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TRANSCRIPT OF  
MEETING  
OF  
STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA  
March 23, 1965

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PARTICIPANTS:

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THE STATE LANDS COMMISSION:

Hon. Glenn M. Anderson, Lieutenant Governor, Chairman

Hon. Alan Cranston, Controller

Hon. Hale Champion, Director of Finance

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13

Mr. F. J. Hortig, Executive Officer

14  
15

Mr. Alan Sieroty, Executive Secretary to  
Lieutenant Governor Anderson

16

OFFICE OF THE ATTORNEY GENERAL:

17

Mr. Jay L. Shavelson, Assistant Attorney General

18

APPEARANCES:

19

(In the order of their appearance)

20

Mr. W. M. Carlile, Jr.  
Deputy City Manager, Stockton

21  
22

Mr. Richard Solari, representing  
Granite Construction Company

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Mr. Richard Golden  
Department of Finance

24  
25

Mr. Charles Baldwin  
Consultant to Joint Committee on Tidelands

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	(b) Santa Clara County Flood Control and Water District	8	2	1
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	(d) Shell Oil Company	17	12	7
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GOV. ANDERSON: The meeting of the State Lands Commission will come to order.

First item is the confirmation of the minutes of the December 17th meeting.

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, approved unanimously.

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

Applicant (a) - American Telephone and Telegraph Company -- Amendment of "Approval of Location Agreement Form, P.R.C. 3135.9, by deleting drawings showing proposed location of coaxial cable and substituting amended drawings showing the as-built location; 80,818 acres tide and submerged lands of Estero Bay and the Pacific Ocean, San Luis Obispo County.

(b) is Santa Clara County Flood Control and Water District -- Authorize Executive Officer to issue permit to dredge 14,000 cubic yards of material from 7.154 acres tide and submerged lands in Alviso Slough, Santa Clara County and to use the dredged material, without payment of royalty, to construct levees on District-owned property.

(c) City of Stockton -- Authorize Executive Officer to issue permit to dredge approximately 172,200 cubic yards material from tide and submerged lands underlying South Buckley Cove, San Joaquin County, for the improvement of

1 navigation or reclamation; and either (1) determine that  
2 the consideration for issuance of the permit is the public  
3 benefit, or (2) determine the royalty rate to be paid.

4 (d) State of California, Division of Highways --  
5 Permit to locate and construct temporary detards (debris  
6 collectors) in bed of Klamath River, Del Norte County.

7 (e) is State of California, Division of Highways --  
8 Execution of agreement for reservation of bridge right-of-way  
9 on 3.03 acres sovereign lands of the Russian River, Sonoma  
10 County.

11 (f) State of California, Department of Public Works,  
12 Division of Bay Toll Crossings -- Permit to anchor drill  
13 barge and to perform exploration borings on submerged lands  
14 in San Diego Bay, San Diego County, along the alignment of  
15 the proposed San Diego-Coronado Bridge.

16 MR. CRANSTON: Move approval.

17 MR. CHAMPION: Second.

18 MR. HORTIG: Mr. Chairman, with respect to item (e),  
19 a determination is necessary by the Commission that the issua-  
20 nce of the permit is in the public benefit and the materials  
21 can be removed at no charge to the City of Stockton, or deter-  
22 mine the royalty rate to be paid.

23 If the Commission would wish additional data with  
24 respect to the staff recommendation that the determination be  
25 made that the permit be issued at no charge to the City of  
26 Stockton, representatives of the City of Stockton who would

1 demonstrate the project, particularly Mr. Carlile, Deputy  
2 City Manager, are here to address the Commission and answer  
3 any questions.

4 GOV. ANDERSON: Mr. Carlile?

5 MR. CARLILE: Yes sir, Mr. Chairman.

6 MR. CHAMPION: May I ask first, Mr. Hortig, what is  
7 the staff's recommendation?

8 MR. HORTIG: The staff's recommendation is that the  
9 permit be issued as in the public benefit and not require the  
10 payment of any royalties for the development of this recrea-  
11 tional area on lands already leased by the State to the City  
12 of Stockton.

13 GOV. ANDERSON: Mr. Carlile, would you like to make  
14 a brief statement on it?

15 MR. CARLILE: Yes, sir. May I have a map of the  
16 area put up to impress on the Commission what we are trying  
17 to do? I think this will be the quickest and simplest way.  
18 (Map placed on wall and Mr. Carlile used it for reference  
19 throughout his presentation)

20 We have approximately twenty-one acres in Buckley  
21 Cove area. We are attempting to establish a regional marina  
22 area at no cost, or very little cost, to the public taxpayer.  
23 Now, in the central portion you will notice that we have  
24 eleven acres reserved for parkland purposes, primarily estab-  
25 lishment of picnic areas. On the Stockton Channel side, we  
26 are reserving the complete area for public fishing.



1 We will have, in addition to the parkland, areas  
 2 for parking three hundred automobiles on the north Cove and  
 3 the south Cove we have the boat houses. The north Cove is  
 4 fully developed at the present time.

5 The dredging permit you are considering today is  
 6 for the dredging of the south Cove. We have now a State  
 7 Lands lease to the center line of the south Cove channel.  
 8 We plan to dredge the entire Cove in order to prevent any  
 9 hazards to navigation.

10 In the front portion here, towards Stockton Channel,  
 11 we have the area reserved for the Stockton Sailing Club, in  
 12 which at the present time we propose to build twenty or  
 13 thirty docks. We have additional plans for another ten, and  
 14 as the need arises we will continue to build boat houses.  
 15 At the present time we have one hundred sixty-three facilities  
 16 for boats. We have about forty-three boats from the Stockton  
 17 area itself. The balance of sixty boats are from all over  
 18 the State of California -- San Rafael, Los Angeles; we even  
 19 have some from Albuquerque, New Mexico.

20 We plan to use the dredged material for the devel-  
 21 opment of the public area. It will not go too far into that  
 22 assistance because of the type of material that we know we  
 23 will obtain from it. It's not the kind of material that you  
 24 can place highways on, but it can be used for fill that's not  
 25 too vital to - - I am not an engineer, so I can't explain  
 26 exactly what I mean, but I think some of you gentlemen know.

1 We are very interested in continuing this  
 2 development. The City of Stockton has one thousand miles of  
 3 waterways. We are ninety-five thousand population. I think  
 4 you gentlemen know what the needs are in a city of that size.  
 5 We are growing. We haven't sufficient funds to take care of  
 6 all of our immediate interests.

7 We also plan on having a marina in the downtown  
 8 area, which we are in the process of negotiating at the present  
 9 time. We have developed the boat-launching fishing pier ramps  
 10 at Lewis Park, which is the third area. We received the  
 11 twenty-five thousand grant from the State of California for  
 12 the public fishing area; we matched that with seventy-five  
 13 thousand to eighty thousand of City money.

14 We know that our recreation is a gold mine. We  
 15 were a gold mine city in the early days. We know that today  
 16 recreation, boating, fishing is a gold mine to the City of  
 17 Stockton. We would appreciate it if we could reserve the  
 18 dredging royalties for the development of the public area.

19 GOV. ANDERSON: Mr. Champion.

20 MR. CHAMPION: I'd like to ask one question. This  
 21 is to be operated by the City and there is no private develop-  
 22 ment involved in this particular approval?

23 MR. CARLILE: On each side of the boat houses we  
 24 have a concessionaire that's operating those facilities. He  
 25 is providing his own investments. The City of Stockton has  
 26 adequate assurances in the leases to see that proper rates

1 are charged, no exorbitant rates. The rest of the facili-  
2 ties are open-to-the-public facilities, even the boat-  
3 launching facilities. We have four boat-launching facilities  
4 right there at the Cove.

5 MR. CHAMPION: The approval is not involved in the  
6 boat houses. That is the park area.

7 MR. CARLILE: Yes, sir.

8 MR. CRANSTON: Move.

9 MR. CHAMPION: Second.

10 GOV. ANDERSON: Moved and seconded, carried  
11 unanimously.

12 MR. CARLILE: Thank you, Mr. Chairman.

13 GOV. ANDERSON: Item 4 -- Permits, easements, leases,  
14 and rights-of-way issued pursuant to statutes and established  
15 rental policies of the Commission:

16 Applicant (a) R. W. Kelsey -- Amendment of grazing  
17 lease P.R.C. 3006.2, Inyo County, to expand use of portion  
18 thereof for agricultural purposes, with annual rental to be  
19 increased from \$70.40 to \$281.60.

20 (b) is Lindsey H. Spight -- Sublease to Mobile  
21 Communications Company of portion of Lease P.R.C. 2364.2,  
22 school lands on Mt. Diablo, Contra Costa County, to be used  
23 for a microwave installation and control station.

24 (c) Martin A. Stults -- Ten-year replacement lease  
25 for Lease P.R.C. 1396.1, 0.41 acre tide and submerged lands  
26 of the Sacramento River, Sacramento County, at annual rental

1 of \$150, for a boating facility,

2 (d) Shell Oil Company -- Fifteen-year lease of  
3 0.115 acre tide and submerged lands in Sunset Bay, Orange  
4 County, at annual rental of \$662, for marine fueling facility  
5 to serve small craft.

6 Applicant (e) is Southern California Edison Company --  
7 Seven-month lease, 2,019 acres artificially accreted lands in  
8 City of El Segundo, Los Angeles County, at total rental of  
9 \$3,78.25, for use as a general construction area; and seven-  
10 month permit to place dune sand on tidelands fronting the El  
11 Segundo Steam Station, with provision that the beach shall be  
12 restored to the satisfaction of the State,

13 Applicant (f) is R. J. Naylor -- Assignment from  
14 Redrock Marina, Inc., of Lease P.R.C.212.1, tide and submerged  
15 lands of San Francisco Bay at Richmond, Contra Costa County,

16 Applicant (g) is Pacific Gas and Electric Company --  
17 Fifteen-year lease, 0.413 acre tide and submerged lands of  
18 Pacheco Creek, Contra Costa County, at total rental of  
19 \$266.55, for 110 KV overhead wire crossing,

20 Applicant (h) is George Speckman -- Five-year non-  
21 commercial minor structure permit, 1.166 acres in abandoned  
22 channel of San Joaquin River, San Joaquin County, at total  
23 rental of \$25 -- for picnic table and facilities.

24 Applicant (i) is Ridgewood Property Owners Associa-  
25 tion -- Five-year noncommercial minor structure permit, 0.023  
26 acre submerged land in bed of Lake Tahoe, Placer County, at

1 total rental of \$25 -- for existing pier.

2 Applicant (j) is Karl Pierce, Feres Pierce, and  
3 Frank Pierce -- Deferment of operating requirements, Prefer-  
4 ential Mineral Extraction Lease P.R.C. 2150.2, San Luis Obispo  
5 County, for lease-year ending April 13, 1965. Premises can-  
6 not be mined economically at this time because of depressed  
7 chrome market.

8 Applicant (k) is Richfield Oil Corporation --  
9 Deferment of drilling requirements, Oil and Gas Lease P.R.C.  
10 2793.1, Santa Barbara County, From April 27, 1965 through  
11 October 26, 1965. Operating difficulties have made it im-  
12 possible to secure sufficient production history to evaluate  
13 the economics of additional drilling.

14 Applicant (l) is Standard Oil Company of California  
15 and Shell Oil Company -- Deferment of drilling requirements,  
16 Oil and Gas Lease P.R.C. 2198.1, Santa Barbara County, through  
17 October 13, 1965 -- to permit further review and analysis of  
18 geological and geophysical data.

19 Applicant (m) is Standard Oil Company of California --  
20 Approval of change of location of drilling and production  
21 platform, Oil and Gas Lease P.R.C. 3150.1, Santa Barbara  
22 County, to new location approximately 17,700 feet from shore.

