twenty-nine floats for a private yacht
3 club, it would seem somewhere they could come up with this
4 \$300,000 and let Mr. McDowell, the most efficient Marine
5 manager there, take this marina into our public system. We
6 have been more than patient.

7 Thank you so much.

8 MR. CHAMPION: Was there someone else that wanted
9 to be heard, before I call on the City of Long Beach for
10 whatever response they want to make?

11 MR. HORTIG: Mrs. Guiver indicated she wanted to
12 give testimony.

13 MRS. GUIVER: Mrs. Crowley has given my views.

14 MR. CHAMPION: It sounds like Long Beach has a
15 classic case of free enterprise versus government operation
16 in front of it.

17 MR. LINGLE: As you know, we built the Navy landing
18 at the request of the Government. The Navy no longer uses or
19 needs all of the Navy landing. We searched for a way to use
20 this area more efficiently and more profitably and came up
21 with the idea of diverting it to a marina. It is our estimate
22 that it will cost approximately \$700,000 to convert it. We
23 thought we would lease this area with an associated dry-boat
24 storage area, at a competitive bid. We don't know who is
25 going to get it. The rates that the man charges, whoever
26 gets it -- their operations will be subject to control by the

1 City Manager.

2 By having private enterprise take over this opera-
3 tion, it will mean that private enterprise will spend the nec-
4 essary funds and the money that we would otherwise have to
5 spend on the marina will be available in another area.

6 I have no idea what rates they would charge. If
7 our rates at the Marina are this far out of line -- maybe it
8 is my personal view -- maybe our rates at the Marina are wrong.
9 All I know ****

10 MR. CHAMPION: By wrong, you mean you are charging
11 too little to the users?

12 MR. LINGLE: Yes. All I know, we are making facili-
13 ties available to somebody who would pay a fair rate and I
14 can't believe that somebody is going to charge whatever is
15 more than a fair rate would be because he will be driven out
16 of business by other competition.

17 MR. CHAMPION: Do you have any other controls on
18 that? Do you have any controls to determine whether there is
19 an overcharge?

20 MR. LINGLE: We will have a right to control the
21 rates and a competitive bid will be bid.

22 There is an urban renewal proposition in the area,
23 and it is on uplands. There is an urban renewal area and I
24 don't doubt for a minute if there is a marina there it will
25 enhance the development of an urban renewal area -- but they
26 are entirely different projects. The urban renewal project

1 had been thought of long before we had contemplated turning
2 this into a marina.

3 As far as the legal aspect, these people have ap-
4 peared before the Long Beach Council and our office has filed
5 its opinion with the Council. We believe as far as our inter-
6 relationship between the State and the City is concerned, we
7 believe it is in the jurisdiction of the City. We certainly
8 have no qualms in discussing this matter with you. We have
9 exercised our judgment to provide capital for a recreational
10 facility.

11 MR. CHAMPION: Would the City require that the space
12 be available to the public for mooring on a first-come-first-
13 served basis, or could it be used for a private group?

14 MR. LINGLE: I can see no reason why they can't
15 put it in. It is out for a competitive bid -- whoever will
16 pay us the highest gross amount has been the bid criteria.

17 MR. CHAMPION: As I understand it, the people in the
18 apartments behind there are to have first right.

19 MR. LINGLE: Assuming the City is going to turn it
20 over to the operator and let him run it. We contemplate
21 getting this thing off the ground within the next six months.
22 Those high rise apartments -- our urban renewal project has
23 been formulated but we don't have bonds issued; we haven't
24 condemned any property and it is still in the formative stage.
25 Whether or not there will be high rises, I do not know.

26 MR. CHAMPION: If you did not put in conditions and

1 somebody was interested in that development could bid and pay
 2 to the City whatever it thought it wanted, in order to reserve
 3 that for an ultimate benefit for the residents in the area,
 4 unless you put some specific prohibition in it there is nothing
 5 to prevent them from going ahead on this basis.

6 MR. LINGLE: That gives us a point, and I think we
 7 can put some automatic controls in this lease.

8 MR. CHAMPION: Actually, we should not, unless we
 9 have a legal opinion, attempt to tell you how to do business
 10 in the City of Long Beach and I think probably we ought to
 11 await the opinion of the Attorney General on whether or not
 12 we have any jurisdiction in this matter; but you can consider
 13 all this as gratuitous advice, which may be what it is worth.

14 MR. LINGLE: I don't feel your advice is out of
 15 place, and Mrs. Crowley and I have discussed many things in
 16 the past and I am sure we understand her feelings in the mat-
 17 ter, too.

18 MR. CHAMPION: It is easy to understand the feeling
 19 of three thousand people on that waiting list, if they feel
 20 there is going to be a new waiting list and they are going to
 21 start out from scratch.

22 MR. LINGLE: The fuel dock in the Marina -- that is
 23 operated privately by competitive bid. About the only thing
 24 we do collect is rental from the slips. You have a couple of
 25 matters on here today. You have them from time to time; you
 26 have lands out that are developed in certain ways. I certainly

1 realize the crying need for recreational facilities for small
2 boats. We know that there is a demand. Our idea was we would
3 let somebody private do it. I know there have been more than
4 forty sets of specifications taken and I think it is their
5 worry and your suggestion is a matter that we can certainly
6 work out, so that we don't get some select few that will have
7 the priority.

8 GOV. ANDERSON: Under your program, what do you
9 anticipate would be the annual return to the trust fund?

10 MR. LINGLE: Well, I can tell you what the minimum
11 is. The minimum is something like four thousand plus a month.

12 GOV. ANDERSON: Four thousand a month?

13 MR. LINGLE: Four thousand plus a month.

14 GOV. ANDERSON: We are talking about fifty thousand
15 a year?

16 MR. LINGLE: There are all kinds of things that are
17 going to be leased. There is a dry dock storage; there is a
18 marina area; there is even an area for shops and a restaurant;
19 and all these concessions have to be operated more efficiently
20 if one group could operate it together. But I'd hate to have
21 to guess.....

