PARTICIPANTS:

THE COMMISSION:

Messrs. Alan Cranston, Controller, Chairman
Glenn M. Anderson, Lieutenant Governor
John E. Carr, Director of Finance

Following recess, Lieutenant Governor Anderson was represented by:

Mr. Don Rose, his Executive Secretary

STATE LANDS DIVISION:

Messrs. F. J. Hortig, Executive Officer
Fred Kreft, Assistant Executive Officer
Kenneth C. Smith, Public Lands Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Paul M. Joseph, Deputy Attorney General

APPEARANCES: (In the order of their appearance)

RE: RED ROCK MARINA - Item 2(1) of Summary
Messrs. Rudolf Hess, Division of Highways
Harold R. Farrow, Attorney-at-Law
representing E. N. Kettenhoffen
E. N. Kettenhoffen

RE: WILLIAM KENT ESTATE CO. Item 6 of Summary

Ryan R. McCarthy, Esq. representing
William Kent Estate Co.

RE: MINERAL EXTRACTION LEASES

James Dunham, Division Engineer
Division of Small Craft Harbors
Charles Nichols, Dames and Moore, Engineers
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3 City of Long Beach Projects

Addition No. 1 to Roads & Streets Project (1) Pico Ave.
(2) Rail Bridge  

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Supplemental Item

Removal of abandoned derrick barge - Huntington Beach State Park

**MOTION**

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Next Meeting 75

Supplemental Item 64

DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
GOV. ANDERSON: The meeting of the State Lands Commission will come to order. The first item is the confirmation of minutes of May 24th.

MR. CRANSTON: I move approval.

GOV. ANDERSON: It has been moved and seconded -- approved without reading. Also, the secretary will take note that all the members are present.

At the last meeting I announced that I would be stepping down as Chairman of the Lands Commission today and this was in view of our somewhat stated policy a year ago that we would try to rotate the chairmanship of the Commission, with a new chairman every year, and so at this time I would like to, however it is done, tender my resignation as Chairman of the State Lands Commission. Is it accepted?

MR. CARR: I move the acceptance.

GOV. ANDERSON: No objection, it's accepted and I will act as the Acting Chairman, if there is no objection, while we select a new permanent chairman.

MR. CARR: Mr. Chairman, I would like to do two things, if you please. I'd like to correct your semantics -- you are not stepping down; you are stepping sideways and the question is whether you step from right to left or left to right. So I should say, as my privilege, that I want to nominate Mr. Cranston and I would also like to move the nominations be closed.

GOV. ANDERSON: I will second both of your motions.
If there is no further discussion, it is adopted unanimously; and at this time we will turn the chair over to Mr. Cranston and you can move over here if you wish; and you will note it is going from the left to the right.

MR. CRANSTON: Thank you both very much. The second item on our agenda is permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental policies of the Commission. The first is Harley and Mary Austin. Unless there is some comment from the staff or anyone else, I will just name the titles and go on through.

MR. HORTIG: Yes sir. The items under sub-item 2 are standard and, as noted, are in accordance with standard policy of the Commission and not known to be controversial.

MR. CRANSTON: Item (b), Jack Benton; item (c), Leonard Goodwin; item (d), Richard N. Goss; item (e), Kern County Land Company; item (f), C. C. and Rena E. Button Norwood; item (g), Pacific Gas and Electric Company; item (h), Pacific Gas and Electric Company; item (i), Pacific Lighting Gas Supply Company; item (j), Pacific Lighting Gas Supply Company; item (k), Phillips Petroleum Company; item (l), Redrock Marina;

MR. CARR: Mr. Chairman, I'd like to ask some questions about Redrock Marina. I understand that this is tide and submerged lands in San Francisco Bay, Contra Costa County. I believe there is someone here from Public Works, isn't there? I wish they would give us a little fill-in on this. The
reason is there is quite a bit of interest in San Francisco and surrounding the Bay concerning the possibilities of restoring public transportation on a waterborne basis; and if that is done, terminal facilities and wharves around the Bay of San Francisco will be important.

I think as far as the merits of this particular application are concerned they are all right. I just have this one observation. I understand the Redrock Marina operate a small boat harbor facility and they wish to expand that by acquiring a lease from Public Works. Who is here from Public Works? Would you please explain this -- just what this is? I think we might want to make some sort of reservation. I believe if they go into waterborne transportation in San Francisco Bay, I think we might wish to set this up so that this facility might not be foreclosed.

MR. HESS: My name is Hess, Division of Highways, Public Works. This is a former pier of the Richmond-San Rafael Ferry. It become a facility we couldn't use. We have been attempting to dispose of this to relieve the Department of its obligation for a matter of four years. It has fixed leases other than this on the State land to the Wells Fargo Bank. The people going in there are taking over the leases on assignment which pertain to the location of the pier itself and the buildings and so forth. The particular lease you have under consideration is the area lying within the confines of the pier sections, so that they can utilize that with the pier
units. As I say, in four years this is the only real proposition we have had that we have been able to dispose of our obligations on this. This amounts to obligations of about forty-one hundred dollars a year in leases, plus maintenance, watchman, and so forth. The leases are fixed for a good time. I don't know any way to circumvent them other than by leasing it in this manner.

MR. CARR: Do you have any sort of diagram or map or something of the area, so we can see just what is involved?

MR. HESS: Yes sir.

MR. CARR: There is a rather wide interest in exploring this and Senator McAteer and others are having a meeting shortly to explore this thing, so I think we wouldn't be wise to dispose irrevocably of anything that might affect that.

MR. HESS: Here are the pier sections (indicating on map)

MR. CARR: Where is the Bay?

MR. HESS: Here is the Bay. This is the shoreline; this is the road....

MR. HORTIG: ... to the old Richmond-San Rafael Ferry.

MR. CARR: ... which is connected here by existing roads.

MR. HESS: By an easement. This blue section is the easement that was obtained from the Wells Fargo Bank Company and their trustees to gain access.
MR. CARR: Where is the bridge?

MR. HESS: The bridge is way over here.

GOV. ANDERSON: Well, there are roads that are used by people that used to own the ferry.

MR. CARR: What does the State own and what does Wells Fargo own?

MR. HESS: The State owns the section in there. That's the only thing the State has fee to.

MR. CARR: Wells Fargo owns this, and the State leases it?

MR. HORTIG: This is the Division of Public Works' on the upland. You must distinguish from the water line the State of California, under the jurisdiction of the State Lands Commission, owns the tide and submerged lands.

MR. CARR: How much of this is proposed to be leased to Redrock Marina?

MR. HESS: They are proposing leasing from us this entire pier. That would be all the material covered here in color. The thing under consideration here is the intervening area lying right in here, so they can control the docking of boats within that area. (Indicating throughout on map)

MR. CARR: What about the rest of this? This is also probably the State's.

MR. HORTIG: Under lease to Department of Public Works and under this action and approval by the Commission, as proposed today, would be transferred to and assigned to
Redrock Marina.

MR. CARR: The whole thing?

MR. HORTIG: That's right.

MR. CARR: Mr. Chairman, I'd like to take this under submission and talk a little bit to the Redrock Marina people and see what they are doing. At the next meeting I think we would know whether there is going to be any conflict. I move we take this under submission until we can explore a little further the possibilities.

GOV. ANDERSON: I'll second.

MR. CRANSTON: All in favor of taking item (1), Redrock Marina, under submission say "aye." (Unanimous) Unanimously carried.

MR. HESS: It is an attempt on our part to dispose of this obligation.

MR. CARR: I think it can be disposed of at another time. I think we can at least wait until the next meeting.

MR. HORTIG: I believe there may have been a representative ....

MR. CARR: Is anybody here from Redrock Marina?

MR. FARROW: My name is Farrow. I am representing Mr. Kettenhoffen, one of the stockholders of Redrock Marina. I'd like to ask you to reconsider putting this over for another meeting if possible. The investment required is quite substantial already. The hope is and has been for some time that we could get this matter cleared up so we would not
have lost the rest of this summer season. There is very little of it left and the interest of the principal investors would be wiped out for another year.

The idea -- I don't know your name -- someone suggested the possibility it might be useful to have this available later for public transportation. Of course, it would always be available, just as it was available when the State wanted it for the Richmond-San Rafael Ferry, to take it by condemnation.

We would like to see the Commission go ahead with this today. We are prepared to discuss all aspects of it. I have proposed plans and all the leases are available.

MR. CARR: You spoke of considerable investment. Do you propose extensive improvements in the area? What is the proposal?

MR. FARROW: The proposal, as I understand it now, is to take this existing rather long pier with several ferry slips into it and develop the whole area into a small boat harbor. That would be to build the necessary bulkheads and what have you for small boats, and to improve all existing structures of the building; put in retail stores -- boat and tackle shops, things of this nature; a restaurant, I believe, would be one of the proposals; in other words, to make something of a feasible recreation area of what is now and has been for a good number of years a slowly eroding installation.

MR. CRANSTON: What is your own time schedule on
MR. CARR: We don't want to put you to any loss.

MR. FARROW: Of course, we have anticipated. We have, of course, already made arrangements to have our assignment of leases from the Department of Public Works and the particular thing we are here today on is just a lease of a piece of open water next to the existing facilities. We already have an advertising schedule on this thing and are trying to get our tenants lined up and contracts signed up with the oil companies and for the restaurant building.

MR. CARR: There are some pictures here. Would you care to come up here and point out just what your plans are?

MR. FARROW: If you don't mind, Mr. Chairman.

MR. CARR: This is the area you are proposing to develop now? (Indicating)

MR. FARROW: This area.

MR. CARR: Mr. Hess indicated this here, but this is the old ferry. Now, is this a fill or something in here existing? Is this a new fill or ....

(Conversations over maps and pictures are not complete, as parts were inaudible to reporter)

MR. KETTENHOFFEN: The brown is the leases that were condemned from the ferry transportation company.

MR. CARR: The permanent structure is this much?

MR. KETTENHOFFEN: That's right. We will build a
breakwater right here and put finger piers in there.

MR. FARROW: May I point out the color merely indicates the area.

MR. CARR: There is a ferry slip apparently here, and apparently there is one out here further, is that right?

MR. KETTENHOFFEN: We have been in negotiation for six months and it is going to be rather drastic to get out.

MR. CARR: How much of an investment is there?