23 Applicant (n) is Granite Construction Company --  
24 Issue permit to dredge approximately 150,000 cubic yards of  
25 material from bed of the Feather River, at royalty of nine  
26 cents a cubic yard. For use as sub-base on new Sacramento

1 Metropolitan Airport.

2 GOV. ANDERSON (continuing) Frank, just a question  
3 on item (g). Where are we on the studies requested relative  
4 to a review of our policy on overhead wire crossings?

5 MR. HORTIG: Data for this study are being accumu-  
6 lated by staff, Mr. Chairman. Concurrently with the study,  
7 legislation that bears on this problem is being followed.  
8 Legislation has been introduced where it would be provided  
9 that representations with respect to esthetics and the pro-  
10 priety of installing overhead transmission lines, and so forth,  
11 could be made in the future to the Public Utilities Commission  
12 for consideration in connection with authorization of the  
13 installation. This will be included in the report.

14 GOV. ANDERSON: Do you know the bill?

15 MR. HORTIG: A.B. 1557. Do you remember the author,  
16 Larry?

17 GOV. ANDERSON: That's all right.

18 MR. HORTIG: As an example and additionally in this  
19 particular instance, the line in question here is within an  
20 industrial area; the location is satisfactory to the local  
21 county planning commission. Therefore, this item was brought  
22 to the Commission with a recommendation . . . .

23 GOV. ANDERSON: I am not questioning this particular  
24 item, except that I would hope that one of these days we would  
25 get to that breaking point where these companies like the  
26 P. G. and E. would be thinking perhaps these ought to go

1 under-ground instead of above. I think at the present time  
2 they just automatically put them above ground and I would  
3 hope we could have a target date for it.

4 MR. HORTIG: Where the economics are more favorable  
5 for overground locations and where there are no criteria and  
6 where there is no forum, as in this bill, for presentation to  
7 the Public Utilities Commission -- all of these are factors  
8 and, as I have stated, they are really the major items on which  
9 a report will be forthcoming to the Lands Commission.

10 GOV. ANDERSON: When might we expect that?

11 MR. HORTIG: Unfortunately, in connection with our  
12 staff problems and other operations on other legislation and  
13 staffing particularly in connection with the other Division  
14 problems, the majority of which are on the Long Beach develop-  
15 ment, this has not been a high priority item -- although we  
16 have continued to accumulate data for it. If the Chair wishes  
17 to direct that a priority effort be made with respect to this  
18 report, why, \*\*\*

19 GOV. ANDERSON: Well, Frank \*\*\*

20 MR. HORTIG: \*\*\* we will expend additional effort  
21 on it.

22 GOV. ANDERSON: It is a priority item but I surely  
23 wouldn't want to put it over something else that is a priority  
24 item. It seems to me if your staff is unable to get to these  
25 things that are priority, but are below some other priority,  
26 we ought to get more staff. This could be delayed and delayed;

1 and so far as I am concerned, this has happened before --  
2 where we have asked for a study and we weren't able to get it.  
3 I remember a year or two ago, I asked for a study on the Bay  
4 and we weren't able to get this because of the same problem.

5 I am not criticizing you, except that I would like  
6 to see some action on some of these things -- if it means we  
7 have to get some additional staff; and I thought I ought to  
8 get that in before Mr. Champion tells me why it is very dif-  
9 ficult.

10 MR. CHAMPION: As a matter of fact, that wasn't the  
11 reason I had my mouth open. Actually, we are going to make a  
12 presentation today on more staff and I may say that the Joint  
13 Legislative Committee on Tidelands feel very much the same way  
14 as you do and I do and the rest of us do -- that we have come  
15 to the point where we have to have a different staffing pat-  
16 tern. Later on in this meeting there is a member of the  
17 Department that has been working on this and we will have a  
18 report.

19 GOV. ANDERSON: I am not objecting to this particular  
20 recommendation. I am just interested in the whole program. I  
21 will be happy when we can get some of these things under the  
22 ground instead of up in the air.

23 MR. HORTIG: Mr. Chairman, with respect to item (m),  
24 I should note for the record that the original location for  
25 the offshore platform was found to be legally satisfactory by  
26 the Office of the Attorney General and satisfactory as far as



1 any impingement on any recreational interests by the  
2 Department of Parks and Recreation. The new location is  
3 actually going to be three hundred feet farther out to sea,  
4 practically at the outer limits out to sea; but I did want  
5 the Commission to know that this revised location will be re-  
6 viewed for satisfaction both with the Attorney General's Of-  
7 fice and with Beaches and Parks before any construction is  
8 permitted to be undertaken, although it appears no new con-  
9 troversial matters have been brought up, as all of the previous  
10 clearances were given where the structure was going to be  
11 three hundred feet closer to the shore than it is now.

12 MR. CHAMPION: I'll move approval of all the items.

13 MR. CRANSTON: Second.

14 GOV. ANDERSON: Carried unanimously.

15 MR. SOLARI: Mr. Chairman, could I have a word on  
16 this (n) before you close the matter?

17 GOV. ANDERSON: Well, is there any objection?

18 MR. CRANSTON: No.

19 MR. SOLARI: I am Mr. Richard Solari, Granite Con-  
20 struction Company, and of course we want this permit to  
21 dredge this material; but we would like to appeal to the Board  
22 relative to the royalty rate of nine cents a cubic yard. This  
23 seems to be something established by the State Lands and we  
24 would like to get a reduced royalty on this on the basis,  
25 number one, there is a certain amount of beneficial accomplish-  
26 ment by this in accordance with the Corps of Engineers; and

1 prior to the bidding of the job that we are planning to use  
2 this material on, we did contact State Lands and were led to  
3 believe that the royalty would be on a token basis if the  
4 Corps of Engineers and other bodies considered it to the good  
5 of the public need to remove this material.

6 GOV. ANDERSON: Mr. Hortig, would you like to com-  
7 ment on it?

8 MR. HORTIG: Yes, sir. I think the crux of the  
9 matter is, of course, that nine cents a cubic yard is a very  
10 low value for commercially effective fill material; and this  
11 low value, this already depressed value which is recommended  
12 in connection with this permit, has already taken into con-  
13 sideration both the public benefit aspects of the utilization  
14 of this material as well as the improvement in navigation and  
15 flood control as reviewed with the Corps of Engineers for the  
16 Feather River.

17 MR. CHAMPION: Well, we have had no action -- Is  
18 this the first time that this appeal has been made or has this  
19 been previously discussed with the staff of the Lands Commis-  
20 sion?

21 MR. HORTIG: It was discussed and reported back to  
22 Granite Construction Company.

23 MR. CHAMPION: Is there any further information  
24 which you don't believe the staff has had an opportunity to  
25 consider?

26 MR. SOLARI: Well, other than the fact that, of

1 course, there was the problem of determining just how much  
2 of this was State lands and how much was the property owners'  
3 otherwise. This was adjacent to the levee and prior to the  
4 bidding of this thing, first we obtained permission from the  
5 property owner and the right to take this material and then we  
6 inquired of State Lands; and this was discussed as a meander  
7 line and it was questionable where this line was, so we got  
8 aerial photographs, which shows it mostly adjacent to the  
9 existing shoreline of the river.

10 On this basis, then, we talked to the Corps of  
11 Engineers and they said that they would probably give their  
12 blessing; of course it would have to go through permits, and  
13 so forth. We also met with their recommendation and squared  
14 it with them. Then we talked back with the State Lands and  
15 they said normally these things were put out for bid at a cer-  
16 tain amount of royalty, and it was discussed maybe on the basis  
17 of two or three cents a yard instead of nine at that time --  
18 at least, this is what we understood if it was beneficial, not  
19 just carte blanche.

20 To be frank and honest with you, we didn't put that  
21 kind of money in our figure to the county when we figured  
22 removal of the material.

23 MR. CHAMPION: Who do you speak for?

24 MR. SOLARI: I speak for Granite Construction Company.

25 MR. CHAMPION: I don't want to change my motion in  
26 this thing which would lead to approval. However, I see no

1 objection to your reviewing it again with the Commission staff.  
2 This does represent general Commission policy in this area.  
3 If there was any misunderstanding with staff, perhaps you can  
4 change it in conversation with them. If there is a change in  
5 discussion, it can all be brought back to the Commission, but  
6 I do not want to revise my motion at this time.

7 MR. SOLARI: Then we can go on the basis that we have  
8 the permit and we can discuss it with the staff?

9 MR. CHAMPION: You can go on the basis that you have  
10 got the permit at nine cents.

11 MR. SOLARI: I appreciate that; and if we have dis-  
12 cussion and it could be reduced at a later hearing or something.

13 MR. CHAMPION: I certainly feel we could reconsider  
14 the matter if some injustice has been done.

15 MR. SOLARI: Thank you.

16 GOV. ANDERSON: You have heard the motion. Moved  
17 and seconded, approved unanimously.

18 Item 5 -- Land Items: (a) is to select 54.25 acres  
19 Federal land in San Bernardino County, and authorize sale  
20 thereof to Melvyn M. Stephens at appraised price of \$4,394.25,  
21 after finding that said lands are not suitable for cultivation  
22 without artificial irrigation.

23 (b) Authorize Executive Officer to submit an applica-  
24 tion to the U. S. Department of the Interior, Bureau of Land  
25 Management, for issuance of a United States patent in favor of  
26 the State, covering 640 acres in San Bernardino County.

1 MR. CRANSTON: Move approval.

2 MR. CHAMPION: Second.

3 GOV. ANDERSON: Moved and seconded. Carried  
4 unanimously.

5 Item 6 is to approve settlement with Marvin Ellis  
6 of timber trespass on school lands, Glenn County, in amount of  
7 \$9,090.10 (double damages), and authorize Executive Officer to  
8 request the Attorney General to prepare an agreement that will  
9 acknowledge payment of \$1,500 and provide for payment of bal-  
10 ance due in two equal installments of \$3,795.05 on or before  
11 July 31 and October 31, 1965, with interest at seven percent.

12 MR. CRANSTON: Move approval.

13 MR. CHAMPION: Second. I am a little curious as to  
14 the nature of the settlement. Why is it being set up in this  
15 way?

16 MR. HORTIG: Because this is the offer of Mr. Marvin  
17 Ellis to settle because of financial problems and in view of  
18 his willingness and acknowledgment of owing this debt to the  
19 State. We have already reviewed it with the Attorney General's  
20 Office and the provision of the seven percent interest is a  
21 standard format in this type of operation.

22 GOV. ANDERSON: Moved and seconded. Carried unani-  
23 mously. Item 7 -- Oil and Gas Leases: (a) Authorize Executive  
24 Officer to offer 5,300 acres tide and submerged land in the  
25 Santa Barbara Channel easterly of Pitas Point, Ventura County,  
26 for oil and gas lease, designated as Parcel 26.

1 MR. CHAMPION: Move approval,

2 MR. CRANSTON: Second,

3 GOV. ANDERSON: Moved and seconded, carried  
4 unanimately,

5 Item 8 is to confirm transactions consummated by  
6 the Executive Officer pursuant to authority confirmed by the  
7 Commission at its meeting on October 5, 1959.

8 MR. CHAMPION: Move approval.

9 MR. CRANSTON: Second,

10 GOV. ANDERSON: Moved and seconded, carried unani-  
11 mously.

12 Item 9 -- Informative only, no Commission action  
13 required; Report on status of major litigation. Mr.  
14 Shavelson or Mr. Hortig, either one?

15 MR. HORTIG: Mr. Shavelson will report progress on  
16 the Morro Bay-County of San Luis Obispo situation. We are  
17 happy we are in a position to report progress in that connec-  
18 tion.

19 MR. SHAVELSON: Thank you, Frank. All other items  
20 are as previously reported.

21 The City of Morro Bay and the County of San Luis  
22 Obispo have agreed in principle on a settlement of their con-  
23 troversy, under which the City of Morro Bay will take over  
24 administration of the granted tidelands; the two governmental  
25 entities will share the costs of pending litigation and presently  
26 pending controversies in that area.