22 GOV. ANDERSON: Roughly, I see they use the figure
23 of five and one-half million originally and you say seven
24 hundred thousand conversion?

25 MR. LINGLE: That's what we are trying to get out of.
26 We aren't going to put up the seven hundred thousand; the

1 successful bidder will do it.

2 GOV. ANDERSON: Then the only trust fund money in it
3 will be the original five and one-half million?

4 MR. LINGLE: Yes, sir.

5 GOV. ANDERSON: And then we would measure the return
6 against our five and one-half million trust funds that have
7 been put into it.

8 MR. LINGLE: Yes, but I think it is, I believe, a
9 strange situation -- because we built this thing, figuring
10 we wouldn't get anything out of it. We built it as an adjunct
11 in the harbor to take care of United States Navy Landing boats.
12 We didn't anticipate -- This was governmental activity that
13 wasn't going to return anything to us. I think we ought to
14 get the most we can so long as it is operated fairly, but I
15 can't say I think it should be measured against our original
16 investment.

17 GOV. ANDERSON: The reason I am asking that -- we
18 have to think of what trust funds were put in, particularly
19 where we have something going to private use.

20 MR. HORTIG: Mr. Chairman, I believe the record
21 should also reflect that this was a construction of the City
22 of Long Beach under Chapter 29, Statutes of 1956, utilizing
23 the City's share of tidelands funds.

24 GOV. ANDERSON: It is the City's share, but it is
25 still the trust fund.

26 MR. CHAMPION: It is still subject to any questions

1 anybody wants to raise about trust.

2 MR. HORTIG: This is true, but I did want to make
3 the distinction that there were no State funds as such that
4 were spent on this particular facility.

5 MR. CHAMPION: Let me ask you this, Mr. Lingle:
6 Is it possible that this thing, consummation of what they
7 are supposed to do, might be withheld subject to our having
8 some legal opinion as to the Lands Commission's proper role
9 in this matter? I am not asking, say, for a delay of the
10 opening of the bids or the action on them or the consummation
11 of them; but what you propose to do might be delayed pending
12 that. It might save us a lot of complications.

13 MR. LINGLE: My hesitation is as a lawyer. I hate
14 to jeopardize the opening of the bids. We have gotten them
15 out and they are pending.

16 MR. CHAMPION: How long have they been out?

17 MR. LINGLE: The Council approved this the first
18 part of June and I guess bids are to be opened, I assume,
19 next week -- as Mrs. Crowley said. I am not absolutely
20 certain.

21 MR. CHAMPION: What period do you have running
22 after the opening of the bids?

23 MR. LINGLE: We haven't drawn the lease. We have
24 to draw the lease, so between the time we draw the lease.....

25 MR. CHAMPION: I am talking about the award of
26 bids. There is generally a period of thirty, sixty or ninety

1 days in which award a bid which has been opened.

2 MR. LINGLE: I don't have that information.

3 MR. CHAMPION: I think if this could be done, and I
4 think it could be done cooperatively -- if you did have such
5 a period of time before you made the award until we get this
6 opinion, then it would be all clear and then there wouldn't be
7 any problem of us raising questions after this is consummated.

8 MR. LINGLE: If there is any way we can do it that
9 we don't jeopardize the legality of it, I know the City will
10 do it.

11 MRS. CROWLEY: May I answer what Mr. Lingle has said?
12 Also, I'd like to add the addendum which has been sent out
13 since the original specifications, which I would like your
14 attorneys to study. There is a section that is very disturb-
15 ing to me -- and I may be just looking for something. After
16 a careful study of the lease and the bid, it is most apparent
17 that in the future there is no reason why this entire facility
18 cannot become a completely private club.

19 Now, in this addenda, which I wish to turn in, I
20 find that the restaurant, if I interpret it correctly, can be
21 operated there as a restaurant, but it is permissible but not
22 mandatory. I have often found that when these addendums come
23 out after careful study has been given, and they come out at
24 such a late date in the leasing period, that there is something
25 that one needs to carefully watch for.

26 I can answer a couple questions Mr. Lingle was not

1 able to answer. I want to go into the secrecy and the lack
2 of publicity that seemed to surround this entire matter.
3 On June 3rd the Council met. A letter from the City Manager
4 was read. Without one comment, one objection, one question,
5 the Council immediately -- and I have evidence of this effect
6 minutes of the meeting -- the Council immediately resolved
7 that the City Manager issue the bids. This is on June 2nd.

8 On June 4th we found this little item in the Press-
9 Telegram -- just this little bit on the back page of the city
10 section. The front page had a large spread on a Yugoslavian
11 family -- but this was buried on the back page. The only pub-
12 licity in addition on this was because we approached the
13 Council and the Council resolved to ask the City Attorney for
14 his opinion. We also requested a public hearing, which has
15 not been granted to date. We are requesting it again today.
16 Item 18 today on the agenda at the City Council will advise
17 the Council the City Attorney has reviewed this, he has found
18 nothing illegal, and the action is an administrative decision.

19 Now, if the owners of this five and one-half million
20 property are not even to be allowed to be informed when it is
21 given away, as desperately as we need our recreation areas
22 there -- which Mr. Lingle touched on -- this area is completely
23 developed....