MR. KETTENHOFFEN: I'd say eventually probably over two hundred thousand dollars. We are planning on the first phase fifty thousand dollars.

MR. CARR: And the proposed rent is eighteen hundred a year? That is quite a bargain.

MR. HESS: Well, the existing obligations now are eighteen hundred a year. In addition, Redrock propose to lease this portion at the same rate per square acre as this land here was rented.

MR. HORTIG: The total rental is larger than that.

MR. KETTENHOFFEN: It would be about four or five thousand dollars a year. It is my understanding the State Lands Commission is leasing only the ground under fifteen feet of water. The improvements were condemned.

MR. CARR: Who owns this?

MR. KETTENHOFFEN: We will own it.

MR. CARR: Is this an outright purchase or is this a lease?
MR. KETTENHOFFEN: No, this is a lease.

MR. CARR: And who are you leasing it from?

MR. KETTENHOFFEN: We are taking it over from the Wells Fargo Bank.

MR. CARR: Do the Wells Fargo Bank own it?

MR. KETTENHOFFEN: They own the land, the upland.

MR. HESS: Perhaps I can straighten it out. The only thing that the State has fee to is this little strip here and the State Lands Commission ......

GOV. ANDERSON: We also have the ownership of the leases because we condemned this when we took this over for building the bridge, we took over the ferry.

MR. HESS: These leases are all assigned to the Department of Public Works and what has been proposed and has been done so far and what you see in color here is an assignment of the lease-interest of the Department of Public Works and the only thing Redrock Marina wants is this little tiny piece over here.

MR. CARR: What are they paying for that?

MR. HESS: They are taking the obligation of paying the rent for some twenty-odd years at the rate of seventeen hundred a year.

MR. CARR: And this has been thrown in?

MR. HESS: And this little piece of land is thrown in.

MR. CARR: And that little piece of land is how big -- 100 feet by 642?
MR. HESS: Under about fifteen feet of water.

MR. CARR: No, I wouldn't approve this today. You are in business now over there, are you?

MR. FARROW: No, we can't ....

MR. CARR: Don't you have some other facilities there that you are presently operating?

MR. FARROW: No. There has been a considerable amount of money spent in preparing this.

MR. CARR: I am not in favor of this, are you?

MR. CRANSTON: You know more about this than I do.

MR. FARROW: It, of course, has been looked into by the Department of Public Works.

MR. CARR: Well, it hasn't by the State Lands Commission, apparently.

MR. CRANSTON: Frank, you are handling this. Do you have any knowledge of this?

MR. HORTIG: No sir. The staff recommendation, of course, is predicated upon the Department of Public Works' request that they be relieved of this obligation by having an assignee to whom they propose to assign.

MR. CARR: Public Works is paying how much?

MR. HORTIG: $1870.36. They have requested approval to assign the lease. The fact that they had a potential customer, an assignee; the fact that the project has not brought forth any recommendations by Small Craft Harbors Commission -- to that extent the staff recommendation
was that the Commission approve those assignments. The
specific objections raised by Director Carr are over and
beyond anything that the staff has reviewed or could possibly
recommend on.

MR. CARR: Do I read this correctly that this is
100.0 feet -- 100 by 642?

MR. HESS: I might add that Mr. Tooker of the Los
Angeles office came up before this was reviewed and appraised
it.

MR. KETTENHOFFEN: Yes, I think if I interrupted a
moment, the true position here today is to approve assignment
of the leases in effect and the new lease. The only thing in
issue today is the brown and this little spot here.

MR. CARR: (Indicating on map) What has this to
do with it?

MR. FARROW: That has nothing to do with it. That
is a fee title in the Department of Public Works.

MR. CARR: I thought somebody just told me this was
taken in as a bonus.

MR. FARROW: It doesn't affect the State Lands Commis-
sion.

MR. KETTENHOFFEN: That's a separate piece of property

MR. FARROW: ... and over which the State Lands Com-
mission has no interest at all of any sort.

MR. HORTIG: That is technically correct from the
title standpoint and it is solely under the disposition of the
MR. CARR: Where is the shoreline?

MR. HESS: The shoreline is over here.

MR. CRANSTON: Which is the parcel on which the rental would be $1870?

(This was pointed out on map)

MR. CARR: You just stated the only thing that was involved in this $1800 rental is the white area that appears to be water. Is it true you also get these piers?

MR. KETTENHOFFEN: That is under a different rental.

MR. FARROW: Under this assignment from the Department of Public Works we will now pay the rent on this area. Right now the Department of Public Works itself have been renting this. We will now pay that if we assume the assignment, by paying $1700 a year. In addition, we would like this addition from the State Lands Commission at $264 per acre a year.

MR. HORTIG: Well, that's the total rental, isn't it?

MR. KREFT: $264.55 per acre.

MR. CARR: We have a long agenda. I would move we set this over one meeting or we set it over to the end of the agenda and see if we have time.

MR. CRANSTON: Yes, you can move to bring it up at the end of the agenda if you wish.

Item (m), Shell Oil Company; item (n), Lindsey Spight, doing business as Diablo Communications Center....

MR. HORTIG: Mr. Chairman, might we refer back to
item (m) for a supplemental report? You went by there rather rapidly. The noted counties offshore from which the proposed submarine geophysical exploration would be conducted, all noted counties, were notified of the pendency of this request and statements of nonobjection to the conduct of such operation have been received from Marin, Mendocino, Monterey, Santa Cruz, and San Luis Obispo. The receipt of the notice was acknowledged by the County of San Francisco without any comment; and Santa Barbara similarly noted receipt of the notice, did not offer any objections, asked for additional specific descriptions where operation is to be performed and this has been furnished to the County of Santa Barbara.

In other words, we have not been in receipt of a single objection to this operation from any of the counties listed in this item.

GOV. ANDERSON: There is no one that has made any objection to this and they all knew this was coming up?

MR. HORTIG: Yes sir.

MR. CRANSTON: And, finally, we have Lindsey Spight. That concludes the items under number 2 and a motion is in order to approve all with the exception of (i).

GOV. ANDERSON: I'll move all the items with the exception of item (1), Redrock Marina.

MR. CARR: I'd like to ask a question before we vote, Mr. Chairman. On (n) and (o), what is involved in the lease for the operation of mobile transmission and receiving
station? If it's mobile, why do they need a lease?

MR. HORTIG: Possibly a stenographic translation for the desirability of placing on Mt. Diablo a fixed station in conjunction with mobile field units.

MR. CARR: Would this tie in with existing operations on Mt. Diablo?

MR. HORTIG: Yes, and also operations on each of these have been cleared by the Division of Communications of your Department of Finance.

MR. CARR: I am familiar with the fixed installations up there but I was wondering about the "mobile."

MR. HORTIG: This is simply a base station under an existing lease to service other mobile equipment in the field.

MR. CARR: I second the motion.

MR. CRANSTON: All in favor say "aye." (Unanimous)

Opposed, none. Unanimous.

We go then to Item 3 -- City of Long Beach projects. Item (a) -- Addition No. 1 to Roads and Streets project;

(1) Pico Avenue, second phase. Is there any comment on that?

MR. HORTIG: As the Commission will recognize because of the reference to "second phase" on both items (1) and (2) now being considered, this necessarily means the requisite advance approval to actually get into operations on projects for which the Commission has previously given advance approvals for the necessary preliminary study, bid
preparation work, and so forth. The items herein estimated as necessary to complete the projects are again being requested to be approved, subject to the standard conditions that the amount of subsidence cost ultimately to be allowed will be determined by the Commission upon an engineering review and final audit subsequent to the time when the work under any of these items is actually completed.

MR. CARR: Did anybody hear from Long Beach objecting to the approval of these? (Laughter)

MR. CRANSTON: Does anyone wish to be heard in opposition to these items? (No response) Apparently not.

MR. CARR: I move approval.

GOV. ANDERSON: Second.

MR. CRANSTON: Without objection, unanimously approved. So ordered.

Item 4 is authorization for Executive Officer to give advance consent to agreement amending and supplementing contracts for sale of natural gas between Board of Harbor Commissioners of the City of Long Beach and Lomita-Signal-Wilmington Associates, Fault Blocks II and III, Wilmington Oil Field.

MR. HORTIG: As the Commissioners will recall, Fault Blocks II and III have been through a series of contractual agreements approved by the Lands Commission insofar as required under Chapter 29 of the Statutes of 1956 -- first, a series of cooperative agreements under which operations were
initiated in Fault Blocks II and III for pressure restoration, which agreements were superseded by unit agreements for unit operation of Fault Blocks II and III, which were also approved by the Lands Commission; and the net result of these contractual changes has been the requirement that there be amendments to the natural gas purchase contracts in existence for delivery, or covering delivery of natural gas from Fault Blocks II and II because delivery simply cannot be conducted precisely in the manner originally contemplated in the contract prior to the time there was a unit plan for operating the field.

The proposals to amend and the necessity for the amendment have been reviewed by the staff and the office of the Attorney General has advised that the Commission may approve these amendments in its discretion and give its advance consent to this amendatory agreement; and, therefore, it is recommended that the Commission authorize the approval of the cited natural gas purchase contracts between Long Beach Oil Development Company -- involving operations of the Long Beach Oil Development Company and also involving the Board of Harbor Commissioners and the Lomita-Signal-Wilmington Associates, who are the actual purchasers of the gas when delivered. There are no objections.

MR. CRANSTON: Without objection, unanimously approved.

(Gov. Anderson left the meeting for a short time at this point)
Mr. Cranston: Item 5 -- approval of entry into unit agreement and unit operating agreement, Fault Block II, Wilmington Oil Field, by City of Los Angeles Harbor Department and in behalf of the State pursuant to Section 7060(b) of the Public Resources Code.

Mr. Hortig: Again, as a supplement to your necessary condition of completing the entire program for unit operations in Fault Blocks II and III, which the Commission by the approval of the previous item has completed all the necessary approvals as required on behalf of the City of Long Beach and its contractors -- the operation of Fault Blocks II and III also exists within the city limits of Los Angeles and we have here before the Commission a recommendation that the Commission approve in a similar manner and for identical purposes, on behalf of the area within the City of Los Angeles, the unit agreement and unit operating agreement for Fault Block II -- excuse me, I misspoke earlier and included Fault Block III in this discussion; it should have been restricted to Fault Block II -- relating to that portion in the City of Los Angeles in the identical manner which has been approved for the City of Long Beach operation before.