The State, acting both through the State Lands

1 Commission and the Attorney General, in carrying out the  
2 responsibilities under 6308 as necessary parties to the liti-  
3 gation, will give every assistance that we can; but the actual  
4 handling of the litigation is in the local trustee and we are  
5 in the picture to see that they do their job and to assist  
6 them with our technical legal experience, which in many cases  
7 is greater than theirs in litigation of this nature. So we  
8 are hopeful of having a written settlement of this in the  
9 very near future.

10 GOV. ANDERSON: Any further items to report on  
11 litigation, Mr. Shavelson?

12 MR. SHAVELSON: No, sir.

13 GOV. ANDERSON: We will skip item 10, date of  
14 adjournment, and go on to item 11 -- informative report.

15 MR. HORTIG: As the Commission will recall, at the  
16 meeting of March 2nd authorizations were given for approvals  
17 and executions required pursuant to statute and the bid sub-  
18 mittals with respect to contractors' agreements, both operat-  
19 ing and nonoperating, for the Long Beach Unit of the Wilming-  
20 ton Oil Field.

21 It was felt desirable, for the record, to report to  
22 the Commission today that all of the authorizations and all  
23 of the directives with respect to this operation have been  
24 completed and the contracts were executed, issued, and  
25 delivered.

26 GOV. ANDERSON: Any questions? We will move on to

1 item 12 -- approval of performance bonds filed pursuant to  
2 executed Long Beach Field Operator Contract.

3 MR. HORTIG: One of the features of the Field Oper-  
4 ating Contract of the Long Beach Unit is the requirement for  
5 posting of a performance bond. This is as to all of the con-  
6 tract subdivisions actually, because it relates to assurance  
7 that they will have adequate operations, as well as a finan-  
8 cial guarantee with respect to any oil which is transferred to  
9 anyone for further sale.

10 The bonds required the approval of the Long Beach  
11 City Attorney and Long Beach City Manager, which has been  
12 forthcoming; approval as to form by the Office of the Attorney  
13 General, which has been received; and, finally, approval by  
14 the State Lands Commission.

15 After review as to the stability and adequacy of the  
16 surety under the bonds, it is recommended that the Commission,  
17 pursuant to the terms of the Contractors' Agreement, approve  
18 as to the surety and otherwise as to the sufficiency thereof,  
19 the bonds detailed in Exhibit A attached hereto and hereby  
20 made a part hereof; and there follows the specific bonds and  
21 sureties for all of the undivided shares in the Long Beach  
22 Unit, Wilmington Oil Field contract.

23 MR. CHAMPION: May I ask Mr. Hortig a question with  
24 respect to this?

25 We have had a suggestion that in this situation,  
26 after the initial approval of bond, there is a possibility of



1 reduction -- which would, of course, ultimately redound to  
2 the benefit of the State -- because of the companies involved  
3 and their financial standing that the vigorous bond require-  
4 ment might be reviewed. What is the status of that?

5 MR. HORTIG: The earliest date when an action could  
6 be recommended both to the State and the City for such reduc-  
7 tion or elimination of bonds -- whether this is at the end of  
8 the first year or whether it can be sooner, with a saving of  
9 premium, is under study; but certainly by the nature of the  
10 contracts and the fact that this was one of the elements  
11 against which the bidders did bid, it is apparently going to  
12 require considerable legal research to determine the safest  
13 earliest date at which a modification can be undertaken, sav-  
14 ing the premium of a bond, wherein the principals that are here  
15 assured probably have combined assets exceeding those of all  
16 the bonding companies bonding them. That's the nominal  
17 situation.

18 MR. CHAMPION: You have to guarantee in the bids,  
19 but once the bonds are established, really in many cases it  
20 is not reasonably required.

21 MR. HORTIG: It is just a question of what the  
22 legal limitations are and how soon an adjustment can be made.

23 MR. CRANSTON: Mr. Chairman, I'd like to point out  
24 DeGolyer and MacNaughton's opinion on this particular matter,  
25 and they calculate for a thirty-five year period the bond will  
26 amount to \$3,700,000; and they agree, in a letter to me, that

1 the requirement for performance bonds is not necessary in  
2 view of the standing of the successful bidders, together  
3 with the fact that the bidders are jointly and severally  
4 responsible for their specific bids. In addition, they feel  
5 that the spirit of performance bond is defeated when essen-  
6 tially all the cost will be paid by the State.

7 They apparently agree, and I would agree, that it  
8 is a question how long it would be necessary to keep a  
9 performance bond.

10 GOV. ANDERSON: You have the consensus, Mr. Hortig.

11 MR. HORTIG: May I have a motion for approval?

12 MR. CHAMPION: I'll so move.

13 MR. CRANSTON: Second.

14 GOV. ANDERSON: Carried unanimously.

15 Item 13 is report for Department of Finance on the  
16 July 28, 1964 resolution of the Commission:

17 "The Executive Officer is directed to request the  
18 Department of Finance to initiate a study of the State  
19 Lands Division, which study will (a) review the present organi-  
20 zation and staff of the Division and (b) develop a plan to pro-  
21 vide for an organization structure and staffing in conformance  
22 with current and near future growth requirements."

23 Mr. Hortig.

24 MR. HORTIG: Mr. Chairman, may I add to this that  
25 pursuant to this request by the State Lands Commission, the  
26 Director of Finance directed that the required studies be

1 undertaken by the Department of Finance; and the results  
2 of these studies and recommendations for implementation of  
3 an organization setup and staffing in conformance with cur-  
4 rent and near future requirements is to be reported this  
5 morning by the Director and his representative.

6 MR. CHAMPION: Yes; and as I understand it, he is  
7 also prepared to comment on the related matter -- that is,  
8 DeGolyer and MacNaughton's recommendation with respect to  
9 item 14 \*\*\*

10 MR. HORTIG: That is correct.

11 MR. CHAMPION: \*\*\* which was called upon to perform  
12 a similar job for us in the Long Beach field itself and re-  
13 lated matters. These just couldn't be done separately, so we  
14 have put them together and this will be a total recommendation  
15 covering the whole area. Mr. Richard Golden of the Depart-  
16 ment of Finance is prepared to outline those recommendations.

17 GOV. ANDERSON: Mr. Golden.

18 MR. GOLDEN: Mr. Chairman, members of the Commis-  
19 sion, the attached package that I just handed to you is com-  
20 prised of four parts. The first part has to do with the  
21 organization as such. We have been reviewing it since about,  
22 oh, October of last year, and it will be noted in the second  
23 portion there is a chart which shows the current organization  
24 pattern of the State Division of Lands. The first step was  
25 to see wherein workload problems arose, what could be done to  
26 alleviate them; and one of the first things I became aware of

1 in this study was the very heavy amount of workload the  
2 whole division has, right up to the Executive Officer and  
3 the Assistant Executive Officer of the Commission. It be-  
4 came apparent at that point there would have to be a split at  
5 the Assistant Executive level, in order to coordinate the  
6 activities under the Executive Officer.

7         As a result, the proposed organization is shown in  
8 the next chart, Exhibit B. Evidently there is an error,  
9 There should be a line going over from the Assistant Execu-  
10 tive Officer-Mineral Extractions Operation. We attempted to  
11 break out the functions which deal with engineering operations  
12 from the other functions of the Division -- these other  
13 functions being land sales, records, leasing, and land manage-  
14 ment functions, and the administrative function of the Divi-  
15 sion. You will, therefore, see this break-out on Chart B;  
16 and also, because of the magnitude of the recommendations of  
17 the consultants, DeGolyer and MacNaughton, it was decided it  
18 would be necessary to set up a separate reporting area to the  
19 Executive Officer to handle this operation alone, and for that  
20 reason you find a Manager of Long Beach Operations reporting  
21 here directly to the Executive Officer.

22         Under the plan as we have it outlined here, the  
23 Assistant Executive Officer of Mineral Extraction Operations,  
24 on the left hand side, will handle all of the operations ex-  
25 clusive of Long Beach having to do with the extraction of  
26 oil and gas and whatever other minerals are under the purview

1 of the State Lands Commission.

2           On the right hand side you will find land sales and  
3 records, commercial and recreational leasing, administrative  
4 services, legal, audits, and a retitling of the section which  
5 formerly existed as the Civil Engineering Section. We have  
6 given it a new name to align it with the new responsibilities  
7 which are now facing it.

8           In the charge to us to come up with this study, it  
9 was given that we should take into consideration new items of  
10 workload which may eventually come in, so our proposed organi-  
11 zation would not be outmoded when it had first been presented.  
12 There are several items which may come about. There may be  
13 additional areas of granted lands which may be taken over in  
14 the manner of Long Beach. These could be fitted in under the  
15 operation under the mineral extraction operation, or given  
16 separate status if they are as large as Long Beach operations.

17           The other portion which might come about is the  
18 administration of the tidelands, the granted tidelands. These  
19 could be fitted in, in terms of the planning requirements  
20 which would be required under the management chart.

21           If I may briefly give an outline of the considera-  
22 tions here, it gives you a brief look at what we are talking  
23 about.

24           In splitting the Assistant Executive Officer posi-  
25 tion, a further recommendation is that one of these positions  
26 be located in Sacramento. With the expanded responsibilities

1 of the Division in Long Beach, more time of the Executive  
 2 Officer will be required in southern California. Legislative  
 3 requirements, required contact with other Sacramento head-  
 4 quartered departments, administrative contact with Commission  
 5 members as required, and Commission meetings during legisla-  
 6 tive sessions are examples of activities which require the  
 7 Executive Officer to be in Sacramento at an increasing rate.

8         The establishment of one of the Assistant Executive  
 9 Officer positions in Sacramento would assist materially in  
 10 reducing required travel time of the Executive Officer to  
 11 Sacramento and allow him to take up the active management  
 12 role he will need to take in guiding the development of the  
 13 Long Beach Unit.

14         Also, we took into consideration and evaluated the  
 15 workloads of the various individual sections and it was noted  
 16 that the land sales and records, which is currently located  
 17 here in Sacramento, is a statewide responsibility of the  
 18 Division. Likewise, the commercial and recreational leasing  
 19 and the oceanographic section, which are now presently head-  
 20 quartered in Los Angeles, have a statewide workload. In fact,  
 21 there are many characters of the workload essential to the  
 22 oceanographic section which seem to be allied to northern  
 23 California.

24         For this reason, we would recommend that at an  
 25 appropriate time these sections be brought to Sacramento.

26         I think perhaps now it might be well to turn to

1 this Long Beach operation, since it is by far and away the  
2 largest element of this program. The single sheet in the  
3 package is the outline of the proposed augmentation budget,  
4 and I thought it might be helpful here to indicate how we  
5 arrived at these figures -- the basic assumptions we had to  
6 make in order to get to the figure we have here.

7 DeGolyer and MacNaughton's report is apparently in  
8 the final process of being completed. We have been given  
9 advance copies as they have been working along, and have  
10 worked with them as this has progressed.

11 They have recommended that a staff of forty-seven  
12 positions should be on hand as of March 1, 1965, in order to  
13 assume the responsibilities placed upon the State by Chapter  
14 138 of 1964. As of June 30, 1965, ninety-one positions should  
15 be on hand; and a staff of ninety-seven is envisioned by the  
16 close of the 1965-'66 fiscal year. Exempted from their  
17 recommendations specifically was staffing in the legal function.

18 So we are starting here on a base of ninety-seven  
19 positions, exclusive of legal functions. We have fourteen  
20 positions which are currently budgeted in the Long Beach  
21 operation. These, therefore, have been reduced from the  
22 total of ninety-seven, leaving eighty-three.

23 In addition to these eighty-three, there will be  
24 found two new legal positions which we are recommending. The  
25 City of Long Beach apparently has three full-time working  
26 deputies in this field, working specifically on this area;

1 and it was felt that as an initial staffing, with the  
2 existing pool of attorneys we have in the Division, that  
3 probably would be the case. The workload will be carefully  
4 monitored, however, before the employment of these people.