24 MR. CHAMPION: May I point out something here? I
25 think it is important to distinguish what this body can be
26 concerned with, and not. We are not in a position to review,

1 generally, actions of any municipalities. We have one interest
2 in the tidelands, and a very great interest in the tidelands;
3 and that is that the terms of the grant are carried on and
4 anything that affects the grant we must examine carefully.
5 But as far as what the City has done, and the judgment of the
6 Long Beach newspapers, this does not concern us.

7 MRS. CROWLEY: I am sorry. I shouldn't have mentioned
8 it. However, I think Governor Anderson asked Mr. Lingle
9 whether the City could control the rates. On this phase, which
10 he touched on this morning, the minimum is \$1250.00, which is
11 ridiculous when even at a dollar, the return is seven thousand
12 a month. On the Phase D, the boat basin, and the fuel, the
13 minimum is \$1250. There is nothing to prevent a private club
14 from making that small minimum and there is nothing to offer
15 percentage points which are greater, and there is nothing to
16 charge the most they can get or charge the least they can get.

17 I do ask your attorneys to carefully study the
18 lease, the invitation to bid, and the addendum which I have
19 just presented to you.

20 MR. CHAMPION: You can be sure they will be given
21 our attention.

22 MRS. CROWLEY: You have been most kind.

23 MR. CHAMPION: Is there anything further on this
24 matter?

25 GOV. ANDERSON: I think we ought to make sure the
26 Attorney General has all this material.

1 MR. HORTIG: The discussions and the specific re-
 2 quest to the Attorney General's Office will, of course, be
 3 supplemented with all the data that have been presented here
 4 today.

5 MR. CHAMPION: With that we will pass on to the
 6 next item on the agenda, which is authorization for Executive
 7 Officer to advise the Department of the Navy that the Commis-
 8 sion is in agreement with the suggestion of the Navy that the
 9 fee simple title to all of Section 16 and the $W\frac{1}{2}$ of $NW\frac{1}{4}$, $SE\frac{1}{4}$
 10 of $NW\frac{1}{4}$, $W\frac{1}{2}$ of $NE\frac{1}{4}$, $SE\frac{1}{4}$ of $NE\frac{1}{4}$, $W\frac{1}{2}$ of $SW\frac{1}{4}$, $SE\frac{1}{4}$ of $SW\frac{1}{4}$ and the
 11 $SE\frac{1}{4}$ of Section 36, Township 14 South, Range 9 East, S.B.M.,
 12 Imperial County, be acquired by the Navy under proceedings in
 13 eminent domain, with every effort to be extended to reach an
 14 agreement through negotiations on the fair market value to
 15 which the State is entitled, and entry of a stipulated judg-
 16 ment in such proceedings.

17 MR. CRANSTON: I move approval.

18 GOV. ANDERSON: Second.

19 MR. CHAMPION: Stands approved.

20 Mineral Extraction and Oil and Gas Leases:

21 (a) Authorization for Executive Officer to offer for
 22 lease, for extraction of sand at minimum royalty of eight
 23 cents per cubic yard, a 57.59-acre area of submerged lands in
 24 Suisun Bay, Contra Costa and Solano counties, pursuant to
 25 application of Harry Crone Thomsen.

26 (b) Award to the highest qualified bidders, Richfield

1 Oil Corporation and Standard Oil Company of California, of
2 Parcel 21, Oil and Gas Lease, 5,553 acres of tide and sub-
3 merged lands, Santa Barbara County, for cash-bonus payment of
4 \$18,666,555.66.

5 (c) Authorization, because of small size and in-
6 accessibility from surface drillsites, for a negotiated gas
7 lease between 42nd District Agricultural Association and Tide-
8 water Oil Company, covering 46.78 acres of land in the Glenn
9 County Fair Grounds at Orland, below the depth of 500 feet
10 below the surface of the ground, at rental of \$25 per acre or
11 a total of \$1,167.25 per year, and a royalty of 16-2/3% of
12 all dry gas or non-oil products removed or sold from the
13 leased land.

14 (d) Authorization, because of small size and in-
15 accessibility from surface drillsites, for a negotiated lease
16 between the State Department of Employment and the Standard
17 Oil Company of California, covering 4.07 acres of land in the
18 vicinity of 15th Street and Broadway in the City of Los
19 Angeles, below the depth of 500 feet below the surface of the
20 ground, at a delayed rental of \$1,221 for the period March 5,
21 1959 to March 5, 1965; an annual rental of \$244.20 commencing
22 March 5, 1965, in the event drilling operations have not com-
23 menced; and a royalty of 16-2/3%.

24 MR. CRANSTON: I move approval.

25 GOV. ANDERSON: I second, but I'd like to have you
26 explain a little bit the reason for delay in rental on item (d).

1 MR. HORTIG: The obligation to undertake a lease on
2 the property was proffered to the Department of Employment as
3 early as 1959. The inclusion of this area within an oil drill-
4 ing district in the City of Los Angeles, which requires zoning
5 and establishment of oil drilling districts under ordinance
6 procedures of the City of Los Angeles, and the leasing of the
7 balance of the area within the particular oil drilling district
8 has occupied the time up to now; and consequently, now for the
9 first time the lessee of the majority area, who is actively
10 drilling a well on the drillsite approved by the City of Los
11 Angeles, has consummated all these lease commitments that he
12 has heretofore undertaken and, therefore, the delayed rental --
13 which is a customary offer in the normal upland lease -- is
14 being proffered for the period of time past under which he
15 originally obligated himself, as well as the lease providing
16 for an annual delay rental in the event that further drilling
17 development is not actually undertaken.

18 GOV. ANDERSON: This is the first drilling operation
19 in this area?

20 MR. HORTIG: Yes, sir. It is in process, within
21 the limits of the oil drilling district which encompasses the
22 particular parcel, which was occupied by the Department of
23 Employment.