Mr. Carr: Move approval.

Mr. Cranston: It has been moved by Mr. Carr and seconded by myself, and so ordered.

Item 6 -- authorization for Executive Officer to request Office of Attorney General to take necessary legal
action to reconfirm the boundary line between State-owned tidelands and the Kent Estate on the ocean side of the Bolinas Sandspit, Marin County.

MR. HORTIG: Mr. Chairman, I believe for the sake of being certain that all understand the elements involved here, I should summarize that basically the problems involved with respect to the boundaries of the Bolinas Sandspit are questions that are of particular local interest. Because of that local interest and the fact that there is existing on the beach a fence, which is contended to be a public nuisance by some people and, of course, exactly the converse by the people who erected the fence, we understand that the District Attorney of Marin County has been ordered by the Board of Supervisors to abate this fence as a public nuisance.

Strictly, legally and also hypertechnically, the fence constitutes a trespass on State lands of the State, but the fact as to whether or not it is an objectionable one as such is primarily a local problem.

In connection with the proposal to abate this fence as a public nuisance in Marin County, we have been informed by the owners of the said fence, the William Kent Estate, that the contention would be made that the fence is not, in fact, on public lands and is on privately owned lands of the Kent Estate Company. Therefore, following conferences with representatives of the William Kent Estate Company, the District Attorney of Marin County, and complete review by the
office of the Attorney General, the office of the Attorney General indicated that, in the event the State's title to these particular lands was to be questioned in an action brought by the District Attorney of Marin County, it appeared preferable that the State be represented in order that the court could be fully informed as to the State records and the State's legal contention as to the ownership of the property; and, therefore, it is recommended that the Commission authorize the Executive Officer to request the office of the Attorney General to take whatever legal action is necessary to reconfirm the boundary line between State-owned tidelands and the Kent Estate on the ocean side of the Bolinas Sandspit at the ordinary high water mark if such action is necessary as the result of the legal proceedings proposed by the District Attorney of Marin County to have the William Kent Estate Co. remove that portion of the fence erected waterward of the present ordinary high water mark.

Mr. McCarthy is here this morning representing the Kent Estate Co.

MR. McCARTHY: Mr. Chairman and members of the Commission - I assume it is satisfactory to remain seated, is that correct? -- I do believe there are certain facts (I am not here to argue law) that this Commission should know before it takes any action, particularly the one requested by the Executive Officer. Now, I conservatively estimate that if I would have the permission it would take approximately fifteen
minutes to present this information. If you prefer to put
it later on your schedule, I am here all day. If that would
suit your schedule, I would do it. Otherwise, I am ready to
proceed at this time.

MR. CRANSTON: Are you opposed to this action?

MR. McCARTHY: Very vigorously opposed.

MR. CRANSTON: We should proceed at this time.

MR. McCARTHY: I am here -- Bryan McCarthy of
San Rafael -- on behalf of the William Kent Estate Company,
the owners of a portion of the Bolinas Sandspit. I believe
that in matters of business, in matters of profession,
integrity is very important and I think we will all agree
that you can't operate without integrity. That's a nice
general word. What am I talking about specifically? Well,
the word I am meaning is as defined by Webster's International
Dictionary. He defines integrity as "strictness in the ful-
fillment of contracts."

You may ask "What is the relevancy to the problem
before us?" It's very simple. I believe that you are being
asked to break a written agreement of the State of California
and I believe that if integrity in keeping contracts is vital
to individuals, how much more vital is integrity for the State
of California? Now, this is an unusual situation in that
there is no dispute on the facts. Many times I think you
will have matters before you where there is controversy. There
is none here. A little of the basic history: This is the end
-- the last mile of the Bolinas Sandspit, which I think runs for approximately five miles. It's a long beach that ends in a spit -- that is, a junction that goes into a lagoon. It's on the south side of Mt. Tamalpais on Stinson Beach. This is the northwesterly end of the Estate area. The Estate owned this property, owned almost all of the beach which is the State Park, since 1910 and there had been developments over all the years, until eventually the State purchased part of the land, developed part of it.

The Estate proposed to build a subdivision. To that end, in the year 1947 there commenced negotiations and correspondence with officers of the State Lands Commission concerning this proposed subdivision. I would just like you to hear brief excerpts of some of the correspondence that was involved, so you will have the facts I think you should know before you act.

The first correspondence is in a letter from the Kents to the State Lands Commission and it is dated April 5, 1948 and states as follows:

"The undersigned, the William Kent Estate Company, is now proceeding to develop the sandspit at Stinson Beach, which is included in the above survey. In connection therewith we have already done certain work to stabilize the ocean frontage and we have constructed 3,000 feet of roadway on the sandspit immediately west of the so-called Upton Tract. Accordingly, it would appear to be both to the interest of the State of California and the undersigned that the dividing line between the ownership of the State and private ownership be established...."

a very plain request that the dividing line be decided.
In April 1948, Mr. R. C. Hunter, Executive Officer of the State Lands Commission wrote back a long letter:

"In reply to your letter of April 5, 1948, the State Lands Commission is authorized by Section 6357 of the Public Resources Code to establish by arbitration with the upland owner the ordinary high water mark of the Bolinas Sandspit...."

On May 7th, the Kent Estate Company write back to the State Lands Commission and it says in part:

".... However, if it is necessary to have the high water mark of the Pacific Ocean arbitrated to obtain an approval of a resurvey under Section 7951-7958, we will be willing to assume the expense of such survey...."

So now the Kents and the State are talking about a resurvey to establish that line.

On June 4, 1948, Mr. Hunter of the State Lands Commission wrote to the William Kent Estate Company:

"In connection with your letter of May 7, 1948, our engineer has recently contacted Mr. John Oglesby of San Rafael and it was their conclusion that resurveys of the tidelands surveys which you own, combined with a survey of the ordinary high water mark along the oceanward side of the sandspit would provide the best means of fixing the common boundaries between the land owned by the William Kent Estate Company and those of the State of California.

We believe (this is Mr. Hunter talking) the best method to follow would be for this division to survey the ordinary high water mark along the Pacific Ocean setting in adequate control points to which Mr. Oglesby could tie the resurveys of the tidelands surveys...."

Mr. Kent is told by the State "Let's make a survey; let's tie down the ordinary high water mark."

On June 7, 1948, the William Kent Estate Company
wrote to the State Lands Commission:

"This will acknowledge with thanks your letter of June 4th with its advice that your engineer has contacted Mr. John C. Oglesby of San Rafael and that it is their conclusion that resurveys of our tidelands combined with a survey of the ordinary high water mark along the oceanward side of the sandspit will provide the best means of fixing the common boundaries between the land owned by William Kent Estate Company and those of the State of California."

On July 15th in '49, Rufus Putnam, Executive Officer of the State Lands Commission, again wrote to the Kent Company and said in part -- and this is two of the concluding paragraphs from the Executive Officer:

"If Senator Keating's bill is signed by the Governor, we understand you will institute quiet title action on the uplands of the Bolinas sandspit. This contemplated court action could accomplish the permanent establishment of the water boundaries of the sandspit...." (on the oceanward side)

"The ordinary high water mark along the ocean could be established by arbitration under Section 6357 of the Public Resources Code if your attorneys do not believe the procedure outlined in the last paragraph are not adequate."

This is the part of importance in this correspondence. To me, those two letters mean exactly what they say very clearly -- that there were negotiations, agreement and a survey. The surveyor was hired by the State of California, Mr. Atherton; and Mr. Atherton proceeded to prepare a survey of the sandspit and I have before me a December 1948 draft, finalized shortly thereafter. The line on the lower part of this is the ocean side of the spit. This is a little lagoon.
This is the sandspit, and over in this direction is the State park (indicating on map). You will note this engineering survey of your own engineer sets forth metes and bounds along the beach.

After this was prepared, the Kents paid their portion, some two thousand dollars, for this survey. They, in conformance with the correspondence, filed a quiet title suit on this description prepared by your engineer. It went to the Marin County Superior Court, in which the State of California appeared, and there was a decree of quiet title; and that quiet title was along the line set forth -- not along just where the high water mark is -- specific metes and bounds in accordance with every word of this correspondence.

The Kents went ahead and subdivided this land. You see the brochure. It's called Seadrift Subdivision and, incidentally, a very fine subdivision, very fine houses. In the back of this brochure is set forth the lots and the way they are shown is metes and bounds description, and they used the Atherton survey. They do not show this line as being wherever the high water mark is along the ocean. They take it in feet. These lots have been sold, many of them -- for the most part, all of them according to this map, in reliance upon the action of the State Lands Commission and in reliance upon the decree of the Marin County Superior Court. Not only that, but a title company in San Francisco guaranteed title and I have the title policy with me, a sample of one. The
Western Title Insurance Company has guaranteed title as set forth in this litigation, on this line. So you can see the complete reliance, not only of the Kents, not only of the buyers of over a hundred lots at this time, but of the title company, reliance on an agreement and a decree.

Now you are asked here to ignore it and say "No, we didn't mean what we said. We didn't mean what we did" and in plain, simple language there is nothing else that you are asked to do but that.

Now, you might ask yourself -- that to me is the very point before you -- you might ask some practical questions that may be in your mind. Is this of vital interest to anybody? No -- this is a long beach. The State Park is several miles away, so there is several miles of State beach open to the public, some of it owned by the State, some of it not. There is other private ownership along this beach.

You are told in the request by the Executive Officer that this fence restricts the public from entering and walking along the beach. I would like to show you two pictures of this fence and I might tell you the distance between these poles which you will see in these pictures is approximately four to six feet. You might say "That is an unusual fence" and it is an unusual fence. Those are railroad tracks driven vertically in the sand. Why did the Kents see fit to put up this fence? Starting in the early part of 1950 it became a hobby of only a few residents of this general area to drive
so-called beach buggies up and down this beach, which are cut
down frames with big tires, for purposes of scenery, for pur-
poses at times of dumping garbage -- at times causing a
nuisance. That is why this big fence was placed there. It
does not stop people from walking through. You can walk
through at six feet. It does not stop navigation because the
poles run vertically into the ocean and no one would boat on
this beach except in a lifesaving effort.

It is true there are signs saying "no trespassing."

All it says is there is no trespassing. The property is
private property in accordance with the Lands Commission
agreement and the Superior Court decree.

Now, I ask this one last question in this matter.