5 The additional one position is the Assistant  
6 Executive Officer, which I was speaking of earlier.

7 In arriving at the figures, it was necessary for us  
8 to take what the consultants had indicated as the probable  
9 level of positions, in terms of experience and background, and  
10 try to evaluate and place these within the civil service  
11 system. We, therefore, found that there were certain problems  
12 which we would probably have to face and we had to make cer-  
13 tain assumptions.

14 Now, of course, all of these assumptions are subject  
15 to final review by the State Personnel Board; but we have at-  
16 tempted as closely as possible to make these assumptions in  
17 accordance with what we know are their general rules.

18 The problem arises primarily in equating the number  
19 of years of experience needed in the engineering people. This  
20 is going to take some rather heavily experienced engineers in  
21 order to give us the actual experience required to fully  
22 develop this field. Therefore, number "2" of our outline of  
23 new staffing considerations indicates these basic assumptions.  
24 I won't go through them specifically here. I think they can  
25 be best indicated by a review of that.

26 The one comment I might make is that in the Manager



1 of Long Beach operations as shown on the organization chart --  
2 and the organization chart is on Exhibit C; this outlines the  
3 basic organization of this Long Beach Operation Section -- for  
4 the Manager of the Long Beach Unit, we have used as a compar-  
5 able salary the City of Long Beach present salary scale for  
6 the top individual, and we found it seemed very good to indi-  
7 cate all the way along in our work at the various levels the  
8 comparability in this regard.

9 Of the eighty-three new positions recommended by the  
10 consultants -- this is the net positions -- fifty-eight of  
11 them will be shown as reporting under the Manager of Long  
12 Beach Operations on Exhibit C. The remaining twenty-five are  
13 composed as follows: There are eighteen auditors, who would  
14 be called the Audits Section, under the proposed Assistant  
15 Executive Officer-Revenue and Asset Management, which appears  
16 on Exhibit E under the organization chart; and seven will  
17 report to the Administrative Services Section, also reporting  
18 through the Assistant Executive Officer to the Executive  
19 Officer.

20 These positions, I should indicate, would only be  
21 put on after much more careful development of an auditing  
22 program, a comprehensive audit program of the whole Division  
23 of State Lands; and, therefore, they are placed here rather  
24 than specifically to the operation of the Long Beach area.  
25 The Long Beach Manager will probably have many problems in the  
26 engineering field without getting into any of this particular  
detail.

1 Now, in the DeGolyer and MacNaughton study there  
2 are noted in their recommendations six management positions.  
3 These are detailed in number "4" in this outline -- Manager,  
4 Long Beach Operations; Assistant Manager; the Chief Reservoir  
5 Engineer; the Assistant Chief Reservoir Engineer; Chief Drill-  
6 ing and Production Engineer; and the Chief Geologist. These  
7 positions, with the single exception of the Chief Geologist,  
8 require ten to twenty years of oil industry experience with a  
9 minimum of five years of supervisory experience. The Chief  
10 Geologist position requires ten years of oil industry experi-  
11 ence, five years of which require the use of original judgment.

12 This is going to pose some problem in our recruit-  
13 ment effort. These are very highpowered positions. We are  
14 going to have to search very carefully for the filling of  
15 these positions. I have merely indicated what the consultants'  
16 level of the positions should be, so you can get some idea of  
17 the magnitude from the report.

18 Then follows in this outline -- and I think I may not  
19 go into it in detail unless you so desire it at this point --  
20 but we have broken down the staffing requirement of ninety-  
21 seven positions by the various units and indicated the basic  
22 reasons why it was necessary to have these people as outlined  
23 in the report. Of course, the report will go into this environ-  
24 mental detail.

25 I might mention just briefly there is one other  
26 section which I haven't dealt with to this point, and that is

1 the Technical Services Section, and that is a section of  
2 seventeen people to serve the three operating divisions --  
3 the Geology, the Reservoir Engineering, and the Drilling and  
4 Production.

5 If you have any questions, perhaps that might be the  
6 best way to pursue it at this point.

7 GOV. ANDERSON: Most of your discussion here has been  
8 that as pertains to the Long Beach oil field operations and I  
9 would assume from our consultants' recommendations. They,  
10 together with your department, would know a lot more about  
11 this at this stage than we would -- or I would, anyway; but  
12 I am again concerned with some of the fields where I don't  
13 think we, as the Lands Commission, are doing the job we should  
14 be doing, as I mentioned earlier.

15 MR. GOLDEN: This is right.

16 GOV. ANDERSON: And not only have I felt that there  
17 are things that our Lands Division should be taking leadership  
18 in, rather than being bogged down in lots of work, but there  
19 has also been some criticism in the fact we haven't done the  
20 job as we should and even some suggestions of taking some of  
21 these things away from us because we haven't been doing it.

22 What do you have in your recommendations that covers  
23 these fields particularly?

24 MR. GOLDEN: I think perhaps the basic fact is you  
25 have the present organization and operating through the present  
26 organization, it has been necessary for the Assistant Executive

1 Officer and the Executive Officer to have such a wide  
2 variety of problems coming to them -- engineering, auditing,  
3 boundary surveys; the types of things you are commenting on,  
4 the lines; the tidelands administration problems -- which, if  
5 the Legislature decides to give authority at this session to  
6 go into a monitoring of these conditions, this sort of thing  
7 will have to be carefully worked into the organization.

8         The proposal we have here is to start to realize  
9 what our problem is. I guess this is the best way I can char-  
10 acterize it. With the Executive Officer and Assistant Execu-  
11 tive Officer currently attempting to struggle with this mass  
12 of detail, it has not been possible -- with all the travel re-  
13 quirements which the Executive Officer has had placed on him  
14 and all the other workload, he has not been able to get a  
15 perspective; and this is no criticism. I don't intend to  
16 imply any.

17         GOV. ANDERSON: The workload has been too great.

18         MR. GOLDEN: The workload has been too great --  
19 that's exactly the situation. It has been the thought by  
20 adding the Assistant Executive Officer to separate the work-  
21 load, to see where we are and see if the workload can not  
22 become broader and then later to come back, if necessary, to  
23 get additional staff.

24         MR. CHAMPION: Dick, I think the question here is:  
25 While we are doing this and while we are making these basic  
26 changes, we don't want to stage them too far down the line.

1 There are a lot of things -- I don't think there is any  
2 question but that we want to pursue them; we do have the  
3 legal ability to do so. There are some things people have  
4 asked why we haven't done them that we don't have the legal  
5 ability to do, but the Legislature shows every disposition to  
6 give them to us.

7 GOV. ANDERSON: Or take them away from us.

8 MR. CHAMPION: Yes, or have somebody else do them.

9 The question is where in this lineup this would be handled.  
10 You have consultants reporting to the Assistant Executive  
11 Officer and presumably that gives you some room to move; but  
12 what about specifically this whole problem that is now being  
13 dealt with in the Commission, and that is our recommendations --  
14 in effect, we are doing the recommendations on the tidelands  
15 and the State Development Plan ...

16 MR. GOLDEN: Right.

17 MR. CHAMPION: ... and the kinds of things that  
18 the Lieutenant Governor addressed himself to are in many cases  
19 of the same type. Where, specifically, would this be done  
20 and does this provide adequate staffing for that purpose?--  
21 because I think if it doesn't, it should.

22 MR. GOLDEN: I think you are very correct. Under  
23 the outline of the organizational considerations, attached to  
24 that is Exhibit A, which gives a list of the proposed duties  
25 for this new Assistant Executive Officer.

26 GOV. ANDERSON: Is this Exhibit A?

1 MR. GOLDEN: It is with "Outline of Organizational  
2 Considerations."

3 GOV. ANDERSON: Which would it be in our file?

4 MR. GOLDEN: It would be number one. On the charts,  
5 if you want to refer to the chart I am going to refer to here,  
6 it would be Exhibit E. Under this Assistant Executive Officer-  
7 Revenue and Asset Management, one of the specific duties under  
8 his supervision would be to provide a basic research inventory,  
9 which we are talking about here; and also fitted into this con-  
10 cept would be the development of standards for review of the  
11 granted lands.

12 At this particular time I think the problem is one  
13 of knowing really what your problem is in terms of staff. We  
14 have not had the opportunity to get into a detailed evaluation  
15 of the staff within the existing framework. We know in general  
16 the problems that have been evolved here, but we do not know  
17 specifically what "prioring" has been placed on the staff. I  
18 am afraid the direction has not been possible from the top and  
19 this is one of the problems we are hitting here. At the  
20 Assistant Executive Officer level we will have to identify  
21 what our problems are and seek measures immediately to solve  
22 them. I would say that probably within a year's time we  
23 should know much better just what we would have to recommend,  
24 if any, in terms of additional staff.

25 MR. CHAMPION: Well, but the problem here is we are  
26 going to have a proposal undoubtedly at this session, and at

1 the time the proposal is made is the time to get the money  
2 to carry out the proposal -- not a year later. That doesn't  
3 mean you need to start full blast, but I think you need to  
4 indicate now what you think is going to be required to do  
5 that job and I don't think we are complete until we have that.

6 MR. GOLDEN: We have not included in our recommenda-  
7 tions the addition of a staff member to specifically do the  
8 tidelands review.

9 MR. CHAMPION: You have got auditors here who are  
10 going to look at the problem and find out what we have and  
11 haven't got.

12 MR. GOLDEN: As I envision this thing, we will prob-  
13 ably have an opportunity - - I consider this to be a program  
14 audit in many respects, this review of the tidelands condi-  
15 tions; and it is very possible, in addition to many of the  
16 financial auditing requirements, we will be able to use these  
17 auditors to do the program type of audit. I think this is  
18 certainly built into the system. Of course, included in our  
19 recommendation here, is primarily the resting of these auditors  
20 on an audit program for Long Beach and such, but I don't know  
21 but what might this go beyond that.

22 GOV. ANDERSON: One point: Again, I think maybe  
23 the best thing is to tell you the thoughts we have, so you at  
24 least know what one person's feeling on it is. I think the  
25 last time around, when I was Chairman of the Lands Commission  
26 about three or four years ago, some questions came up on the

1 Bay and I know at that time I had just been involved in  
2 something dealing with State participation in the Bay and I  
3 was on the State Toll Bridge Authority doing something with  
4 it, and I was on the State Lands Commission doing something  
5 else, and I was a Regent, doing something else; and I found  
6 each department didn't know what the others were doing.

7 At that time I think I made the motion that the  
8 State Lands Commission should take leadership and do a real  
9 planning program for the whole San Francisco Bay area. I  
10 think we own -- what? Seventy percent of the Bay is under  
11 our jurisdiction; and I think in all sincerity we passed it  
12 and in all sincerity the staff said, "We will do what we can."

13 Then you find this is a big and complex problem and  
14 yet we are the biggest one and should be given the leadership  
15 in this in coming up with a long range plan which could be  
16 suggested to the Legislature and other groups.

17 Now, as a result of our not being able to do it, we  
18 see other ideas -- the idea of seeing a separate commission  
19 to do this. I don't know what we are going to say about it.  
20 Are we going to say, "You should take our recommendations," or  
21 "We should be the ones to handle it," or should have more  
22 voice in it? But how can we justify it up to the present time  
23 when we have had some authority, some responsibility? We are  
24 going to say, "The reason we haven't done it is that we haven't  
25 had the staff?"

26 I think we should have asked for the staff four



1 years ago. If there is any criticism I have of Frank,  
2 when I made that motion he should have said, "It's a good  
3 idea, but I can't do it. I am going to need so many men,"  
4 whatever he needed to come up with a long-range development  
5 of the Bay. At that time, we could have said, "Frank, here  
6 it is; do it" or not pass the motion.

7 We have had this problem on overhead wires and we  
8 made that motion in all sincerity and the staff took it in  
9 all sincerity, but we have not been able to do it.