24 MR. CHAMPION: Is there any further question on
25 this item? (No response) It has been moved and seconded,
26 approved unanimously. Stand approved.

1 MR. CHAMPION: (continuing) Authorization for the
 2 Executive Officer to execute the Unit Agreement for the devel-
 3 opment and operation of the Coal Oil Point Offshore Oil and
 4 Gas Field, Devereaux Area, Santa Barbara County; determine
 5 that the unit plan of development and operation contemplated
 6 is necessary and advisable in the public interest; determine
 7 that the alteration, change or revocation of certain require-
 8 ments of State Oil and Gas Leases P.R.C. 308.1 and P.R.C. 309.1
 9 is necessary to secure the proper protection of the interests
 10 of the State. (Leases held by Richfield Oil Corporation and
 11 Signal Oil and Gas Company)

12 GOV. ANDERSON: I move it.

13 MR. CRANSTON: Second.

14 MR. CHAMPION: Stands approved.

15 Approval of maps and of boundary agreements:

16 (a) 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 Crescent City, Del Norte County, Calif."
 19 dated June 1964.

20 (b) Authorization for Executive Officer (1) to
 21 approve Map No. 12353 entitled "Survey of Corrected Boundaries
 22 Tideland Survey 63 (Parcel Two), Tideland Survey 76 (Parcel
 23 D), San Mateo County, California" dated September 1963 (Ex-
 24 hibit "C"), insofar as it depicts the common boundary of
 25 Parcel Two of Tideland Survey 63 along the landward of westerly
 26 boundary of Tideland Survey 76; (2) to approve corrected

1 descriptions of Tideland Survey No. 63 (Parcel Two) and
2 Tideland Survey No. 76 (Parcel D); (3) to certify Map No.
3 12353 and cause it to be filed in the Office of the Recorder
4 of San Mateo County.

5 (c) Authorization for Executive Officer (1) to
6 approve and have recorded Sheet 1 of 1 of map entitled "Boundary
7 of Mean High Tide Line Along the Shore of Suisun Bay, Vicinity
8 of Benicia Arsenal, Solano County, Calif.," dated June 1964;
9 (2) to execute a boundary agreement with the United States
10 and the City of Benicia fixing the boundary of State tidelands
11 at the Mean High Tide Line of 1896 along the shore of Suisun
12 Bay, Solano County, California.

13 (d) Authorization for Executive Officer to execute
14 a boundary agreement with Coast Capital, Inc., the City of
15 Newport Beach, and the State of California, fixing the boundary
16 of granted State tide and submerged lands along the shore of
17 Newport Bay, as shown on "Map of Lancaster's Addition to New-
18 port Beach" on file in the office of the State Lands Commission.

19 (e) Authorization for Executive Officer to execute
20 an agreement with Harold M. Field, Doreen Field, and Emile
21 Maalouf, fixing the Ordinary High Water Mark as the common
22 boundary along the shore of Santa Monica Bay in the vicinity
23 of Las Tunas Beach, Los Angeles County, as the permanent
24 boundary between State tide and submerged land and subject
25 private lands.

26 MR. CRANSTON: I move approval.

1 GOV. ANDERSON: Second.

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

4 Proposed legal actions:

5 (a) Authorize the Executive Officer to request the
6 Office of the Attorney General to take legal action to quiet
7 title, and for trespass, damages, and injunctive relief against
8 Robert E. MacDonald, Robert E. MacDonald, III, and Blair
9 MacDonald, d.b.a. Monterey Sand Company, and Monterey Sand
10 Company, a California corporation, relating to removal by
11 them of sand from tide and submerged lands in Monterey Bay
12 fronting their property in the vicinity of Seaside and Marina
13 Monterey County.

14 (b) Authorization for Executive Officer to request
15 the Attorney General to proceed with the filing of a quiet
16 title action or such action as is deemed necessary for the
17 purpose of determining and clearing the State's title to the
18 E $\frac{1}{2}$ of NE $\frac{1}{4}$ of Section 25, Township 1 North, Range 1 West, M.D.B.,
19 containing 80 acres in Contra Costa County.

20 MR. CRANSTON: Move approval.

21 GOV. ANDERSON: Second.

22 MR. CHAMPION: Stand approved.

23 Administration -- and I think we might deal with
24 these separately, item by item:

25 (a) Amendment and adoption of the Commission's regu-
26 lations in Title 2, California Administrative Code, Section
2100(f)(5).

1 Do you want to explain that item, please?

2 MR. HORTIG: The Commission earlier this year auth-
3 orized the publication of the required notice of intention to
4 amend the rules and regulations relating to geological explora-
5 tion permits to conform to the precise language of the statute.
6 The necessary publications were made. The time has expired
7 for any comments prior to adoption of rules and regulations by
8 the Commission. No comments, pro or con, on the proposed
9 rule amendment has been received and, therefore, it is recom-
10 mended that the Commission adopt and thereafter the regulation
11 will be published in the California Administrative Code as
12 amended, relating to the conditions for furnishing information
13 under geological exploration permits in strict conformance with
14 the statute as it is in the books.

15 MR. CRANSTON: I so move.

16 GOV. ANDERSON: Second.

17 MR. CHAMPION: Is there any question on that matter?
18 (No response) Stands approved.

19 (b) Authorization for Executive Officer, as required
20 by Chapter 2160/63, to report to the State Controller the
21 revenues remitted for the 1963-64 fiscal year, in accordance
22 with Exhibit "A"; and to report to the State Controller the
23 revenues remitted during the 1964-65 fiscal year at the time
24 of remittance, for all revenues received from within the limits
25 of qualifying cities or counties, as described in Exhibit "B".