You are asked to join the District Attorney of Marin County
or go ahead yourselves and institute action to force this
fence to be taken down -- and, incidentally, we have been
told by the Executive Officer in letters that you don't own
that land because now the beach is changed and you don't own
where the fence is, so the title has been questioned. Now,

I would like to ask one question.

It has been told you the Board of Supervisors told
the District Attorney to abate this. I must state this is
not a correct statement according to my understanding. As I
understand it, the District Attorney of Marin County, because
the people who were running these beach buggies who were mad
because this fence was up went to the District Attorney, went
in turn to the Board of Supervisors and asked them "If I do
decide to institute proceedings, if I go ahead, can I look
to the county for costs?" and they approved that. I might
state there was no opposition to that because there was no
publicity that he was going to the Board of Supervisors. No
one knew he was going to the Board of Supervisors. He has
taken it upon himself. No formal action has been taken on
the part of Marin County other than the fact he may look to
the county for costs if the District Attorney has decided to
do it.

He hasn't made an agreement with the Kent Estate.

You have made a solemn agreement. I ask you the last question:
If, as contended now by the Executive Officer, this wandering
line at the ocean water, low and high tide, ordinary high
tide, if that is the line -- why the State of California
spent at least a thousand dollars and probably more hiring
an engineer, going to all the trouble of surveying the line
and marking it with stakes, appearing in court with language
that I think is so clear I see no way of misinterpreting it?

Why do that, all that, if it is always to be the ordinary
high water mark? The language is clear, the result is clear,
and I hope you gentlemen before this is authorized would give
very serious consideration as to whether or not you are keep-
ing faith with the predecessors in this Commission and the
Kents and the title company and the property owners.

I have here a brief summary of the facts which I
have given you, which I would like to file with each one of you. If you would be interested in reading it at any length beyond this time, it also discusses the legal ramifications. The Attorney General's office and your Executive Officer has a copy.

I haven't talked about the law. I am convinced as a lawyer that we will establish, if this goes to court, the rightness and justness of this position, but I don't think you as a Commission should ever put us to that expense and to that test because I believe you have committed yourself and I belieeve your word is at stake.

MR. CRANSTON: Does that complete your statement?

MR. MCCARTHY: Yes, it does.

MR. CARR: I'd like to see your map, please.

Where is the State park?

MR. MCCARTHY: (Indicating on map) The State park is over here and north is this way; and this is the sandspit over here.

MR. CARR: These are the metes and bounds?

MR. MCCARTHY: This is the ocean side.

MR. CARR: And the stakes were put in here?

MR. MCCARTHY: That's right.

MR. CARR: Which is the ocean side?

MR. MCCARTHY: This is on the ocean.

MR. CARR: Now this is the ordinary high water mark, is that right?
MR. MCCARTHY: That is as it was at the time it was surveyed.

MR. CARR: How much has it changed?

MR. MCCARTHY: Well, you can see how it has changed on this picture because that is the stake. That is the end of this line.

MR. CARR: Where is the high water mark? According to this, it might be clear up to here?

MR. MCCARTHY: I think at this stage, when these were taken, I think you would say the high water mark would be here. In the winter, of course, you get storms.

(Throughout discussion Mr. McCarthy demonstrated to Commission members and much of conversation scarcely audible to reporter)

MR. CARR: Now, what is their contention?

MR. MCCARTHY: According to this survey and the decree of quiet title, they were given title right down to this fence. That was the high water mark when the survey was made. In other words, the high water mark has moved. That is the problem.

MR. CARR: What does the Attorney General say about the law of accretion?

MR. HORTIG: If I may, Mr. Chairman, in answering Mr. Carr this is exactly the total problem in that it's a question of understanding what the court decree meant when it fixed a line in accordance with the survey as Mr. McCarthy has outlined it.
I would like to state for the record that with respect to the factual recitation, we concur completely with Mr. McCarthy. The problem is the conclusion; and because there was a question and division of opinion, the Division asked for and received on March 11, 1959 an opinion from the office of the Attorney General, from which I will only read the conclusion:

"Our conclusion may be summarized as follows:

The decree quieting title in the Kent Estate Co. operated to fix the Pacific Ocean boundary of their sandspit property as being along the ordinary high water mark. This boundary is and continues to be a fluctuating one, going landward with natural erosion and waterward with natural accretion. In view of your indication that the erosion of the sandspit along the Pacific Ocean side is due to the natural and gradual action of the ocean waters, the present boundary of the sandspit property would be along the ordinary high water mark as it now exists and the fence erected by the Kent Estate Co. blocking public access to the tidelands which are between the present ordinary high water mark and the line of mean low tide is an encroachment upon State owned property and should be removed."

As a result of this opinion, we met with representatives of the Kent Estate Company, including Mr. McCarthy. Mr. McCarthy submitted to the staff and to the office of the Attorney General a legal brief, another copy of which he has just delivered to you gentlemen, under date of February 15, 1960, in which Mr. McCarthy concludes subsequent to the Attorney General's first opinion:

"We believe that the law of California, under the facts of this case, leads to only one conclusion. The boundary between the State and the Kents..."
"along the ocean is permanently fixed along metes and bounds, courses and distances, set by the State surveyor."

On receipt of this brief, we asked the Attorney General to review this brief and the data contained therein and on March 22, 1960 the office of the Attorney General reported:

"After re-examining the factual background and the applicable law, including a legal analysis dated February 15, 1960 by the law firm of Freitas, Allen, McCarthy & Bettini, we readopt the conclusion reached in our informal opinion of March 11, 1959, namely, that the decree quieting title in the Kent Estate Company operated to fix the Pacific Ocean boundary of its sandspit property along the ordinary high watermark as it fluctuates naturally from time to time."

These are the statements to the staff and to the Commission from the office of the Attorney General. As you have heard in reading the two, in the one from Mr. McCarthy we have diametrically opposite opinions as to the state of the law in this case.

The staff recognizes that we are engineers and not attorneys and we are relying for legal advice on our counsel, the office of the Attorney General.

I note that there are no notes in the recommendation, as Mr. McCarthy referred to, that the staff be authorized to take action to compel removal of this fence on its own motion. The only recommendation is that if there is a legal action undertaken by Marin County in which the question is raised as to the State's title to tide and submerged lands,
that then and in that event the Attorney General be author-
ized to protect the State's title to its tidelands if such
should be questioned -- which patently is a fundamental
responsibility of the Lands Commission and the Attorney
General to do.

MR. CARR: Mr. Chairman, I'd like to ask a couple
more questions. One of them is this: You have, I believe,
a plat there of the lots that have been sold?

MR. McCARTHY: Yes, I do.

MR. CARR: Actually, how much are these property
owners affected by this fluctuating high water mark?

MR. McCARTHY: Well, they would be affected to the
extent they lose a portion of their land.

MR. CARR: Well, how much?

MR. McCARTHY: That would depend exactly on where
the high water mark would be in comparison. I would say --
this is a guess from the pictures and my observations on the
beach -- I would say possibly fifty to a hundred feet with
an average of sixty feet, so it is about three to five
thousand lost. It might be as much as a fourth or third of
these lots.

MR. CARR: What is the depth of these lots?

MR. McCARTHY: The depth is 434 feet -- about
that many feet -- 440, 430, 428.

MR. CARR: And of these hundred lots that have been
sold, how many have been built on?
MR. McCARTHY: I would say there are at least fifty to sixty houses and they average about twenty-five to forty thousand.

MR. CARR: And is there any peril from the ocean at the present time?

MR. McCARTHY: No, there is no peril.

MR. CARR: What did the title company guarantee?

MR. McCARTHY: When I am stating what a title company guarantees I often have my doubts, because it is sometimes not very clear. From my observation of this policy, they guarantee that plan. There are no objections. This is the title policy. There are no reservations and that's the property described in the policy. My interpretation, in answer to your direct question, is they guarantee the whole lot because of the fact they did not make an exception.

MR. CARR: Factually, do you think it was the intent of a previous Commission that the Pacific Ocean wouldn't fluctuate in its ordinary high water mark?

MR. McCARTHY: Not that it wouldn't move; but in reading the correspondence of the two executive officers I cannot reach any conclusion but that it was their intent to commit, establish a permanent line. I understand they can commit themselves to a permanent line. All the Attorney General says is they didn't do it in this case because there is a magic word left out or not inserted. I say your two
officers in the correspondence I read, as clearly as I have seen anything stated, they are setting a positive line. It is the clearest language I have ever read.

MR. CARR: I'd like to hear from the Attorney General's office what is the magic word.

MR. JOSEPH: I know nothing about this except what I have heard this morning. The difference -- Mr. Hortig says the judgment defined a mean high line which shifts landward or seaward; Mr. McCarthy says it is a definite line. I don't see how Mr. McCarthy's clients can be hurt if it is settled by a court action, if it should arise in this particular case. It is entirely a question of what was settled in this quiet title action and if a mean high tide line was settled that shifts, if in fact that has shifted the title has been affected.

MR. CARR: It looks to me like a real adroit beach buggy navigating can still go around the rails and enjoy private property. Actually, what is happening here? Are the beach buggies still going down the beach?

MR. MCCARTHY: No. This stopped this.

MR. CARR: What is the main objection of the property owners?

MR. MCCARTHY: To get the property.

MR. JOSEPH: There is a plea of Mr. McCarthy that this means a certain thing and there may be a tendency in future if this Commission falls in with Mr. McCarthy's
arguments, that action here has acquiesced with this, a
fixed line forever after today will become a fixed line.

MR. McCARTHY: I think you have done that already,
that a fixed line has been set, and in my opinion you are
trying to change what has been done before. My statement to
you and my request to you is that you have done it. Without
any doubt, this correspondence, the whole survey, everything
up to this decree shows you did. Now there is a change of
heart, if your Executive Officer is asking you to take a
changed position. You have to read the correspondence which
I have left with you, if in my presentation you have not
fully understood. It is sometimes hard when someone else
is reading it to get the full meaning. We feel it is open
and shut in this correspondence what the State is doing and
feel you have done it, and you are asking to change. I ask
you, before you reaffirm a change, to consider the facts
which I have brought to you in this correspondence.

To me —— the statement of the Attorney General's
office here is "How will we be hurt?" We will be hurt and
Kent's integrity as subdividers has been hurt in the land
they sold, and they intend to sell further land. Their
property owners are going to be hurt. Fourth, the title
company is going to be hurt. There is lots of hurt, lots
of damage.