10 I think the State Lands Commission should be doing  
11 a lot more in long-range planning and coming up with things  
12 that the Division would suggest to us; and we in turn go to  
13 whoever we have to, to get permission. It could be the  
14 Legislature, your department, whoever it is -- saying, "This  
15 is what we would like to do. We haven't been able to do this  
16 because we have just been overloaded with work."

17 That's what I would like to see -- something that  
18 would give me the feeling that we are not so involved in what  
19 we are already doing that we couldn't do some other things.

20 MR. CHAMPION: May I add something here? There is  
21 an interrelated problem, and that is, what currently is the  
22 function of the State Lands Commission? Some of the things  
23 you mention are the obligation of the State Office of Planning  
24 to see that they have the information they want and to pro-  
25 pose a plan. That work is being done and reporting data for  
26 that State Development Plan, which would include San Francisco

1 Bay and all the tideland area involved, is due next winter.  
2 So that job is being done -- it is now being done in the  
3 Planning Department.

4 GOV. ANDERSON: Well, I think Frank should have  
5 told me at that time. I think he should have said, "Mr.  
6 Anderson, this is being done by someone else." Then when  
7 people come to me and say, "Anderson, why aren't you doing  
8 this?" and "Why aren't you doing that?" I would say, "This is  
9 in the Department of Planning, and we are waiting for their  
10 report." At the present time I have to say, "I think we are  
11 trying to do it." I think they are trying to do it, maybe  
12 they are doing it.

13 MR. CHAMPION: I want to agree with you, though,  
14 that we have not been able to make the contribution to that  
15 thing in the Commission staff that we should have made, that  
16 we would like to make; but more personnel was required and  
17 here again we are doing this -- we are doing a major part of  
18 the State Development Plan in the Commission staff, but  
19 there aren't the people. I am not saying that we don't have  
20 more responsibility in this area than we have taken, but the  
21 overriding responsibility, the ones that were supposed to  
22 provide the total plan are in the State Planning Office.

23 GOV. ANDERSON: Is there a problem in your depart-  
24 ment, then, because they know it costs money and men, they  
25 don't have it and they don't recommend the things that should  
26 be done because they are part of this whole business? My

1 feeling is that Frank should follow through, or our  
2 Commission should follow through, to come in and ask for  
3 something, even though they know they probably can't get it;  
4 but because it is in the Department of Finance, they know  
5 they can't get it and they are part of the Department of  
6 Finance and, therefore, the thing does not come in the open  
7 the way it should.

8 MR. CHAMPION: Maybe it doesn't come out in the  
9 open, but I have never known anybody in the Department of  
10 Finance that has hesitated to ask the Department of Finance  
11 for money. The basic problem is the basic problem of all  
12 relationships of this kind and that is -- the State has more  
13 problems and more needs than it has money; and just as the  
14 Department of Finance assumes an over-all responsibility for  
15 trying to determine these priorities, we expect within the  
16 individual departments that they will attempt to determine  
17 priorities of need.

18 In other words, if each department took everything  
19 it thought it could do and brought it in, you would be talking  
20 about double the size of the present budget; and this is a  
21 totally impractical budget process. If you would encourage  
22 everyone to come in every year with all they want, this be-  
23 comes an impossible budget process.

24 We have to say, "Cut this down to your most urgent  
25 priorities because we have given you an allocation to start  
26 with, and you are going to have live pretty closely to that

1 allocation. If there is something that has to go over  
2 the allocation, come in and argue about it." But the first  
3 figure any agency gets is a rough allocation figure of what  
4 they can be expected to spend that year.

5 GOV. ANDERSON: If Frank had told us ahead of  
6 time - - My feeling is that Mr. Horig should come to us and  
7 make a strong appeal on certain things, and then it should go  
8 to the Department of Finance and we should fight it out on  
9 that level. What I am wondering is: Would he go to the  
10 Department of Finance and find out what he can get and then  
11 come to us.

12 MR. CHAMPION: No. Everybody gets an allocation.  
13 There is no difference in the treatment or relationship with  
14 the Lands Commission than the other departments or agencies,  
15 with one possible exception and that is, naturally the Depart-  
16 ment of Finance tries to set an example of trying really to  
17 recognize how scarce State resources are.

18 GOV. ANDERSON: That is what the feelings of the  
19 Department of Finance are. I am not sure that our Division  
20 of State Lands should be caught, in a sense, in that feeling.

21 MR. CHAMPION: My experience in dealing with the  
22 budgets is that they are in the same position as almost every  
23 other department or agency, and they are not necessarily  
24 inhibited in that. Usually the initiative to go beyond this  
25 in our regular dealings with records of the Department, and so  
26 on, quite often would originate in members of commissions or

1 outside groups that feel, "Well, all right, if we feel we  
2 need more resources to do this job, we are going to have to  
3 make the case for more taxes," which is the kind of situation  
4 we face this year; and I think probably the Commission should  
5 take that responsibility rather than the staff, which is just  
6 operating under the same way staffs of government operate.

7 GOV. ANDERSON: If it is just staff, yes; but I  
8 don't consider Mr. Hortig staff. He is our Executive Officer  
9 and I think Mr. Hortig should come to us with recommendations  
10 that "I would like to see us do this and this," and we back  
11 it up or say "No" to it.

12 MR. HORTIG: Mr. Chairman, might I cite a specific  
13 example, and that is the budget currently under consideration.  
14 The budget as recommended to the Lands Commission and as  
15 adopted by the Lands Commission, without the vote of the  
16 Director of Finance, for proposed inclusion in the Governor's  
17 budget included ten new positions, specifically to cover areas  
18 such as you have been discussing.

19 That budget, as submitted by the Lands Division and  
20 recommended to you gentlemen of the Lands Commission with that  
21 request for ten new positions, is now an item in the Governor's  
22 budget and only one of those ten new positions is in there.

23 Now, we recommended, we requested, we made justifi-  
24 cations on workload basis; but in the processing and working  
25 over of the budget in areas which are definitely beyond the  
26 control of the Lands Division or Lands Commission. \*\*\*\*

1 GOV. ANDERSON: ... you lost nine of the ten  
2 you thought were necessary.

3 MR. HORTIG: That's right.

4 GOV. ANDERSON: How did you lose them? Where was  
5 the decision made to knock the nine out?

6 MR. CHAMPION: The Department of Finance.

7 MR. HORTIG: The Department of Finance.

8 GOV. ANDERSON: Now, did you come to me or Mr.  
9 Cranston or Mr. Champion as a member of the Lands Commission  
10 to ask for an appeal?

11 MR. HORTIG: No. We have not had a budget hearing  
12 before the Legislative Committee.

13 GOV. ANDERSON: So you have already had ninety  
14 percent of it knocked out before you asked for Mr. Cranston,  
15 who has influence around here, or myself, who hasn't too much  
16 to fight for those ten positions. I think maybe you are being  
17 knocked down before the fight really gets started.

18 MR. CHAMPION: In a sense, everybody was knocked  
19 down this year. I want to be quite explicit on this. The  
20 only person who would have had any influence on this would  
21 have been the Governor, because what we said to all depart-  
22 ments was "This is going to be a basic workload budget.  
23 There are not going to be new positions," and I think you  
24 will find it was a universal experience. Frank could have  
25 wasted a good deal of your time and the Controller's time and  
26 anybody else's, but wouldn't have made a damn bit of difference.

1 That's fundamentally the situation. We didn't have enough  
2 money. I am not advocating surrender without protest.

3 GOV. ANDERSON: My feeling, Hale, is that it prob-  
4 ably would have come to the same end, but I think there might  
5 have been more notice that we did get less ninety percent of  
6 what he asked for.

7 MR. CHAMPION: The other thing we did -- we had this  
8 study in the works as to what was really necessary to make an  
9 over-all change -- what we thought the best thing to do when  
10 we had the Long Beach and all the other things before us in  
11 one package, to see what should be drastically changed in the  
12 whole Division.

13 Perhaps it would have been better if I had talked to  
14 members of the Commission at length about this matter, but we  
15 had all agreed that the study would be done and that this would  
16 be the basis for expansion of staff; so that although there  
17 had been the request in the budget for ten positions now, the  
18 first time there was going to be any consideration of this  
19 would be in the second phase of budget consideration, and I  
20 think as a practical matter this is as good a way of doing it  
21 as any.

22 To the extent that it is felt there is an omission  
23 here, I'd like to take the responsibility for it because there  
24 wasn't any question, acting under the directions of the Govern-  
25 nor, that everybody who presents budgets to us had very  
26 specific instructions, had very specific allocations; and were

1 told specifically that appeals that involved new ideas or  
2 new positions, no matter how desirable, would have to go  
3 over to the second budget and we simply weren't hearing them.

4 MR. GOLDEN: Along that line, if I might amplify,  
5 Mr. Chairman, one of the things I got in this study was that  
6 the most severe shortage at this point was for the administrat-  
7 ive level of the Division to make its case known to the  
8 control agencies. This is one of the problems on why the  
9 positions were knocked out. I think the caseload wasn't  
10 known. This is part of the problem.

11 GOV. ANDERSON: What are we doing to correct the  
12 problem?

13 MR. GOLDEN: By separating your Assistant Executive  
14 Officer and putting him on one side, the Assistant Executive  
15 Officer who handles nothing but engineering problems primarily,  
16 and letting him ply his trade in this area; and letting an  
17 administrative type individual on the other side handle the  
18 budgeting and personnel, auditing, these management functions  
19 as well as following up on the land sales program and leasing  
20 program -- we can better define these programs, get some  
21 measurements pinned down, so that we can better come both  
22 before your Commission and the Legislature and the Finance  
23 Department to present these problems as they are.

24 I think this is one of the basic problems, together  
25 with this other problem of the tidelands, reviewing the grants  
26 specifically to see if there is compliance. This can also be



1 worked into the program for this individual. This would be  
2 proposed in the report to you -- a very close working with  
3 the Office of Planning to determine where this Division is  
4 going and recommending policies to the Commission.

5 GOV. ANDERSON: Do you think this Assistant Executive  
6 Officer is going to have any additional free time over and  
7 above what the new oil field and its activities and all its  
8 additional staff is going to take? Don't you think whatever  
9 work is going to be allotted to him, the new responsibilities  
10 in this field, are going to take his time?

11 MR. GOLDEN: There is going to be a significant  
12 amount of time on this, yes.

13 GOV. ANDERSON: So the other man is going to have  
14 the same workload.

15 MR. GOLDEN: No, I don't believe it will be quite  
16 that severe an impact. Primarily, the impact on this new  
17 individual, as far as Long Beach is concerned, is merely  
18 through the audit and accounting end of the operation. A  
19 certain portion of it will come under personnel.

20 MR. CHAMPION: If you have a Manager for Long Beach  
21 Operations set up at the same level as the director of petroleum  
22 operations in Long Beach, you have the major burden in Long  
23 Beach outside of what the Executive Officer has to assume in  
24 terms of supervision; you have a substantial part of the Long  
25 Beach load there. You actually relieve some of the engineering  
26 requirements on the other Assistant Executive Officer, who has

1 all the mineral extraction and other engineering features,

2 MR. GOLDEN: Right.

3 MR. CHAMPION: So that actually you have got two  
4 out of three new positions here -- one of which is most of  
5 Long Beach and helps relieve a little bit in the engineering  
6 area.

7 MR. GOLDEN: Right.

8 MR. CHAMPION: ... so actually the new Assistant  
9 Executive Officer is almost totally new. The only thing he  
10 picks up is audit and accounting. In the other areas he has  
11 time to devote to this, plus he is in Sacramento where the  
12 Planning Office is, where the Commission members are, and in  
13 a position to follow through not only with his own responsi-  
14 bilities but with executive assistance to the members of the  
15 Commission, which has been a difficult communication problem.

16 GOV. ANDERSON: Mr. Sieroty.

17 MR. SIEROTY: May I make a suggestion, Dick? To  
18 meet some of the problems here, can there be added a planning  
19 and research section in here somewhere?