26 I take it that Exhibit "B" is the opinion of the

1 Attorney General?

2 MR. HORTIG: Exhibit "B" lists the qualifying cri-
3 teria of the various cities and counties in terms of mile of
4 beach front that will be applicable to the calculation of the
5 subvention to be transmitted by the Controller to the respect-
6 ive cities and counties, depending upon the magnitude of the
7 revenues received from offshore qualified cities and counties
8 during the fiscal year 1964-65.

9 This is in conformance with the Attorney General's
10 opinion of the applicability of the statute. The statute went
11 into effect October 1963; provides for a report to the Con-
12 troller of the amounts received for the balance of that fiscal
13 year, specifically October '63 to June 30th, '64 in one lump
14 sum; and thereafter requires a monthly report to the Controller
15 as the State Lands Commission receives money on a monthly
16 basis, so the Controller can then make the calculation as to
17 the amount to be remitted in accordance with the qualifying
18 schedules which are furnished to him by the Lands Commission.

19 MR. CRANSTON: I move that the Controller be
20 informed.

21 GOV. ANDERSON: Second.

22 MR. CHAMPION: There being no alternative, it stands
23 approved. Now, as I understand it, our report is to him of
24 the total amount and he makes the computation under the inter-
25 pretation of the Attorney General. Do you have an approximate
26 figure as to what the local jurisdictions will receive under
27 this?

1 MR. HORTIG: Yes, sir. This is, of course, for the
2 period of October to June, as shown on page, I believe 77 --
3 which should be Exhibit "A" -- and the total maximum revenue,
4 for example, that would be available to Orange County for
5 allocation to the City of Huntington Beach -- which could be
6 not to exceed one percent of the \$2,000,000 but not to exceed
7 \$75,000 per mile -- since they have four miles and one percent
8 of the two million would be less than four times the \$75,000,
9 they would get below a figure of the one percent to be allocated.

10 Similarly, the City of Seal Beach

11 MR. CHAMPION: That one percent -- about what
12 actually would Huntington Beach receive?

13 MR. HORTIG: \$22,826; and similarly, Seal Beach --
14 \$35,535, which is still less than \$75,000, which would be the
15 maximum they could receive for a one-mile qualification.

16 If you will turn to Exhibit "B", as you will note,
17 there will be one additional qualified area in the County of
18 Orange, the last line, Sunset Beach -- by reason both of
19 establishment of county beaches and adjoining development of
20 State oil and gas leases.

21 MR. CHAMPION: Which has not yet taken place.

22 MR. HORTIG: Which will be in effect during the
23 period July 1, 1964 and forward.

24 MR. CHAMPION: For the next fiscal year?

25 MR. HORTIG: For the next fiscal year, but not
26 qualified for the preceding year, which was the first partial

1 fiscal year in which this statute was in effect.

2 MR. CHAMPION: Santa Barbara would get the maximum
3 \$75,000.

4 MR. HORTIG: It happens that one percent is \$75,000
5 and they do have a mile frontage, and this would be their
6 limitation also.

7 MR. CHAMPION: Is there any further question on this
8 matter? (No response) We have already taken action on that.

9 Next item -- (c) Executive Officer to be directed
10 to request the Department of Finance to initiate a study of
11 the State Lands Division, which study will (a) review the
12 present organization and staff of the Division, and (b)
13 develop a plan to provide for an organization structure and
14 staffing in conformance with current and near future growth
15 requirements.

16 I would like to begin by stating something and also
17 by offering an amendment to this. I think what is intended
18 here -- and I haven't had a chance to discuss it with Mr.
19 Hortig -- is a review by the people who formerly were in the
20 Organization and Cost Control section who are now in the
21 Department of General Services, on the operation of the State
22 Lands Division. This is not now in the Department of Finance
23 and I think it would be in order to change the recommendation
24 unless you have something else in mind, to the Department of
25 General Services.

26 MR. HORTIG: Actually, the discussion with your

1 staff indicated that a request to you, the Director of Finance,
2 would automatically involve cooperatively the request at the
3 proper time in the phasing to the Division of Budgets of the
4 Department of Finance, to the Department of General Services,
5 Division of Organization and Cost Control as you have suggested,
6 and the necessary involvement of State Personnel Board staff.

7 MR. CHAMPION: Let's make the amendment to this
8 extent: Let's make it to the Department of Finance and the
9 Department of General Services. I think anything the Depart-
10 ment of Finance did in this area would be obtaining consultants
11 for assistance beyond the Department of General Services. Is
12 that satisfactory to both of you?

13 MR. CRANSTON: Move approval as amended.

14 GOV. ANDERSON: Second.

15 MR. CHAMPION: It will stand approved. I'd also
16 like to say a little bit about the character of this, for
17 those of you who are concerned with the work of the Lands Com-
18 mission, as most of you who follow it have seen the tremendous
19 growth in the responsibility experienced in this program. We
20 have pretty much the same procedure -- the old staff organiza-
21 tion, the old staff approach. We are about to take on the
22 Wilmington Field, which is in itself a whole operation, and we
23 thought this would be an appropriate time to review some of
24 the procedural structures and the procedures involved. I
25 think there is probably a better way to handle our functions.

26 I think, for one thing, we ought to review some of
our ministerial functions, which should not be on action by

1 this Commission. In other words, there are problems that
2 ought to be dealt with while we are reviewing this structure.
3 Of the twenty-seven commissions we have, I think this one has
4 the bulkiest agenda and least understood, and this is no fault
5 of the staff. They are following the procedure and doing a
6 good job; but it is not any kind of an agenda that any body
7 should have, and the review should be along the lines of modern
8 procedures for the Commission; and particularly if we are go-
9 ing to spend the proper amount of time on the important ques-
10 tions before us, we ought to single those out and I think this
11 is going to require effort by the Lands Commission staff,
12 which really knows these problems, along with the administra-
13 tive analysts and whatever consultant help we may have. It
14 may be that out of this you may wish to recommend some sort
15 of legislative program, which would free the Commission from
16 having to act on thirty to forty items. If we can't do that,
17 we may as well quit.