As to your Executive Officer's statement that I
might have misinterpreted what the request is, I say this:
If his only request is in case this action is filed on the title of the land -- where the State's land is and the Kent's land is -- and you should take a position one way or the other, I would agree to that; but what I am saying is take the position I believe is where you are -- that this land is not State land; up to this line the Kents own it. And that is why I am here before you because I believe the Commission should make that decision. Do you believe after looking at this picture that your previous representatives committed the State and where did they commit it, and if they did are you going to stand up to it?

MR. CARR: This is a very involved question, Mr. Chairman, and as I see this recommendation it simply says --

It might be well to read it:

"It is recommended that the Commission authorize the Executive Officer to request the office of the Attorney General to take whatever legal action is necessary to reconfirm the boundary line between State-owned tidelands and the Kent Estate on the ocean side of the Bolinas Sandspit at the ordinary high water mark if such action is necessary as the result of the legal proceedings proposed by the District Attorney of Marin County to have the William Kent Estate Co. remove that portion of the fence erected waterward of the present ordinary high water mark."

How does that possibly damage the title company, the owners, or the Kent Estate? If, in the case of the proceedings by the District Attorney to have the William Kent Estate remove a portion of the fence, what would you expect the State of California to do?
MR. MCCARTHY: I expect the State of California to, first, live up to whatever agreement it made. If you conclude that the agreement that the State of California made was that this was a fixed boundary line, then I expect you, the State of California, to say "Yes, we did agree that was a boundary line and that's where we believe it is."

You might say -- I can see what's in your mind and it is a good question. You are saying that all this request is to reconfirm what this is. What you haven't seen and maybe what you are not aware of, is a letter written by the Executive Officer of this Commission, which states in effect that line is not fixed; it is wherever the high water mark is -- and the Executive Officer has made that clear today.

MR. CARR: If you go back to determine the intent of a previous Commission, it is like trying to interpret the intent of the Legislature, any previous Legislature. I believe the intent was to establish the fact that the boundary line was the high water mark; as I read the correspondence, to determine what the high water mark was at that time. Are we saying a previous Lands Commission said irrevocably "We are establishing the high water mark in the future" or are we saying "This is the high water mark at this time." I think that's a possible interpretation.

MR. MCCARTHY: That's a possible interpretation, but you make agreements -- you agreed on the part of the State of California...
MR. CARR: Yes, but what did they agree to? I am not sure they agreed this was to be the permanent boundary line of the lots come what will. What would you say if by natural accretion the land took in the whole territory and the Kent Company and the landowners got another hundred feet?

MR. MCCARTHY: In my opinion the Kent Company could not claim it. Everything we have done is consistent with this line. If it moves out, the State is fine, the beach buggies are fine. Your question is just the point. What did the State Lands Commission agree to? I maintain if you read this correspondence that you can come to no other conclusion. That's all I am asking you to do.

MR. CARR: Mr. Chairman, I move we examine the correspondence and take this under consideration at the next meeting. I would like to examine this correspondence...

MR. MCCARTHY: That's all I am asking.

MR. CARR: ... and confer with the Attorney General and see what cooks.

GOV. ANDERSON: In other words, defer the recommendation of the Executive Officer to another meeting, until we have a chance to look at the correspondence.

MR. MORTIG: Certainly the staff has no objection. May I say all of the correspondence pro and con, all of the opinions referred to by Mr. McCarthy, were all contained in the material which was reviewed by the office of the Attorney General in submitting the two reports that were submitted to
the State Lands Commission. Consequently, I summarize this very simply to the basic problem again -- that we have two astute opinions as to what the file says happened.

GOV. ANDERSON: Is there any reason why we couldn't defer this for a meeting or two while we have a chance to look at these communications?

MR. HORTIG: No sir.

GOV. ANDERSON: It won't jeopardize anybody's position?

MR. HORTIG: No sir.

MR. CARR: Is it your thinking, Mr. McCarthy, that the D. A. of Marin County is going to bring an action to have these railroad rails pulled up?

MR. MCCARTHY: The answer is "yes."

MR. CARR: When?

MR. MCCARTHY: Just let me digress a second. We have mentioned correspondence at this meeting with your Executive Officer. I want you to understand, whatever I have evidenced in feeling today.....

MR. CARR: We will stipulate that nobody's mad except the beach buggy drivers.

MR. MCCARTHY: .... we have had complete hearings and full consideration.

GOV. ANDERSON: I will second the motion.

MR. CRANSTON: A motion has been moved and seconded. Is there any further discussion? (No response) If not, it
is approved unanimously.

Mr. McCARTHY: Would we be notified when the next meeting will be, so we can appear at the meeting?

MR. CRANSTON: Yes. Next item will be mineral extraction leases: Item (a), Foster, T. Jack....

MR. HORTIG: Mr. Chairman, may I suggest forbearance on the part of the representatives of Mr. Foster T. Jack? Representatives of the next three lease applications -- Granite Construction, Pacific Cement & Aggregates, and Seaside Sand & Gravel Co., which are straightforward bids for leases -- have travel commitments and if these items could be heard at this time it would be of help to them.

MR. CRANSTON: With no objection we will proceed to item (b).

MR. HORTIG: Items (b), (c) and (d), Mr. Chairman, are proposed leases for mineral extraction -- three separate bidders for three separate areas. The high bidders are proposing to pay a royalty of six cents per cubic yard, and the Department of Natural Resources on behalf of Beaches and Parks has reviewed the application for proposed operation and reported that these operations could not be detrimental to the adjoining shoreline recreational activities -- a report which is required by statute.

Additionally, in the recommendation that the leases be issued to the high bidders, it is proposed -- in view of the fact that there have been operations conducted
in previous years, although the physical location is not certain nor whether any of the sand previously removed actually in fact was removed from seaward of the high water mark and to what extent -- that in connection with issuing the leases, it would be proposed that the bidders submit a written acknowledgment that the issuance of any lease was not to be construed as a waiver of any claim or cause of action the State may have on past trespass, which will be evaluated after the lease is issued; and the office of the Attorney General, in reviewing the lease offer for form, has suggested that there be submitted a supplemental financial statement by the bidder -- which in substantive content is the same as the one previously submitted, but in this case certified, which the previous ones were not.

GOV. ANDERSON: I move approval.

MR. CARR: Mr. Chairman, I'd like to ask -- there is no maximum specified as to how much sand can be removed?

MR. HORTIG: That is correct, sir. Actually, the majority of the operations conducted by these people previously have been on their own privately owned uplands. The maximum that can be removed from the offshore area is usually limited somewhat by nature. First, if it isn't replenished in front of their own upland, it won't be there to remove. It can only be removed at certain stages of the tide, and there are times that are known as winter months when you
don't operate on the tidelands very effectively, either.

MR. CARR: And that has been determined by Natural Resources -- there is no limit to the amount of sand that can be removed without injuring the beach?

MR. HORTIG: On the adjoining beaches. The persons requiring these leases are the owners of the adjoining uplands. The report of the Department of Natural Resources was to the effect, as required by law, whether these operations might affect adversely recreational activity on any other areas which are currently available for beach operations; and the waiver was received from the Department in connection with each of these three bid proposals here considered.

MR. CARR: Is this area where it is proposed to take the sand subject to the standard phenomenon that takes place in Monterey Bay, that in certain seasons the sand washes up; other seasons it washes back again?

MR. HORTIG: Yes sir.

MR. CARR: I wonder if there shouldn't be -- What facilities do we have -- You say there is a reserved cause of action against the lessees against damage, is it? What would that be -- a cease and desist order to take the sand or what would you do?

MR. HORTIG: A cease and desist order as to possible damage on adjoining properties if any indications of any such potentiality did exist in fact. The Department of
Natural Resources' review indicates that this could not and would not be, regardless of the extent and nature of the operation within the areas proposed to be leased; and, patently, the operations will be restricted to those areas included in the leases offered and no others.

MR. CRANSTON: Any further questions?

MR. CARR: No.

MR. CRANSTON: It has been moved that item (b), Granite Construction Company; item (c), Pacific Cement & Aggregates, Inc., and item (d), Seaside Sand & Gravel Co., be approved for the issuance of mineral extraction leases. Is there anyone who wishes to be heard further on this matter? (No response) If not, the three items are unanimously approved and we return to item (a), Jack Foster. Do you have any comment on this one, Frank?

MR. HORTIG: Yes sir. The Commission will recall extensive testimony at the time authorization was sought to offer San Bruno Shoals in San Mateo County for possible mineral extraction leases, for the extraction of fill material which was proposed as a possible fill to construct an island to be known as Brewer's Island, also Foster City, and various names. At that time the City and County of San Francisco asked for a deferment of time to decide whether they would wish to bid, likewise Oakland -- which was granted. Time ran and there were no proposals from the people who asked for the deferment. Consequently, there were calls for bid.
One bid was received and this is the bid of T. Jack Foster of San Mateo, California, offering a royalty of five cents per cubic yard on all material removed, plus an increment of one-half the market value in excess of thirty cents per cubic yard for all sand removed in the future.

Inasmuch as the engineer's estimate for the project estimates a total of fifteen million to twenty million cubic yards of material will be removed, the potential royalty income from this operation should be substantial.

The Department of Natural Resources again, as required by law, with respect to recreational activities has reported that from an examination of the application for the proposed operations there is no possible interference with the recreational use of the lands littoral to the tide and submerged lands involved.

However, the Division of Small Craft Harbors, agreeing in general with the use of dredged material for fill purposes, suggested a conference of interested agencies be held for the purpose of agreeing on the control of future operations in the Bay area. This is an opportunity for the Small Craft Harbors to come forth in connection with the issuance of this lease, although in substance the requirements and suggestions of the Division of Small Craft Harbors are of the same general tenor that had been proposed by a representative of the San Mateo Planning Council, East Bay Planning Commission, and other organizations -- that for some future
complete project for the entire development of San Francisco Bay it would be nice to have this fill material around to devote to such a project if and when necessary; as against which the Commission must decide the public desirability of issuing a lease which would produce by its operation an additional tax base for San Mateo County and which operation has been regarded with favor by the San Mateo Board of Supervisors, and at the same time also produce substantial revenue to the State Lands Fund.