20 MR. GOLDEN: Yes. I think we had, in fact, en-  
21 visioned in five years in the future a possibility of adding  
22 that. It would fall under the Assistant Executive Officer.  
23 This would be primarily for the pre-planning activities and  
24 also a follow-up sort of thing in the auditing division.

25 MR. CHAMPION: Why did you say it was five years  
26 away?

1 MR. GOLDEN: I am sorry. I didn't mean to say  
2 it was five years away; but in making a projection, in meeting  
3 the requirements of the Commission, part of the charge to me  
4 in doing this was that we should take into account current and  
5 near future requirements; was an attempt to try to see whether  
6 or not this would be an adequate organization, say, if we  
7 would have a few other things come along that we can see in  
8 front of us -- would this be an adequate program.

9 So we took a five-year projection and one of the  
10 boxes included would be this program, this planning type of  
11 thing -- setting a plan, first of all, taking an inventory of  
12 what we have and then determining the land use requirements,  
13 sequence of use, things of this nature -- this type of  
14 consideration.

15 MR. CHAMPION: I think the question here, Dick, is  
16 that the function has got to be undertaken right away. Maybe  
17 it doesn't get put in a big box for five years ...

18 MR. GOLDEN: Right.

19 MR. CHAMPION: .. but the function has to be under-  
20 taken just as soon as we get the necessary authority and  
21 personnel.

22 MR. GOLDEN: And that function and authority would  
23 be in this proposed Assistant Executive Officer.

24 MR. SIEROTY: Maybe you can spell it out -- how  
25 many positions would be added to our requirements under the  
26 budget? Now, as I understand it, the positions that are

1 related to the Long Beach operation don't come under the  
2 budget; is that correct?

3 MR. GOLDEN: Yes, they would, in the sense that  
4 they are reimbursed positions and the size of the reimburse-  
5 ment we would take to the Legislature. In other words, what  
6 we would do is include them in the total support of the  
7 Division. It is merely a financing break-out by reimburse-  
8 ment to get the net costs.

9 GOV. ANDERSON: Let me ask you this question, be-  
10 cause I didn't get it clearly. About how many new positions  
11 are you asking which will not have any relation to the Long  
12 Beach situation?

13 MR. GOLDEN: I would say that there would probably  
14 be none that would have no relationship; but the Assistant  
15 Executive Officer would have very little relationship, except  
16 as he might be engaged in the auditing and accounting areas.  
17 He would have some problems in this area, but this is about it.

18 GOV. ANDERSON: In other words, the new employees  
19 that would be added are basically put on to take care of our  
20 new job in the Long Beach Oil Field?

21 MR. GOLDEN: This is correct.

22 GOV. ANDERSON: Outside of this Assistant Executive  
23 Officer, that is the only person we are adding?

24 MR. GOLDEN: Yes.

25 MR. CHAMPION: Let me ask -- On Exhibit E -- I  
26 think Governor Anderson has a very legitimate complaint here --

1 Unless I misunderstand this, over on Exhibit B we have  
2 under "Audits," for instance: "Audit Supervisor," and under  
3 "Ungranted Tide and Submerged Audits" -- "General Auditor II  
4 and Auditor I." This is apart from the Long Beach audit?

5 MR. GOLDEN: Yes.

6 MR. CHAMPION: Aren't these new positions designed  
7 to survey the tidelands and to determine what our position is  
8 with respect to each of the local trustees?

9 MR. GOLDEN: No, Mr. Champion. These are existing  
10 positions in the Division, which have been re-allocated to  
11 this box to give them some clarity, roughly, to the workload  
12 assigned to this unit.

13 MR. CHAMPION: I understood we were working with the  
14 Joint Tidelands Committee with the understanding that we were  
15 to do some of these things and we were going to ask for the  
16 necessary personnel to do them; and if we haven't asked for  
17 them in this package, I think we ought to.

18 MR. GOLDEN: We didn't understand that until the  
19 specific authority -- I think Mr. Hortig could comment on  
20 this.

21 MR. HORTIG: I think if you would complete your  
22 comment, Dick -- until the specific authority was forthcoming.

23 MR. CHAMPION: But we are supposed to tell them  
24 what we need to do the things they were going to ask us to do,  
25 and I thought that was represented to that Committee --  
26 leading not only to that authority but the ability to carry

1 out the authority.

2 MR. HORTIG: Yes, but the Committee's life, deter-  
3 mination of what should be done, has been extended by resolu-  
4 tion in both houses and a report is due now in the 1966 Legis-  
5 lature with respect to granted tidelands.

6 MR. CHAMPION: However, I understand they are pre-  
7 pared at this session to ask that a number of things be done  
8 immediately. They are not just extending their life into the  
9 next session to delay any further recommendations, but there  
10 will be recommendations from the Committee in this session.

11 Am I incorrect in that?

12 MR. HORTIG: We have not received any indication  
13 that there will be anything that specific; and it is for that  
14 reason that in the later legislative report on this agenda  
15 that I was recommending that the Commission continue its re-  
16 port to the committees as it has made previously; that until  
17 there is a standardized series of programs from the Legislature  
18 with respect to granted tide and submerged lands there be a  
19 moratorium on further tideland grants, except in specific  
20 situations that don't require this moratorium, in order that  
21 all these operations can be carried out in the future on a  
22 definite prescribed basis, without adding to the hit and miss  
23 and piecemeal programs that we have had to operate on before.

24 Included in the later specific program would be  
25 such authorities as the Commission should undertake.

26 MR. CHAMPION: Mr. Chairman, I see in the audience

1 Mr. Baldwin, who has acted as consultant to the Joint Legis-  
2 lative Tidelands Committee, and I wonder if it wouldn't be  
3 in order to ask him what their present agenda calls for,  
4 what the possibilities are.

5 GOV. ANDERSON: Mr. Baldwin, can you identify your-  
6 self and then answer the question?

7 MR. BALDWIN: I am Charles Baldwin, the consultant  
8 to the Joint Committee on Tidelands.

9 MR. CHAMPION: Basically, Chuck, what I think we  
10 are concerned with here -- We are looking at the staffing  
11 pattern and it has been my understanding this has been dis-  
12 cussed with you, so the Committee would be informed as to  
13 what our plans were. We are concerned whether, in fact, this  
14 meets our -- at least my understanding -- of what was being  
15 contemplated or whether there would not be more positions  
16 necessary to do the kind of work which has been discussed by  
17 the Joint Tidelands Committee in not only surveying but list-  
18 ing and accounting for all the trusteeships which the State has  
19 granted, in trying to work out some of the boundary problems,  
20 and a good many questions of this sort.

21 It had been my impression that the Committee planned  
22 to introduce some legislation at this session of the Legis-  
23 lature; and if that were to be done, does this staffing pat-  
24 tern meet the requirements of that? It is my impression now,  
25 from what Mr. Golden said, that it would not. I know you  
26 can't speak for the Committee, but in general,?

1           MR. BALDWIN: The Committee will recommend legis-  
2           lation in this session. I believe it will, although I can-  
3           not speak for the Committee.

4           The recommendation in our report, which was sub-  
5           mitted in December of last year, was that legislation be put  
6           forward as soon as possible and I believe the Committee would  
7           recommend it be put forward in this session. Those recommen-  
8           dations, if they follow the report, would require some addi-  
9           tional work from the State Lands Division. Whether the State  
10          Lands Division's other workload here can accommodate that addi-  
11          tional workload here, I don't know.

12          Whether they can just distribute their existing  
13          personnel to accommodate that work, or whether they are going  
14          to require new personnel to accommodate this, is a question  
15          which, of course, I am not in a position to answer.

16          However, the recommendations would require that the  
17          existing trustees submit audit reports to the State and I  
18          believe you do have now an organizational structure which does  
19          audit. Whether it can accommodate some new workload in that  
20          audit division, I do not know.

21          Also, it would require that some State agency, per-  
22          haps the State Lands Division, review applications for new  
23          tide and submerged land grants and, of course, that would  
24          require some work from the State Lands Division if that was  
25          the agency that was asked to do the work.

26          MR. CHAMPION: That answers my question.



1 MR. BALDWIN: I don't know whether Mr. Golden  
2 has asked for staff or if he has taken that into considera-  
3 tion.

4 MR. GOLDEN: In essence, the basic assumption we  
5 had to make was that we had to deal with what we currently  
6 had on the books. If there were to be legislation of this  
7 type, we couldn't predict what it would be and, therefore,  
8 could not predict what positions we would have to have.

9 I think generally, when new legislation comes along  
10 requiring additional workload in any department of the State,  
11 these costs are tied to that bill and with that bill; and I  
12 think probably it would be covered under that normal procedure.

13 MR. CHAMPION: Could I make a suggestion here for  
14 procedure, subject to what the rest of the Commission would  
15 feel? Move approval of this pattern, with the understanding  
16 that Mr. Golden and Mr. Kortig would continue to work with Mr.  
17 Baldwin in advising staff patterns to meet the requirements  
18 of the legislation to be introduced; but I am a little concerned  
19 that on the basis of this discussion we probably need a little  
20 more attention to this before we get new legislation; that  
21 some of the things that the Chairman has spoken of today are  
22 things which are properly now within our province and things  
23 which we should be doing and whether maybe we shouldn't also  
24 consider, in addition to the demands that may be made upon us  
25 by legislation introduced by the Joint Committee - - I don't  
26 like to see us go to the Legislature once and then again and

1 and then again and then again - - but I guess the question  
2 is really whether we shouldn't specifically assign one posi-  
3 tion in here with the kind of function that Governor Anderson  
4 has suggested prior to and then subject to the Tidelands Com-  
5 mittee assigning the costs at that time for the additional  
6 staff.

7 MR. GOLDEN: If we could assume that these things  
8 would be in the offing, when we go to the Legislature we  
9 could speak of that as being an assistant to the Assistant  
10 Executive Officer here. One of the real problems here is  
11 getting into the situation of getting our workload review in  
12 the Division. There has not been a real review along this  
13 pattern and this is one of the things basically that bothers  
14 me all the way through. Until we can get a workload review  
15 and determine what exactly has to be done, it is very difficult.

16 MR. CHAMPION: In other words, you wouldn't know  
17 whether one of these auditors could pick up any of this work-  
18 load Mr. Baldwin spoke of or not?

19 MR. GOLDEN: I would suspect they could. We are  
20 dealing here when we are talking about the new audit program --  
21 and here we are going on the basis of the consultants' esti-  
22 mate also -- of how many auditors would be necessary to accom-  
23 plish this function. We don't have any detailed list of the  
24 number of transactions, things of a workload nature, to tie  
25 into this thing. It is a new deal, a new operation. We are  
26 going to make certain basic assumptions.

1 MR. CHAMPION: As a basis for discussion, I would  
2 move we approve this with the one new administrative position  
3 to the Assistant Executive Officer.

4 MR. CRANSTON: Your motion was not clear to me.

5 MR. CHAMPION: I would move the proposal as before  
6 you, with the addition of one position; and that position  
7 would be an administrative assistant for planning and research  
8 responsible to the new Assistant Executive Officer.

9 MR. CRANSTON: You are referring to the portion  
10 that is other than the portion related specifically to the  
11 Long Beach Unit?

12 MR. CHAMPION: Yes.

13 MR. CRANSTON: I second the motion.

14 GOV. ANDERSON: Moved and seconded, carried unani-  
15 mously. Does that also cover Item 14? That was Item 13.  
16 We were talking about 13 and 14 in a sense.

17 MR. HORTIG: Yes, sir.

18 GOV. ANDERSON: Is there to be an additional motion  
19 now on Item 14?

20 MR. CRANSTON: It is a like question. It was not  
21 divided.

22 MR. HORTIG: A separate motion would be desirable.

23 GOV. ANDERSON: The motion just passed was Item 13,  
24 with the amendment.

25 Item 14 was the consideration of report recommenda-  
26 tions by consultants, DeGolyer and MacNaughton, on management

1 program and staffing required for effective discharge of  
2 Commission responsibilities in Long Beach tidelands pursuant  
3 to Chapter 29/1956, First Extraordinary Session, and Chapter  
4 138/1964, First Extraordinary Session. Budget recommendations  
5 for implementation of this program will be reported by the  
6 Department of Finance.