18 It might also be well, if we have increasing prob-
19 lems, as we have with Long Beach today, when we set up the
20 deal on Wilmington that we have some sort of referee which
21 will try to sort out these problems in advance of the meeting
22 and they can hear from the parties unless we have to take
23 action in the Commission as to extended matters, and then we
24 will have a partial report.

25 These are some of the things we have in mind and I
26 think if any of you who have to deal with the Commission,

1 have to live with its procedures, have any suggestion as to
2 how we can better carry out our functions, don't hesitate to
3 let us have them. In fact, during this review, your advice
4 may be sought out. I am sure the City of Long Beach would
5 like to give us some gratuitous advice on this matter, and
6 it will be welcome.

7 Is there anything further on this matter? (No
8 response). We will go to the next item:

9 (d) Authorization for Executive Officer to initiate
10 procedures for consideration of amendments and/or revisions of
11 Articles 1, 2, 5, and 6 of Title 2, Division 3, of the Cali-
12 fornia Administrative Code, Rules and Regulations of the
13 State Lands Commission.

14 Mr. Hortig?

15 MR. HORTIG: As the Commission will recall, over an
16 extended period of time there have been reviews and considera-
17 tions of adoption by the Lands Commission with respect to a
18 proposed program for administration, control, leasing, and
19 sale of the remaining vacant State school lands under the
20 jurisdiction of the State Lands Commission.

21 After completion of the public hearings and receipt
22 of all the comments from all interested parties and the pre-
23 scription of policy by the Commission, we now have before the
24 Commission a draft of proposed rules and regulations to imple-
25 ment this policy as determined -- and which now must go through
26 the prescribed procedural requirements for adoption of rules

1 and regulations to be incorporated in the California Admin-
2 strative Code.

3 The draft has been reviewed by the Office of the
4 Attorney General and has, of course, been constructed co-
5 operatively with the staff of the State Lands Division to
6 reflect the Commission's previous policy determination. It
7 is now proposed to be advertised for, again, public comment
8 before final adoption and consideration by the Lands Commis-
9 sion after the prescribed advertising and consideration
10 period.

11 The authorization required from the Commission today
12 is solely to authorize the publication in order to continue
13 the procedures as necessary, that will culminate in rules and
14 regulations.

15 MR. CRANSTON: I move the authorization.

16 GOV. ANDERSON: Second.

17 MR. CHAMPION: Is there any further question?

18 (No response) Stands approved.

19 Confirmation of transactions consummated by the
20 Executive Officer pursuant to authority confirmed by the Com-
21 mission at its meeting on October 5, 1964.

22 MR. HORTIG: Which included solely the extension of
23 the terms of geological and geophysical exploration permits
24 previously authorized by the Commission.

25 GOV. ANDERSON: I move them.

26 MR. CRANSTON: Second.

1 MR. CHAMPION: Stand approved.

2 Is there any report on the status of litigation?

3 MR. HORTIG: No major modifications in the report
4 from the last meeting, with the exception that a decision has
5 been received in the case of Twombly versus the City of Long
6 Beach and the State of California, in which it was contended
7 by Mr. Twombly that the State had no right, title or inter-
8 est in any portion of the Long Beach tidelands; and the
9 District Court of Appeal does not agree with Mr. Twombly
10 and did agree with the Attorney General's Office, who defended
11 this case on behalf of the Lands Commission.

12 MR. CHAMPION: I congratulate the Attorney General's
13 Office.

14 We have two items tentatively before us, which I
15 think it would be proper for us to discuss. I don't think we
16 can properly take any action on them today. I think we could
17 if we were prepared. I am the one who is not prepared.

18 We now have before us the report prepared by the
19 staff on, I think the proper title is "Tidelands Oil Develop-
20 ment and its relationship to the esthetics of the coastline."
21 This is still in draft condition, but I think it has given us
22 enough background so we can proceed to the consideration of
23 the question raised by the Lieutenant Governor and the Com-
24 mission with respect to the development in Santa Monica...

25 GOV. ANDERSON: Now, this is not Santa Monica;
26 this is in general.

1 MR. CHAMPION: As I recall, you were not present
2 at the meeting. You said you wanted to see this whole report
3 before any action was taken in Santa Monica.

4 GOV. ANDERSON: I think the original request applied
5 to the Orange coast, although it is related to the Santa Monica
6 area; but it was originally to the Orange coast.

7 MR. CHAMPION: That I did not understand. Well,
8 perhaps, then, we better separate this. Which would you like
9 to take up first?

10 GOV. ANDERSON: I was going to ask the question
11 today on Santa Monica.

12 MR. CHAMPION: Let's deal with Santa Monica.

13 GOV. ANDERSON: Maybe I can ask the question and
14 that will at least move in that direction. Is that one here?

15 MR. CHAMPION: It is marked "Tentative." It is not
16 an item on the agenda. We can or not take action, as we see
17 fit.