I believe Mr. Dunham of Small Craft Harbors is present at the moment. The Chief was in the room earlier. I presume either or both will wish to report to the Commission on this item before there is action on the staff recommendation that the mineral extraction lease for San Bruno Shoals be issued to the high bidder, Mr. T. Jack Foster.

MR. CRANSTON: Does anyone wish to be heard at this time?

MR. DUNHAM: My name is James Dunham, Division Engineer, Division of Small Craft Harbors. Actually, to this type of use of the land we have no objection. As a matter of fact, this is the type of use that we propose that the lands of the Bay be put to -- the submerged lands. We feel very strongly that eventually the answer to the problem of both navigation and the buildup of the surrounding area is the establishment of bulkhead lines around the Bay and the filling of the land behind these bulkheads with material.
dredged from the Bay to navigable depths. This will remove the vast areas of presently unusable tidelands -- mud flats that give all sorts of trouble at the present time, both from the standpoint of navigation and odors, problems of disposal of waste materials. I could go on enumerating any number of problems with which most of you are familiar.

Unfortunately, the planning of this whole south Bay area has not proceeded with sufficient rapidity to judge these factors as they come up now for your consideration. It would be much easier to make a decision on this if you had the final answers now. There are agencies that are planning but the trouble is their funds are short, they can only go so far with it, and there are a few dedicated people looking to the future with the hopes that they can present a plan that will be accepted before it is too late.

Now, I understand -- I have not had a chance to review the work that has been done by various agencies in determining the areas where good material lies and where only poor material is available -- but I understand that it is quite limited. The vast bulk of the Bay muds are rather unusable for fill material except in the base course. It is possible to pump this material into areas where it can settle, where it can be given time to consolidate, and then top it out with the good materials of the Bay.

As we stated to you in a previous letter, this is the sort of thing they have done in Mission Bay at San Diego, ...
with the result that the good materials of the Bay were budgeted for use in topping out the poor fill material, so it would provide a good crust on which to build and develop for the future.

This is all we are asking your Commission to do now — is to consider these possibilities: whether or not the good material should be used for construction aggregates, which is the next item on your agenda here, and with your permission would it be acceptable to talk on that just a moment?

MR. CRANSTON: Yes, I wish you would.

MR. DUNHAM: Here we see a very large amount of good sand of the Bay is to be used for construction aggregates. Now, such sand is available from many other places and here again we haven't made sufficient studies to know. We do know this — that the maximum economical pumping distance for large scale operations is perhaps five or six miles. This is what it was, I know, about six or eight years ago. With heavier construction equipment, larger dredges, it may be possible to pump even further and it may be possible that these areas of the Bay that do have good sand, sandy material, are within reaching distance — within good pumping distance of the surrounding area.

Now, it would be most unfortunate if all of this good material were sold off for this purpose and when you came to filling the lands surrounding the Bay for the ultimate
development you had to go elsewhere to get it at a much higher cost. You are speaking here in terms of four to six cents per cubic yard. The cost of obtaining fill material trucked in from dry land sources to use in topping out would amount to well over a dollar a yard and this would make many projects completely infeasible -- might destroy the eventual development of this or at least postpone it for a great many years.

I have a copy of a letter here that I received from the Planning Director of Alameda County, who has been very dedicated in his efforts to secure planning for the South Bay Council. He has organized the three-county council for the South Bay area and has assisted with the nine-county entire Bay area council on this. He states that he is familiar with the position of both Mr. DeWitt Nelson of the Department of Natural Resources and Mr. James Dunham of the Division of Small Craft Harbors and "I support their position fully. Long range planning and proper allocation of fill deposits can materially benefit the development of the Bay shoreline and protective policies can be established."

Unfortunately, I am in no position to make recommendations as to specific action to be taken in this matter. In our last letter to the State Lands Division we have suggested that perhaps a meeting should be held to see if something could be done to push this planning along and come up with a workable plan that could be used. All I can do now
is leave it to you gentlemen to determine whether this sort of thing should start right now with the turning down of the request in Item 8 or whether we will wait until the next time and start it then. If there are any questions concerning this .......

MR. CRANSTON: What is your feeling about Item 7, 7(a) -- the item re Jack Foster -- in relation to what you are saying?

MR. DUNHAM: I would say it is in the nature of the type of plan of use of material we would approve.

MR. CARR: What kind of material is it under this 1,263 acres? Is that sedimentary mud or what is it?

MR. DUNHAM: I have discussed this with Mr. Nichols of the firm of Dames and Moore, who have done quite a bit of work. I understand he is here today. Perhaps he could explain that better than I.

MR. NICHOLS: My name is Charles Nichols representing T. Jack Foster, Civil Engineer. The material, I believe......

MR. CRANSTON: Could we have about a three-minute recess? Mr. Anderson has to leave and we would like a brief conference up here. Frank, would you join us up here?

(RECESS 10:42-10:50 A. M.)

MR. CRANSTON: Lieutenant Governor Anderson has had to depart to some other duties and his new Administrative Assistant -- or perhaps that is not the right title......

MR. HORTIG: Executive Secretary.
MR. CRANSTON: ... Don Rose. I'd like to introduce him and he will come up and sit with us here and participate as a member of the Commission.

(Mr. Nichols came forward)

MR. CRANSTON: Would you again identify yourself?

MR. NICHOLS: I am Charles Nichols with the firm of Dames and Moore, civil engineers representing T. Jack Foster, the applicant for the lease. I think I have only a couple of words to say about this unless further explanation is required. I have spoken with Mr. Dunham. I believe that our plans for use of this material is in agreement with the Division of Small Craft Harbors' desires as expressed by Mr. Dunham. The material that we plan to extract from the Bay is not commercially usable material and, therefore, it is only suitable for this purpose of filling a larger area. It is for the purpose of constructing a new integrated city of about three thousand acres. I would be glad to leave with the Commission a copy of the planners' report, which illustrates the type of thing that is going to be done, if you would like; and if there are any further questions I would be glad to answer them.

MR. CRANSTON: Is this to be entirely a development of a residential city?

MR. NICHOLS: Integrated industrial and residential.

MR. CARR: Is this part of the area where you have industry and residential above and below?
MR. NICHOLS: It is further down right at San Mateo and between Bayshore Highway and the Bay on this tidelands area at the end of the San Mateo Bridge. If you would like, I will give you this.

MR. CARR: If Mr. Dunham agrees that this particular project here doesn't jeopardize the use of material for a more economic purpose, this seems to be pretty high economic purpose.

MR. DUNHAM: Yes, I would agree this is exactly the purpose the material should be used for.

MR. CARR: I move the approval.

MR. CRANSTON: I will second the motion. Do you have plans for further recreational and other development?

MR. NICHOLS: Yes, we have plans for both interior and exterior.

MR. CARR: Mr. Chairman, I do think there is an urgency about getting some plan around the Bay.

MR. CRANSTON: I would like to state my impression. I would also like to ask if the Department of Public Works is still present here. (No response) I guess nobody is. (Mr. Hess came forward) I would like to ask you one question after making a remark. It is my feeling that it is very important that we do have a master plan developed as rapidly as possible there and the Lands Commission, representing a broader area than any one city or county, should do everything to move that forward and we should do all we can to see that materials are given...
the highest and best use and that we don't siphon off material before a master plan is made so it will be far more costly to bring about.

It appears to me the Foster plan would be in general along the lines of what the master plan would involve and I don't think we should oppose it at this time. However, I do think the item in Item 8 is of a different character and I think before we have gone so far that it is difficult to bring it to a halt, that it might be done as you did with regard to land sales -- that we take a vacation from approving any further use of materials from the bottom of the Bay until we explore the possibilities of a master plan for full development of that area. Perhaps by such action we could move it faster.

I would like to ask the gentleman from Public Works if this would be in general conformity with the viewpoints of your department?

MR. HESS: I don't know that we have any objection to it, although I am not familiar with this particular question.

MR. HORTIG: We can answer specifically that this project has been reviewed heretofore by Division of Highways and in view of the base areas that it would develop and provide for the freeway system it is a project that is viewed with favor by Division of Highways.

MR. CRANSTON: Is there any further discussion on the Foster item? (No response) If not, it is approved by
the commission, with Mr. Carp and Mr. Cranston moving affirmatively.

We now move to Item 8 -- Southampton Shoal, mineral extraction lease offer. Is there anyone to speak on this matter?

Mr. HORTIG: Well, this, Mr. Chairman, is the item on which Mr. Dunham expressed himself as having reservations. We do have, as with the previous item, notice of consideration -- the fact that a notice of consideration has been sent to the Director of Natural Resources. In this case, again, the Department found that the operation could not affect the recreational use of the land littoral but brought to our attention -- and, as a matter of fact, this item was deferred for consideration until this Sacramento meeting so that Small Craft Harbors could make a presentation with respect to the operation, that Mr. Dunham has already made.

The complications, of course, in part stem from the fact, as Mr. Dunham indicated, that there is no current concrete plan and specific recommendations for better utilization of the material are not available -- although they are certainly being thought about. Additionally, in this particular instance, Southampton Shoal by its very name gives a very substantial clue. If some of this operation isn't conducted and sand removed, being in an area which is generally used for navigation in San Francisco Bay -- the
U. S. Army Corps of Engineers in San Francisco have informed us that they look at this operation with favor because this will eliminate or minimize the necessity of their spending Federal funds to dredge the navigation channel by having the material removed in this manner.

So you are betwixt and between. On the other hand, if all this material was in places where it wasn't a navigation hazard, there is simply no doubt, even as there is a continuing acceleration in our land values, that probably for construction materials there will be a similar acceleration, as well as a better ultimate plan for the disposition.

On this matter of the general planning and trying to coordinate these projects, I think the fact that the State Lands Division has been interested in this and have been participating when there have been things to be discussed is evidenced by the fact that Mr. Dunham is here this morning, in order to try on an interagency basis at least to get the best possible use out of these operations.

I therefore suggest for consideration by the Chairman and the Commission whether there should be a reasonable going forward rather than an absolute vacation on additional sand and gravel extraction leases in San Francisco Bay, with the assignment to the staff of the responsibility to maintain current knowledge with respect to studies and data, if any, as they are generated and as they are of potential practical application to areas that the Commission
is considering offering for lease.