7 MR. CHAMPION: I so move.

8 MR. CRANSTON: Mr. Chairman, I second the motion;  
9 but I'd like to say about this portion of it -- I only received  
10 the copy of the recommendation from the consultants late yester-  
11 day afternoon. I have had no opportunity to give it the de-  
12 tailed analysis I would like, but I recognize that the report  
13 recommended that on March first we start employing a lot of  
14 people and we didn't get the report until March 22nd. I  
15 fully concur and recognize the need for immediate action to  
16 get the field going and to see to it we get maximum revenues  
17 with least cost from the field; but I have very deep reserva-  
18 tions at this time -- and it is only based upon lack of time  
19 to examine it fully; but presently I want to express reserva-  
20 tions about the suggestion in the report that we keep most of  
21 this large staff throughout the life of the field. This may  
22 be necessary, but I am not convinced this is necessary for  
23 the full thirty-five years.

24 MR. CHAMPION: There is something else which should  
25 be added. I agree with that, but something else should be  
26 added. This is going to be a very difficult recruitment

1 problem, and it is going to take a considerably longer time  
2 to recruit this staff than the target date set forth in the  
3 report. We are going to be in a highly competitive situation  
4 with the new organization down there.

5 We need authority and I think the Commission should  
6 take note now to have it brought up to the Legislature that  
7 the money made available for these positions shall be made  
8 available with the money for consultants during that period,  
9 and during that period with the consultants we will have an  
10 idea whether this is the ultimate or something else might be;  
11 but we do need the money -- with the understanding that the  
12 money can be spent for consulting besides these positions.  
13 This is, one, because of the recruiting problem; and, two,  
14 because we are not certain what we really need.

15 GOV. ANDERSON: Item 14 has been moved and seconded,  
16 carried unanimously.

17 Item 15 is determination of Commission policy on  
18 specific current legislation affecting tide and submerged  
19 lands. Mr. Hortic.

20 MR. HORTIC: Mr. Chairman, I can brief this. As the  
21 Commission will recall, on August 18, 1964 the Commission auth-  
22 orized the Executive Officer to report to legislative commit-  
23 tees, for consideration of future action with respect to tide  
24 and submerged land grants, several general and specific recom-  
25 mendations -- the principally important one being the first  
26 general placement of a moratorium on the issuance of new grants

1 until such time as the various studies being conducted by  
2 the various branches of government are completed and appro-  
3 priate legislative control specifications have been adopted.

4 These recommendations were reported to three com-  
5 mittees during the interim, as noted, and appear to the staff  
6 to be still applicable for consideration by legislative com-  
7 mittees on tide and submerged lands bills that have been  
8 introduced at the current session of the Legislature, with  
9 one exception.

10 While there have been three proposed grants, only  
11 two are political subdivisions and it is as to these that  
12 it is recommended the Commission authorize the Executive  
13 Officer to report to appropriate legislative committees the  
14 position of the Commission relative to the respective legisla-  
15 tion in S.B. 204, Short, and S.B. 754, Schrade, proposing  
16 grants to the City of Stockton and the City of Coronado in San  
17 Diego Bay, should be reviewed in the light of previous recom-  
18 mendations of the Commission; that on A.B. 1024, Bagley, the  
19 Executive Officer be authorized to report no objection because  
20 this act would convey certain tide and submerged lands that  
21 are necessary to the United States in furtherance of the Point  
22 Reyes National Seashore - which places this grant and its  
23 utilization in an entirely different category in that there  
24 is a planned utilization program for these lands with a buffer  
25 zone on which considerable national funds have been spent in  
26 acquisition of adjoining uplands.

1           **GOV. ANDERSON:** Our moratorium, however, isn't  
2 in any way indicating opposition to the individual applica-  
3 tion -- it is just a delay at the present time?

4           **MR. HORTIG:** Just as a matter of principle, in  
5 order to get a standard set of programs for the future.

6           **GOV. ANDERSON:** When would this moratorium go out  
7 of effect?

8           **MR. HORTIG:** When we have an established and co-  
9 ordinated legislative program for handling tideland grants  
10 and something which almost certainly will be compatible with  
11 the recommendations for tidelands administration that will  
12 be carried in the State Development Plan -- which, as Mr.  
13 Champion indicated, has a submittal date of this winter.

14           **GOV. ANDERSON:** Any further comment on this  
15 recommendation?

16           **MR. CHAMPION:** No. I would move that we authorize  
17 the Executive Officer to convey the thinking of the Lands  
18 Commission to the appropriate legislative committees.

19           **MR. CRANSTON:** Second.

20           **GOV. ANDERSON:** Moved and seconded, carried  
21 unanimously.

22           **MR. HORTIG:** There follows then an analysis of A.B.  
23 800, Stevens, which in very generalized terms would preclude  
24 the Lands Commission in the future from undertaking the  
25 analyses and studies and suggestions and recommendations to  
26 a grantee of the type that the Lands Commission engaged in

1 with respect to reviewing an application by the City of  
2 Los Angeles for development of Santa Monica Bay tidelands.

3 This could be construed as resulting in actually  
4 an effective practical rescission of the review authority of  
5 the Commission, if this act were adopted.

6 Under the circumstances, on page 45 it is recom-  
7 mended that the Commission authorize the Executive Officer to  
8 report its opposition to this bill, in view of the factors  
9 which are outlined in the agenda item.

10 MR. CHAMPION: In view of the fact that we are  
11 trying to move toward more stringent and careful regulations,  
12 I would move that such opposition be conveyed to the com-  
13 mittees and to the author.

14 MR. CRANSTON: Second.

15 GOV. ANDERSON: It has been moved and seconded,  
16 and carried unanimously.

17 MR. HORTIG: Next, starting in the upper portion of  
18 page 45, there is a reference to A.B. 1239, Bagley, which  
19 would appropriate \$1,500,000 from the general fund to the  
20 Commission for making grants to political subdivisions to  
21 cover twenty-five to fifty percent of the cost of re-acquiring,  
22 that is, into public ownership, tidelands previously sold into  
23 private ownership.

24 The recommendation at the top of page 47 suggests  
25 that, without any reference to the desirability or feasibility  
26 of a general fund appropriation of \$1,500,000, it is recommended



1 that the Commission authorize the Executive Officer to  
2 report to the author of this bill the need for the following  
3 series of amendments which would be required to permit effect-  
4 ive administration of the act, if the bill were to become an  
5 act:

6 Leaving it to the Department of Finance as to the  
7 problem of the feasibility and desirability of a million and  
8 half dollar general fund appropriation \*\*\*\*

9 MR. CHAMPION: Well, isn't there a problem here?  
10 Not that the Department of Finance is not willing to bear  
11 that burden, but isn't there a problem that goes beyond the  
12 one million-five in the determination -- that it is the local  
13 subdivisions' responsibility to re-acquire this land? You  
14 are attaching a State financial obligation for some local  
15 subdivision act; and while I have been through this, I don't  
16 know procedurally how they plan to use it.

17 If you are looking to State funds, you are really  
18 looking to a State determination of policy by the State Lands  
19 Commission as to why it should be acquired, how it should be  
20 acquired, and how it should be used.

21 If you are looking for a local objective, then I  
22 would think they should be looking for local funds. So the  
23 fund problem is a little mixed up with the policy problem.

24 MR. HORTIG: That is correct.

25 GOV. ANDERSON: In the past, haven't some of these  
26 local jurisdictions picked up the land and then given it to

1 the State?

2 MR. HORTIG: Generally not. Cities have picked up --  
3 and notably in Marin County this has been done recently -- by  
4 very large expenditures have acquired previously granted tide-  
5 lands in order that they could be included in developments  
6 for the city and county; and the State has not participated  
7 in the planning, except in the broad aspect that these lands  
8 were included in the master plan.

9 GOV. ANDERSON: It is my recollection that in Santa  
10 Monica Bay they used their own money to acquire land and after  
11 they acquired it they gave it to the State.

12 MR. HORTIG: This is correct; but the distinction  
13 there is that they were for upland beaches. This is for tide-  
14 lands previously granted by the State.

15 GOV. ANDERSON: I see -- this is from the water out,  
16 not the beach.

17 MR. HORTIG: That's right.

18 (Mr. Champion left the meeting at this point)

19 GOV. ANDERSON: Well, your recommendation is that  
20 we not take a position in regard to the bill itself, the  
21 basic idea, except to put in these five in a sense amendments  
22 to it -- that would give us a potential interest and some con-  
23 trol over its eventual development.

24 MR. HORTIG: Which in the opinion of the staff  
25 would be needed to make the bill administratively feasible.

26 GOV. ANDERSON: But we wouldn't be taking a position

1 on the bill itself.

2 MR. HORTIG: as a matter of policy or of  
3 appropriation.

4 GOV. ANDERSON: Did Mr. Champion leave us?

5 MR. HORTIG: Yes, sir.

6 GOV. ANDERSON: Do you want to move the recommenda-  
7 tion of the staff?

8 MR. CRAKSTON: Yes.

9 GOV. ANDERSON: I'll second; carried.

10 MR. HORTIG: And next, S.B. 309, McAteer, proposes a  
11 creation of a San Francisco Bay Conservation and Development  
12 Commission, but as proposed in the bill there are certain im-  
13 plications with which the staff had difficulty.

14 Very briefly, first, the State, as a matter of  
15 policy, would be relinquishing control over its sovereign lands  
16 to an intermediate body. These are the seventy percent plus  
17 on San Francisco Bay now under exclusive jurisdiction of the  
18 State Lands Commission.

19 Secondary to this, without a direct legislative  
20 grant, it is quite probable that the problem of jurisdiction  
21 could arise -- almost undoubtedly would -- as between the new  
22 proposed Bay Conservation Commission and the Lands Commission.

23 The third consideration would, of course, be that  
24 the problems are beyond the efforts and abilities of local  
25 governments and, indeed, why it is suggested that a regional  
26 type authority be established; but there is a very serious

1 policy problem as to what powers the State is willing to  
 2 relinquish in order to effect such a regional power, and  
 3 very importantly, again back to the seventy percent of the  
 4 Bay area in undisputed ownership of the State and under the  
 5 jurisdiction of the Commission, it is proposed that the  
 6 Lands Commission would have and the State would have a, one,  
 7 out of twenty-five members on this Commission.

8 It is difficult to see how the interests of the  
 9 State could be protected on a commission dominated by local  
 10 representatives with this type of disproportionate repre-  
 11 sentation.

12 GOV. ANDERSON: We would have what?

13 MR. HORTIG: One.

14 GOV. ANDERSON: One out of twenty-five?

15 MR. HORTIG: Right. There are also some technical  
 16 problems with respect to the accuracy or discrepancy of some  
 17 boundaries which are outlined here.

18 Finally, under the control-of-structures features as  
 19 proposed under the bill, any structure as proposed would be  
 20 under the control of the Bay Conservation and Development  
 21 Commission -- even the smallest pier. Such authority cer-  
 22 tainly might be considered excessive as a means of protecting  
 23 the total Bay, particularly with respect to the fill feature.

24 Returning again to item (1), really it appears to  
 25 the staff that the desirable procedure, if a Bay Conservation  
 26 and Development Commission were established to decide the

1 regional problems, that their recommendations for utilization  
 2 tion of the lands should then be presented to the State Lands  
 3 Commission for consideration of approval of the utilization  
 4 of such State-owned lands as are now under the jurisdiction  
 5 of the Commission, rather than having a secondary body make  
 6 the decisions for the State as to what disposition there  
 7 should be of the lands.