18 GOV. ANDERSON: The question I was going to ask:
19 In the development of the Santa Monica area, I understand
20 that in the Santa Monica Bay area the problem we have was
21 brought about by the request of the City of Los Angeles to
22 develop a section that is under their jurisdiction; and our
23 concern was once that Los Angeles starts, it will start a
24 general area reaction that will force Santa Monica and El
25 Segunda and other cities to follow suit, and we would in a
26 few years have a lot of wells out in Santa Monica Bay, and

40
1 and islands and various other things -- and my question was,
2 before we have to make a decision in regard to Los Angeles'
3 request, couldn't we implement some sort of requirement or
4 study the possibility of having them go into below surface
5 drilling, so if there would be any drilling they would be
6 below the surface when they were drilling, they wouldn't be
7 unsightly, they would be drilling from barges. I was wonder-
8 ing what our jurisdiction would be.

9 MR. HORTIG: The jurisdiction of the Lands Commission
10 with respect to operations proposed to be conducted by grantees
11 of tide and submerged lands is, as the Office of the Attorney
12 General has reported, extremely limited. It would occur to
13 staff that a study of the nature implicit in the question you
14 raise, Governor Anderson, with respect to alternative methods
15 of possible development -- an evaluation of the economics, the
16 cost of both the development and operation, and so forth --
17 could, of course, be undertaken by staff to serve as a report
18 and possibly as a suggestion to the City of Los Angeles for
19 consideration in connection with the proposed operation. Our
20 understanding of the authority of the Commission with respect
21 to granted lands is that the Commission is not empowered to
22 substitute its own judgment for that of the grantee, as to how
23 an area was to be developed, as a matter of legal right. It
24 would be a matter of cooperative suggestion.

25 MR. CHAMPION: Or of seeking legislation which would
26 take effect that the State covers the whole area,

1 where individual municipalities take such action.

2 MR. HORTIG: That is correct. I was suggesting
3 what was feasible under existing law. So we are back to the
4 point of the possible consideration by the Commission of
5 whether additional study, and particularly evaluation of the
6 factor that Governor Anderson raises a question on, should
7 be undertaken by the staff to be reported back to the Lands
8 Commission and to be reported to the City of Los Angeles in
9 view of the fact that this proposed action is the prototype
10 and would represent the initial exploratory drilling operation
11 in Santa Monica Bay. The mathematical probability of a
12 chain reaction, as Governor Anderson suggested, is as good in
13 this area as it is anywhere in the tidelands.

14 On the other hand, the absolute magnitude and the
15 ultimate span of this chain reaction would, of course, depend
16 on where petroleum deposits are found. If, for example, only
17 a minor deposit were to be found, why then the amount of chain
18 reaction would be severely limited in a community, in all
19 probability. On the other hand, if an extensive deposit
20 would be located in the area, whether it could create a prob-
21 lem for the City of Santa Monica on the west as to any deposits
22 in the Santa Monica tidelands to protect them from drainage,
23 El Segundo from the east, and progressively west of Santa
24 Monica Bay and further east, would be dependent on what the
25 actual geology would be.

26 MR. CHAMPION: Governor Anderson's point seems to

1 be well taken at this time. You could hardly deal with this
2 chain reaction when it is on you. The only thing to do is to
3 review it before the advent of the problem. Could we do this --
4 Would this be satisfactory to members of the Commission, with-
5 out getting into a formal action that is not formally on the
6 agenda -- to ask that the staff work with the people in Santa
7 Monica to advise them on the technological ability of industry
8 and, in this particular situation, of the underwater type of
9 development, to see whether or not just on a cooperative basis
10 and our offering technological help they couldn't work out
11 something which would give us a satisfactory solution to the
12 Santa Monica problem.

13 GOV. ANDERSON: You are thinking of the City of
14 Los Angeles?

15 MR. CHAMPION: The City of Los Angeles -- excuse
16 me -- and at the same time try to formulate some proposals to
17 the Commission on legislation which would empower the Commis-
18 sion to deal satisfactorily with the future problems here.
19 The Legislature has before them now a study of the tidelands
20 and specifically this matter of grants to the local areas
21 and what conditions should be attached. While this is primarily
22 new conditions, it seems to me that the question that has been
23 raised here can very well be made a condition on old grants;
24 and if we could work this out so we would not have to hold up
25 this development, we could work out standard conditions for
26 every other grant. Do you think that would meet the problem?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

GOV. ANDERSON: If we could get the City of Los Angeles to agree to this attempt for underwater drilling, that would obviously help.

MR. CHAMPION: Are there any representatives here of the City of Los Angeles?

MR. HORTIG: Mr. Spaulding.

MR. SPAULDING: Yes, Mr. Champion.

MR. CHAMPION: Does this procedure sound satisfactory to you?

MR. SPAULDING: Well, it will delay our plans for moving on this, I am sure, but if there is no other way of doing it, then we will have to consider it, obviously.

MR. CHAMPION: There is another meeting of the Commission on August 18th. If we could have the discussions between your representatives and the representatives of the Lands Commission to see what this would entail - - There are real limits on what the State can insist on in a case of this kind. I would hope that we could work this out by discussion. We are not going to try to exceed our legal authority here, but we would like to raise what we think are the appropriate questions and are going to be ever more important questions of public policy.

MR. SPAULDING: We would certainly like to cooperate with the Commission in this endeavor.

MR. CHAMPION: Let's have the exploratory discussions and let's put the matter formally on the agenda for

1 August 18th. Is that satisfactory?

2 MR. SPAULDING: Yes.

3 GOV. ANDERSON: Our staff will meet with their
4 staff.

5 MR. CHAMPION: Yes; but I don't want to forget the
6 long range thing, either, which is proposals to the Interim
7 Committee on the subject of these grants.

8 Anything further on this matter? (No response)

9 MR. HORTIG: Mr. Chairman, may I ask a question,
10 then? Could we also formally include on the August 18th
11 agenda the matter of determination of Commission policy with
12 respect to tide and submerged lands under the jurisdiction
13 of the Commission -- in other words, dealing with all the
14 other tide and submerged lands other than the granted lands?