A complicating factor to putting an absolute stop comes to mind. There are several of these shoal areas in San Francisco Bay on which there are long-term agreements already, not being utilized currently but which might come at any time -- on which the Commission has agreed, in accordance with law, to make them available to the Division of Highways for highway construction purposes and Highways can use these materials for construction material. It just means their construction costs less money. So all of it belongs in a long-range program, but query: Whether the Commission would care to take, as the Chairman said, a vacation from leasing in San Francisco Bay until that happy day when there is something approaching a master plan, or whether each operation should be scrutinized on its own merits and either set aside or permitted to proceed because of the extenuating circumstances which I suggested.

The desirability in any event of dredging shoal areas for navigation, the fact that it is available to Highways for highway construction purposes also, would seem to indicate that this particular application for Southampton Shoals might not clearly fall into the category of one that should be reserved -- and by reserving could cause other applications.

MR. CARR: Do you know what the conditions are on Southampton Shoal? What is the depth of the shoal in low
water and how much does it interfere with navigation right now?

MR. HORTIG: Well, actually, of course, this constitutes a shoal area on the channel approaching the Richmond Bridge for any traffic intending to go up to the Carquinez Straits and Sacramento and San Joaquin Rivers, and there are some indicated areas here -- and I trust these depths are in feet (sometimes they are in fathoms) -- in feet, we have a 16-foot line, a 15-foot line, and 21 feet and 23 and a 20-foot line. So in open navigation -- and this adjoins immediately the existing channel which is maintained and dredged by the U. S. Army Corps of Engineers to an attempted depth to hold up to 40 feet -- dredging operations under this proposed lease would widen that channel and would also remove material which is currently sloughing into the channel.

This is only, I might point out, an extension of an existing lease approved by the Commission, and the extension of the new lease is about one-third of the total area already under contract to be dredged.

MR. CRANSTON: I would like to ask that this go over to the next meeting, to give me time to familiarize myself with this general situation; and I certainly don't suggest any prolonged vacation at this time, but would like to ask this go over to the next meeting.

MR. HORTIG: Mr. Chairman, may I note for the
record that we have also just received today a copy of the letter from Mr. Robert L. Williams, County Director of the County Planning Commission, to which Mr. Dunham made reference previously.

MR. CARR: Which county?

MR. HORTIG: I am sorry, Alameda; and a telephone call from City Attorney O'Drain of the City of Richmond, requesting deferment of action on this subject item and a consideration of feasibility of obtaining some of the sand for city development.

MR. CARR: I second the motion.

MR. CRANSTON: The matter is deferred to the next meeting.

Item 9 - Proposed oil and gas lease offers, Santa Barbara County -- authorization for Executive Officer to conduct public review in Santa Barbara County.

MR. CARR: I move that he be authorized to conduct a public review.

MR. CRANSTON: Well, I second the motion, with the understanding that members of the Lands Commission may participate in that hearing if it works out properly for that purpose.

MR. HORTIG: It is axiomatic that the Commission members are welcome.

MR. CARR: I move that we grant ourselves permission to do this.
MR. CRANSTON: Number 10 -- approval of maps entitled "Plat of the Grant to the County of Marin," dated September 1959-January 1960. Frank?

MR. HORTIG: By Statutes of 1959, certain tide and submerged lands in Richardson Bay and adjoining, within the city limits of Belvedere, were granted to the County of Marin. The statutes require and it has now become standard that the Commission shall, at the cost of the grantee, survey, monument and record the area of State lands acquired. The survey has been completed by the State Lands Division and it is recommended that the Executive Officer be authorized to approve and have recorded these survey sheets.

MR. CARR: So move.

MR. CRANSTON: Moved and seconded, so ordered.

Item 12 -- Salary schedule for Executive Officer.

MR. HORTIG: I am sorry, sir, you skipped one.

MR. CRANSTON: Item 11 -- Authority for Executive Officer to approve and execute the agreement for compromise of claim and stipulation for judgment in the settlement of City of Oakland quiet title action.

MR. HORTIG: By reconstruction of various and sundry grants in the City of Oakland, it is determined that there is a possible cloud on one-half acre of land that the City of Oakland owns. This may have been ungranted tide and submerged land of the State. However, in order to solve the problem of the cloud, in order to permit the City to proceed...
with the development of the land, procedures were developed through the office of the Attorney General -- and particularly by Attorney General, Joseph sitting behind me -- for a form of agreement for compromising the claim and stipulation for judgment, with the City paying $499; and on the entry of the stipulated judgment, the City will finally have free and clear title and all the proper legal requirements with respect to disposal of State lands and elimination of the claim will be met.

It is recommended that we execute ......

MR. CRANSTON: Moved and seconded that the staff recommendation be authorized and it is so ordered.

Item 12 -- Salary schedule for Executive Officer.

MR. HORTIG: The Commission will recall at the meeting of June 23rd a resolution was adopted declaring the Executive Officer's salary open for adjustment as of July 1. The Department of Finance has issued an exempt pay memorandum indicating salary range revised for Executive Officer, State Lands Commission, to range from 1155 to 1405, which conforms to like adjustments made for civil service classes.

Additionally, the Personnel Board -- and I assume with the approval of the Department of Finance -- have indicated that steps in these ranges, inasmuch as they do not reflect full five percent, may be adjusted upward as of January 1 or as of the employee's anniversary date after his last adjustment. Therefore, it is recommended that the
Commission consider:

(1) Fixing the salary of the Executive Officer at the maximum of the range as set by the Department of Finance and (2) authorize the Executive Officer to effectuate any Commission action in this matter, including acceptance of any of the subsequent range adjustments that the State Personnel Board may order.

MR. CRANSTON: Mr. Carr, this is in your department.

MR. CARR: I move the recommendation.

MR. CRANSTON: I second it. If there is no further discussion, it is so ordered.

Item 13 -- Confirmation of transactions consummated by the Executive Officer.

MR. HORTIG: The items appearing in the tabulation on page 40 of your calendar are two standard actions relating to extension of a geological exploration survey permit and the issuance of a grazing lease, in accordance with the established policies of the Commission. They are presented for confirmation in order to ascertain and be certain that the full requirements of the statutes relative to actions by resolution of the Commission be complied with.

MR. CARR: Mr. Hortig, would you please go into a little more detail on this item?

MR. HORTIG: Which item is this, Mr. Carr?

MR. CARR: Number 13.

MR. HORTIG: Item 13 -- Confirmation of transactions...
MR. CARR: M-mhm-mhm.

MR. HORTIG: By delegation of authority from the State Lands Commission, the Executive Officer is authorized to complete certain types of transactions -- issuances of leases other than oil, gas and mineral leases, in accordance with standard forms and at standard rates as prescribed by the Commission; approval of assignments; and other situations which are particularly prescribed both in the statutes and within the rules and regulations and written policies of the State Lands Commission. These actions are carried on in this manner so that there can be effective documentation issued between Commission meetings and not have to withhold all and sundry routine for specific individual action by the Lands Commission.

However, in the opinion of the office of the Attorney General, to be certain that there can never be a contest subsequent and particularly in areas where land titles might be involved, in view of the requirement of the Public Resources Code that all actions by the State Lands Commission shall be on motion and vote of the State Lands Commission, these items (which have already been completed under delegation of authority) in order to be insured that they have the full approval required, required full approval of the Lands Commission as specified by statute, are brought back at the end of the month to the Lands Commission for confirmation of action.

MR. CARR: What are these two actions?
MR. HORTIG: As you will see from the tabulation, one was an extension of an existing geological survey permit which had been previously authorized by the State Lands Commission, extending the term for operation. That was the first item — Order Number 3563 to Monterey Oil Company.

The second was the issuance of a grazing lease to Diaz Brothers for one year for $112 per year.

MR. CARR: The first is an exploration — geological survey permit?

MR. HORTIG: That's correct. Original permit was authorized by resolution of the Commission to run to May 15th, 1960. May 15, 1960 there was no State Lands Commission meeting. Under delegation of authority, I issued the extension.

MR. CARR: What about number two — where is this land located?

MR. HORTIG: Lassen County.

MR. CARR: This is for one year?

MR. HORTIG: On 2,240 acres, on which the appraised grazing capacity and appraised grazing value was appraised at $112.

MR. CARR: How many head of cattle can you run for this $112?

MR. HORTIG: Not too many — the carrying capacity is low.

MR. SMITH: Well, it's suitable for grazing for not
more than two months out of the entire year.

MR. CARR: I move the approval.

MR. CRANSTON: Second the motion, and it is so ordered.

Item 14 we have already covered.

Item 15 -- Report on status of major litigation.

MR. HORTIG: On which there are, as the Commissioners will note, no dynamic changes since the last report, so this report is submitted to the Commissioners for their information and file.

The Commissioners have just received a supplemental calendar item, copy of it, Mr. Chairman . . . .

MR. CRANSTON: We will proceed with the supplemental item and will you please explain it?

MR. HORTIG: Yes, I wish we could, but perhaps a reading of the facts to keep them in chronological order -- We find ourselves in the situation that the Lands Commission is faced with the necessity of taking immediate action for the removal of a derrick barge beached offshore from Huntington Beach State Park at Huntington Beach.

The chronological order of the occurrences that bring us to the position we are in are that on June 24, 1960 during the course of performing a salvage operation, a salvage barch known as the "Donohugh Power Derrick Barge" and belonging to Captain W. N. Bill Donohugh broke its anchorage and washed ashore on the tidelands fronting the shore of Huntington Beach.
Beach State Park. In so doing, the hull of the vessel was broken — in the parlance, the vessel broke its back. Thereafter, on June 29, 1960, Donohugh directed a letter to the Corps of Engineers, in which he detailed the manner in which it was lost. The letter pointed out that the barge was properly and securely anchored prior to its breaking loose; that high winds and unusual wave action caused the barge to break from its mooring; that thereafter he endeavored to remove it seaward and finding its back broken concluded removal attempts would present a new menace to navigation; and after consultation with the Coast Guard it was decided to leave the barge at its location and leave its disposition to the Corps of Engineers.

The Corps of Engineers have disavowed any interest in removing the barge since it is not in a navigable channel. Although the barge is beached on Huntington Beach State Park, it is beached on tide and submerged lands and this is technically outside their jurisdiction.

As a result of our own staff counsel's investigation, it was concluded it was as a result of an act of God and not as an act of negligence of the owner and, therefore, under Federal law the owner is under no legal liability to remove it after he has abandoned it.