8           With all of these items in mind, then, it is recom-  
 9 mended that the Commission authorize the Executive Officer to  
 10 report the foregoing considerations and recommendations on  
 11 Senate Bill 309 to the appropriate respective legislative com-  
 12 mittees; and this bill is before the Senate Governmental  
 13 Efficiency Committee tomorrow morning.

14           MR. CRANSTON: Mr. Chairman, it seems to me we might  
 15 do all of that, but do something more. The basic problem has  
 16 been, I think, in San Francisco Bay and elsewhere, there have been  
 17 all these different jurisdictions and because each is seeking  
 18 to protect their own interests, the result is a standstill and  
 19 nothing gets done.

20           Is there some formula that we can present that would  
 21 permit establishment of a Bay Committee, whatever it might be,  
 22 that will represent the interests of all the varying jurisdic-  
 23 tions, including the State, to give us the ability to go  
 24 ahead?

25           MR. HORTIG: Yes, sir, I believe that is the result  
 26 of adding at least two of the suggestions with respect to the

1 bill -- that the regional authority could be established,  
2 properly representing all the interests in the area propor-  
3 tional to the land interests and controls; and with respect  
4 to the majority area of the Bay, which is State-owned and  
5 under the control of the Lands Commission, that this regional  
6 authority make its representations and applications for utili-  
7 zation of the State-owned lands and the regional interests,  
8 when they have determined what these are, and the Lands Com-  
9 mission has at the present time authorization to recommend,  
10 approve and authorize such improvements -- which at that time  
11 would for the first time coordinate the State interests as  
12 well as the regional interests.

13 MR. CRANSTON: Under that formula, would we retain  
14 one hundred percent freedom to concur or not concur, support  
15 or not support?

16 MR. HORTIG: I believe this is essential in the  
17 Commission as the sovereign owner of the land.

18 MR. CRANSTON: What would happen to San Francisco's  
19 basic interest in their portion of the Bay and the Commission's  
20 interest in their portion? Would each of them retain independ-  
21 ence in their separate land?

22 MR. HORTIG: They would be under the scope of and  
23 members of the regional authority for integrated and coordin-  
24 ated planning and development.

25 MR. CRANSTON: Each of the cities and counties would  
26 merge its authority but the State would not?

1 MR. HORTIG: This would be our formula.

2 MR. CRANSTON: I am just raising the question if  
3 that is a workable formula.

4 MR. HORTIG: Well, you already have that situation  
5 in any association of Bay governments and despite the exist-  
6 ence of ADAG; but since this is voluntary and no statutory  
7 authority is behind it, this proposal in Senator McAteer's  
8 bill seems aimed at giving a legal and statutory basis for  
9 effective regional coordination; but I don't think in connec-  
10 tion with this regional coordination that it is necessary that  
11 the State surrender its ownership, its administration or  
12 otherwise.

13 The State should be left in the position of co-  
14 operating and combining the State interests with the regional  
15 interests, as the regional interests are finally defined by  
16 such an organization as a San Francisco Bay Conservation and  
17 Development Commission.

18 MR. CRANSTON: I don't think we should give up  
19 ownership, but I wonder if we shouldn't in a more positive  
20 fashion say that we support this concept wholeheartedly of  
21 the Bay Commission . . .

22 MR. HORTIG: Of the Development Commission?

23 MR. CRANSTON: Of the Bay Development Commission;  
24 and, secondly, urge that we explore some formula that would  
25 permit greater integration of the State's program and  
26 policies of this Commission.

1 I am afraid if we stay out entirely separate,  
 2 there will be a tendency, since so much of the Bay is owned  
 3 by the State, for other jurisdictions to feel that we are not  
 4 cooperating with the policy and the program.

5 I don't think we should give up our basic ownership  
 6 and interest, but I think we should perhaps see if we can find  
 7 a formula where we merge with them in the policy-making field --  
 8 at least express a desire to see if there is such a formula  
 9 that fully protects us.

10 GOV. ANDERSON: I think I am in sympathy with what  
 11 you are trying to say there. Frankly, this is what I was, in  
 12 a sense, pointing out earlier. I feel a little guilty that  
 13 years ago we did not come up with a plan of preservation  
 14 ourselves. I feel this is a responsibility of our Lands Com-  
 15 mission, and the fact that we have seventy percent of the  
 16 land, I would think would bear that out.

17 Now, however, we find ourselves seeing something  
 18 we should have done taken away from us and given to someone  
 19 else to do because we haven't done it. This was, in a sense,  
 20 what I was trying to point out earlier. Still, because we  
 21 didn't do it, I don't want to be against it.

22 MR. CRANSTON: I am in favor of a stronger posi-  
 23 tion and possibly merging authority with this Commission,  
 24 but without the Lands Commission abrogating its authority.

25 GOV. ANDERSON: How can you have the Commission  
 26 down there being effective if you have one of the owners of



1 seventy percent of the land not having the power unless we  
 2 have legal power? My sympathy is with your feeling because  
 3 I want to see something done about the whole planning program  
 4 down there. Every day someone comes in from the Bay and  
 5 wants something done and I can't give an answer.

6 Now we have a bill that wants to establish this  
 7 responsibility. I am in support of it too, even though it  
 8 is in a sense taking away from us and giving it to them. I  
 9 wish we had done it before ourselves, that's all.

10 Now, I don't know -- Can you interpret our feeling?

11 MR. HORTIG: I am having trouble with the practical  
 12 presentation to a legislative committee. I think if the re-  
 13 porter could read back Mr. Cranston's comments.

14 GOV. ANDERSON: Don't read mine.

15 MR. HORTIG: With respect to support, I think we  
 16 could agree on what.

17 MR. CRANSTON: I don't think it is necessary to  
 18 read it back.

19 On Page 47, the first point you raised, in the  
 20 middle there where it sets forth that the creation of the  
 21 Bay Commission, et cetera, has certain implications which  
 22 would be harmful to the interests of the State, specifically  
 23 you start off by saying:

24 "(1) The State would be relinquishing control of  
 25 its sovereign lands to an intermediate body."

26 I think the word "relinquish" may be something we

1 should avoid, but I think specifically we should be pre-  
2 pared to seek and consider a formula that would permit us to  
3 share control of lands in the Bay with other governmental  
4 jurisdictions there, in the best interests of the whole Bay.

5 It is my feeling that we would retain ownership,  
6 presumably, of whatever we own there; but the value of what  
7 we own there will be greatly enhanced for the State and its  
8 citizens will benefit if an orderly plan is developed through  
9 this Commission.

10 GOV. ANDERSON: If out of the twenty-five members  
11 the number of our votes was increased from one to, say, ten,  
12 couldn't we under that type of setup agree to a policy that  
13 that Commission decided -- and agree to it ahead of time,  
14 instead of a veto that we don't like it, we won't go along?

15 MR. NORTON: Of course, it would be assumed that on  
16 any application before the State Lands Commission, being con-  
17 sidered on its merits and the facts, the position of the  
18 Commission will be on the basis of properly coordinating the  
19 State's interests and the interests of the regional group who  
20 have submitted the application; and the Lands Commission has  
21 certainly never been arbitrary or an obstructionist of any  
22 program, any application that has been before it.

23 With this kind of record, there is certainly no  
24 basis for any regional group coming into being or any of the  
25 existing groups to feel that there is any hazard in the Lands  
26 Commission retaining the jurisdiction which it has under the

1 State law and continuing to cooperate, as the Lands Commis-  
2 sion has in fact cooperated, with any body that has submitted  
3 a program that covered the public interest as the Lands Com-  
4 mission determined the public interest was properly reflected.

5 MR. CRANSTON: Well, it seems to me that each city  
6 and each county could take the same view with regard to what-  
7 ever portion of the Bay they feel they presently have under  
8 their jurisdiction and control -- that they don't want to  
9 advocate this or merge because they don't want to relinquish.  
10 If we don't set the example, each city and county will do  
11 that and the committee won't function. I think we should  
12 share in exploring this.

13 MR. HORTIG: I think on the basis of your previous  
14 statement, with the approval of the Chairman we will have  
15 this transcribed and stated in the form of a statement or a  
16 motion by you gentlemen, and report this to the committee  
17 tomorrow at the hearing; and I think this would give us the  
18 appropriate entree before the appropriate forum for this  
19 consideration.

20 We would also, of course, tell this to Senator  
21 McAteer.

22 MR. CRANSTON: It seems to me it could be a general  
23 position of the Commission. It is a hard thing to pin down.  
24 All we are seeking is a formula acceptable to us and accept-  
25 able to others.

26 MR. HORTIG: If I am so directed, I will be happy

1 to do that.

2 MR. CRANSTON: I so move.

3 GOV. ANDERSON: Second. No objection, so ordered.

4 MR. HORTIG: The informative supplemental calendar.  
5 pages 50 to 56, you gentlemen can skip. This is a record  
6 your offices. But I do call your attention to page 57 in the  
7 supplement to our problems on legislation.

8 It is suggested that the Commission consider recom-  
9 mendation to the Legislature of a draft of legislation which  
10 is approximately correct in principle, although the specific  
11 language may still have to be refined by the Office of the  
12 Attorney General and the Legislative Counsel, in order to  
13 accomplish the purposes; and the purpose is simply to  
14 establish some interim standards for administration of granted  
15 tidelands and submerged lands while the Legislature is con-  
16 tinuing study of the problem, compatible with the policy of  
17 the Commission on ungranted tide and submerged lands.

18 This compatibility could be accomplished, continuing  
19 during the legislative studies to which I have already referred,  
20 these studies which are to in effect provide an effective  
21 basis for future tideland grants, by the requirement that the  
22 conditions of the Public Resources Code as administered by  
23 the Commission should also apply to the granted tidelands.

24 We accomplish this by the recommendation that the  
25 Executive Officer present an amendment to the Public Resources  
26 Code, either in the specific form as attached here in

1 Exhibit A or as modified by legal counsel to accomplish the  
2 same purpose, to provide simply that the same basic bed of  
3 administrative law that applies currently to ungranted tide-  
4 lands of the State would also be applicable to previously  
5 granted tide and submerged lands.

6 Then, at least, everyone would be working admini-  
7 stratively from the same basic box of rules, instead of an  
8 intervening area that has been granted under no control condi-  
9 tions whatsoever, adjoined on both sides where there is a  
10 grant governed by adequate laws of the State Lands Commission.

11 GOV. ANDERSON: Any comment?

12 MR. CRANSTON: I concur with the staff.

13 GOV. ANDERSON: Do you want to make a motion?

14 MR. CRANSTON: I move.

15 GOV. ANDERSON: Second; no objection, carried.

16 MR. HORTIG: Thank you, Mr. Chairman. Nothing else  
17 except for the routine reconfirmation of date, time and place  
18 of the next regular meeting.

19 GOV. ANDERSON: One last thing: Is there anything  
20 I got this report on the Regional Planning, the Assembly  
21 Interim Public Resources report on Tahoe Regional Planning.  
22 Is there anything new on that?

23 MR. HORTIG: There is legislation proceeding. There  
24 have been several additions to the bill as a result of legis-  
25 lative committee consideration, and this has the potentiality  
26 of presenting very similar problems ultimately to those which

1 we just discussed for San Francisco Bay, in that here we  
2 have proposed establishment of some type of regional control  
3 and bi-state control; and exactly how that control will mesh  
4 with or conflict with the exclusive jurisdiction of the State  
5 Lands Commission over the bed of Lake Tahoe is still not clear  
6 until some specific format of the legislation is agreed upon  
7 in committee.

8 GOV. ANDERSON: Any further comment?

9 MR. GRANSTON: I move that the next meeting be as  
10 scheduled.

11 GOV. ANDERSON: April 29th, Sacramento, ten a.m.  
12 No objection, so ordered.

13  
14 ADJOURNED 12:52 P.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing seventy-three pages contain a full, true, and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held at Sacramento, California, on March 23, 1965.

Dated: Los Angeles, California, March 31, 1965.

~~/s/ Louise H. Lillico~~

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