15 MR. CHAMPION: I would appreciate having the time
16 to give additional study to the documents you have provided me.

17 MR. HORTIG: We will calendar it at that time, on
18 August 18th.

19 MR. CHAMPION: Is there any further matter to come
20 before the Commission?

21 MR. HORTIG: Yes, there is. Mr. Ketchum of Mobil
22 Oil Company has indicated a request to address the Commission
23 with respect to the Commission's sequential leasing program.

24 MR. KETCHUM: Mr. Chairman, my name is George H.
25 Ketchum and I represent the Mobil Oil Company. I have a
26 question concerning the Commission's future policy with respect

1 to the sequential leasing program for tidelands oil and gas
2 leases. As you are aware, the various competing companies
3 interested in bidding on State offshore tidelands must necess-
4 arily plan and budget their exploration effort and funds as
5 far as practicable into the future. This requires cooperation
6 by the Commission to the greatest extent possible in keeping
7 industry informed of its programmed competitive lease sales.
8 To this end, a sequential leasing program was adopted in
9 November 1960, under which the offering of one offshore parcel
10 per month was contemplated.

11 The question of whether the Commission will adhere
12 to a policy of offering one parcel a month for the balance of
13 1964 is of prime interest to Mobil. Thus far in 1964, my
14 company has expended in excess of three million dollars on
15 offshore exploration and lease acquisitions. Several other
16 companies, as you are well aware, have spent substantially
17 greater amounts.

18 The interest of the industry in the State's sequen-
19 tial leasing program was expressed in a letter from the
20 Western Oil & Gas Association to you, Mr. Chairman, dated
21 June 22, 1964. In your response dated July 9, 1964, you
22 reaffirmed the Commission's desire to maintain the sequential
23 leasing program in the interests of orderly development of the
24 State's tide and submerged lands.

25 I have noted the absence of any additional offering
26 of a lease parcel from today's calendar. I believe that the

1 inclusion of such an item on today's calendar would be necess-
2 ary in order to conduct a sale in September.

3 My question, Mr. Chairman, which I, as well as the
4 representatives of other companies, would appreciate your
5 answering to the best of your ability at this time, is whether
6 the Commission intends to adhere to a sequential leasing pro-
7 gram of offering approximately one parcel per month during
8 the balance of 1964. If not, can you give us any indication as
9 to how many parcels will be offered and the approximate schedule
10 of such offerings.

11 Thank you.

12 MR. CHAMPION: Let me say at the beginning that when
13 that letter which went to the Western Oil & Gas Association
14 said, "Yes, we do believe in sequential leasing. We want to
15 do as much as we can for industry," the Government has its
16 own problems, cash flow and otherwise, and needs to pay some
17 attention to those; and those will always be the controlling
18 factor. And where we will give as much information as far in
19 advance as possible, we can't be bound by anything other than
20 public policy; in other words, what is best for Government
21 at that time.

22 Usually, the interests of industry and Government
23 coincide, but sometimes they don't; and when they don't we must
24 take action of some kind other than that they would prefer.

25 As to your question, I don't know of any reason why
26 we should interrupt the sequential leasing program at this

1 time. Has there been any change in the program?

2 MR. HORTIG: There is no specific program for inter-
3 rupting the sequential leasing program, in response to the
4 Chairman's question. I think it must be understood, however,
5 and it should be understood that the Commission's original
6 directive in 1960 for a sequential leasing program did not
7 contemplate or commit that there would be a lease offer every
8 month and, as a matter of fact, as statistics have already
9 borne out, this has averaged out over the intervening years at
10 about one every sixty days. There have been periods where
11 leases have come every thirty days, but then there have been
12 some ninety-day gaps, with the result that the average has
13 been one every sixty days and we are right at one of those
14 points of gap in the sequence that go into making the average
15 as of this meeting today.

16 So I know the Commission understands, and I believe
17 the industry should understand, that leases will be offered
18 sequentially as rapidly as it is feasible to select lease
19 areas for offer, and that are felt to be in the major public
20 interest to be offered at that time. Sometimes evaluation
21 and selection of these areas takes time, with the result that
22 we cannot always meet a one-every-thirty-day schedule, particu-
23 larly with the staff available to the State Lands Commission
24 at this time.

25 MR. CHAMPION: Let me say this: with this sort of
26 stutter we had in June, the sequential system is going forward

1 as it has in practice since 1960; that there is no change in
2 policy and program, and that you can look to that experience
3 as to what we expect to happen in the coming year -- in other
4 words, a continuation of the same policy. That one deviation
5 I think we had in June in the leasing, we would not expect
6 that to happen again. I think that's about as good and defin-
7 ite information as we can offer. If you have got a specific
8 inquiry or problem, I am sure that the staff will be glad to
9 help you.

10 MR. KETCHUM: Mr. Chairman, I am not attempting to
11 belabor the situation, but I was trying to get an idea of how
12 many we would have during the remaining year, and I would
13 gather from Frank's statement we might expect two or three.

14 MR. CHAMPION: I think normally you would expect
15 more than that. On a sixty-day basis, you would have six in
16 a year. We have now had two that would be gone; at least
17 four more, possibly more than that, depending on how they come
18 in the fiscal year.

19 The date, time and place of the next Commission
20 meeting -- Tuesday, August 18, 1964, at ten a.m. in Sacramento.

21 Is there anything further to come before the
22 Commission? (No response)

23 We stand adjourned.

24

25

ADJOURNED 11:50 A.M.

26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing forty-eight pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held in Los Angeles, California on July 28, 1964.

Dated: Los Angeles, California, August 5, 1964.

Louise H. Lillico