The tide and submerged lands on which the vessel is beached are under the general control of the Lands Commission, as provided in the Public Resources Code. Additionally,
this matter falls under the Commission's jurisdiction as a result of 1959 statutory enactments relating to salvage operations over and upon the ungranted tide and submerged lands of the State -- although it must be admitted that the Legislative Committee at the time of this enactment were considering salvage values to have possible profit, not costs attached thereto.

While some responsibility for the removal might be attributed to the City of Huntington Beach under the Harbors and Navigation Code, since the vessel lies within an area annexed by the City, the Code is permissive and not mandatory -- hence the City cannot be forced to take action if it does not so desire and we can add from an informal conference with the City Attorney they do not so desire.

The Attorney General's office has advised that action to force the City, or attempt to force the City, to remove the barge would result in a dispute and does not appear advisable due to the urgency of removal.

In its present location just offshore of the State Park, the barge is a menace to public health and safety. In a letter of July 13, 1960, A. D. Philbrook, District Superintendent of Beaches and Parks requested its removal for the reason that -- and this has been verified by inspection of the Lands Division, -- the lifeguards and other personnel are unsuccessfully attempting to warn visitors away from this attractive hazard.
MR. CARR: Have they a sign up?

MR. HORTIG: There are police on it; there are signs; and the lifeguards do nothing but run from one end to the other to keep people from getting into trouble.

It is imperative that this be remedied as soon as possible. Telephone call on July 27th, yesterday, from the State Park indicates that within the last three or four days two persons were seriously lacerated, stitches had to be taken, as a result of having been washed into the barge by rip tides. These resulted by people who swam out and swam in to the barge to keep away from the lifeguards, and entered the area. Salvage bids indicate that the remaining value of any salvage will be scrap or junk not to exceed $500.

MR. CARR: Is this a wood or steel barge?

MR. HORTIG: It is a wooden barge. There is machinery aboard, a winch, a thoroughly soaked gasoline engine, steel derrick boom, and so forth. Rough estimates from the same sources also indicate the cost of removal should not exceed $7,000. Bids released provide for compensation to the successful bidder for the value of all salvage in connection with the removal of the barge, plus blank dollars, which would be the bidders' cost for services over and above the salvage value.

In view of the foregoing and the urgency of this matter, it is recommended that the Executive Officer be
authorized to enter into a contract providing for removal of
the barge now lying abandoned, the contract providing for
services as has already been outlined; and it is further
recommended that the Executive Officer be authorized to submit
a request for deficiency authorization against State Lands
Act Fund to the Department of Finance to defray the cost of
this work, since the State Lands Division budget for this
year made no provision for emergency costs.

I would add, in view of the necessary fast drafting
of this calendar item, also the office of the Attorney General
would be requested to ascertain whether there were any
responsibilities still remaining with the original owner of
the barge and/or others from whom at least partial collection
might be made.

MR. CARR: Whose legal opinion is this?

MR. HORTIG: Combination of staff counsel and the
office of the Attorney General.

MR. CARR: Is this actually a menace to health --
the barnacles and things that accumulate on a jetty?

MR. HORTIG: Strictly, no; but being within the
Huntington State Beach Park area to which admission is
charged and having a very attractive device, namely a block
with a hook on it swinging in the surf, you can really get
a wild ride by getting out there if you can beat the life-
guards to it.

MR. CARR: Can't they get the block out of the surf?
MR. PORTICO: The way it is hanging there now, there is no way to pull the thing up.

MR. CARR: I move we sell it to the Monterey Oil Company in place. Do you want to buy it, Mr. Pyles? You are an expert witness here. What would you do with it?

MR. PYLES: Mr. Carr, I had a suggestion while Frank was explaining this. Since the Signal Oil and Gas are operating across from this, it might be right and proper for Signal to remove the barge. Mr. Ottoson, their counsel, is present here.

MR. CARR: I suggest that you shake for it and see which one gets it.

MR. OTTOSON: You win.

MR. CARR: Who was the barge serving at the time it broke away? What were they doing?

MR. HORTIG: They brought it down to recover a taxi boat that had sunk. They had raised the taxi boat and instead of going back to their home port of Long Beach or San Pedro they were informed by the owner of the taxi boat that they wanted it taken to Newport. So they took the tug to take the taxi boat down to Newport and got half way to Newport, and when the wind and swirl came up it broke the anchorage. The Coast Guard and the patrol captain, or whatever his title is in charge of Huntington Beach State Park, said they stood there and watched the thing coming. As a matter of fact, it came so fast originally they thought...
it was self-propelled, and it must have taken a tremendous surge to move it at the speed it was moving. The Coast Guard attempted the following morning to pull it off the beach and were unable to do so.

MR. CARR: It seems this is an act of God and then it is between the Lands Commission and God as to who is responsible.

MR. HORTIG: I think in this case there won't be much problem as to where the responsibility lies, but how are we going to get it out of there.

MR. CARR: Is the hull actually broken in two?

MR. HORTIG: Yes.

MR. CARR: It is separated?

MR. HORTIG: It would separate on any attempt to tow it out and it's buried and burying itself further in the sand. It will take a clamshell to free it from the suction. This is probably the largest single operation — to get it loose. It can be pulled piecemeal over the State beach and over the road without any effort, but is going to take equipment to do it.

MR. CARR: Well, what do you say? I guess we authorize it, but I think we certainly ought to look further into the situation as to whether the owner of this barge has any responsibility. After all, I don't remember that there was anything so peculiar on that date. Was there a big storm down there at that time?
MR. HORTIG: We were surprised, and we can reveribly, but we did ask the same specific question. Both the Coast
Guard representatives and Beaches and Parks said there was abnormal sea action on that date. We did not realize it
inland.

MR. CRANSTON: I second the motion and without objection it is so ordered.

We return now to the final item of the Redrock Marina case. Do we wish to take that up at this time, Mr. Carr, or what is your desire?

MR. CARR: Who negotiated this deal with the Redrock Marina?

MR. HORTIG: Our commercial-recreational leasing section, Mr. Carr, but may I point out that the field for
negotiation in this instance was extremely limited, and that actually it was a question of mechanical processing and
adding to it a small area of unoccupied tide and submerged land only, because the pier areas colored in brown are the
subject of long-term leases issued previously by the State Lands Commission to the Department of Public Works and in
those specific contracts it was provided that the Department of Public Works could assign with the approval of the State
Lands Commission.

So the question was solely one in public interest of whether it would be more desirable to have Public Works relieved from paying the annual rental and, in addition,
having a commercial development established on tide and submerged lands, as against the converse reasons -- and I can't think of one at the moment, as to why Public Works should be required to hold this lease if, as a matter of their departmental administration, they no longer desire to do so.

MR. CARR: Mr. Chairman, I am still confused as to who are the parties of interest that are leasing. Are we just being asked to approve the lease of some water or are we asked to approve this whole deal? What is the authority? Could you delineate for us the authority of the Lands Commission?

MR. HORTIG: Yes sir. It breaks in two parts. There are leases in all the areas shaded in brown before you which have many years to run and which provide in their original terms that they may be assigned by the Department of Public Works to an assignee, their choice of an assignee, but with the approval of the Lands Commission.

MR. CARR: Are they assigning at the same rate Public Works is paying?

MR. HESS: Yes sir.

MR. CARR: We ought to get Louis _______ on Department of Public Works. He never assigns anything at the same price he pays.

MR. HESS: The main thing in this is to put these properties back into use that we no longer have use for in
MR. CARR: Doesn't the Department of Public Works recognize price raises, inflation?

MR. HESS: In all of our transactions this is true. We consider market value on the property to be conveyed. In this particular case, you will note the date on that prospectus you have. We have a pier. We inherited all of this from the Richmond-San Rafael Ferry operation. It has a very limited use and in our four years of attempting to dispose of this property we have been unable to find customers.

Now, this has some bearing on the market value because, unable to find customers, we can't find a market to determine a value. We have gone into this particular transaction, that is the conveying of these leases, transmitting them to the present people before you, in good faith in an attempt to put this back into private enterprise and to reduce our obligations as to continuing of the leases on this and also as to our responsibility for the maintenance of a pier that has no use in its present form for other than things outside the jurisdiction of Highways.

MR. CARR: I have nothing but admiration for the proposed lessee, but I think he is getting a good piece of property and certainly we are in favor of private people getting these things on the tax rolls. The lease has no value but the improvements will have.

MR. KETTENHOFFEN: Over a period of time around
$200,000. The City of Richmond turned it down as being unfeasible. I am willing to take a chance.

MR. CARR: Are you the main party?

MR. KETTENHOFFEN: Yes sir. The main problem that this has been turned down is the surf and heavy tidal action. I think I have a way to lick it. City of Richmond turned it down.

MR. CARR: That's the reason that private enterprise gets more done than the bureaucracies do -- because they can see the possibilities; and, unfortunately, the governmental people can only see the liabilities.

MR. KETTENHOFFEN: That's true, but .......

MR. CARR: I am just complimentsing you. The thing I want to know -- Does title to this strip 100 x 600 feet go along with it or not?

MR. KETTENHOFFEN: Yes sir, but this is not concerned here.

MR. CARR: I know. This is the Department of Finance talking.

MR. HESS: Yes. These are our holdings.

MR. CARR: You are talking about throwing this piece of property 100 feet frontage by 600 feet depth just as a sort of .......

MR. FARROW: That is not 100-foot frontage. I don't know how the piece of property developed in that shape. That is just a long strip of land sitting out in the water,
under thirty feet of water.

MR. CARR: This is entirely submerged, is that it?

MR. HESS: Yes.

MR. FARROW: Yes, entirely submerged. How the Richmond–San Rafael Ferry Company happened to own it, we don’t know.

MR. CARR: Has this ever been appraised? Actually, we are thinking of buying land under thirty feet of Salton Sea .... How soon would you be improving this property?

MR. KETTENHOFFEN: We have been waiting to start two months.

MR. CARR: All right. I approve.

MR. CRANSTON: Your motion has to be to reconsider previous action and approve. I second the motion. Without objection, it is so ordered.

Finally, time and place of next meeting -- and I believe we have agreed the next meeting will be in Los Angeles, nine o’clock Thursday, August 25th. Without objection that will be the next meeting.

Is there any further business?

(No response)

ADJOURNED 11:43 A.M.
I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing seventy-five pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held at Sacramento, California on July 28, 1960.

Dated at Sacramento, California, August 12, 1960.

[Signature]