TRANSCRIPT OF MEETING of
STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA
March 26, 1964

PARTICIPANTS:

THE COMMISSION:

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

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

OFFICE OF THE ATTORNEY GENERAL:

Miss Ariel C. Hilton, Deputy Attorney General

SPECIAL COUNSEL:

Mr. Ernest E. Sanchez

APPEARANCES:

(In the order of their appearance)

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

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

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

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

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

Senator Joseph A. Rattigan
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MR. CHAMPION: The meeting will please come to order. I think Mr. Cranston will be with us shortly. We have a long calendar and a lot of things to discuss, and we have to conclude the meeting by the noon hour. The minutes of the meeting of December 20, 1963 having been furnished to the members of the board, unless there is objection or comment they will stand approved.

MR. HORTIG: Mr. Chairman, that item should also indicate that the minutes of January 30, 1964 have also been heretofore furnished to the Commissioners and should be considered for confirmation.

MR. CHAMPION: Without objection, so ordered.

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

(b) Los Angeles County Flood Control District -- Amendment of Permit P.R.C. 1908.9 by deletion of present legal description and substitution of legal description that includes area in original permit plus additional area needed for 180-foot extension, containing 0.216 acre tide and
submerged lands in Santa Monica Bay, Los Angeles County, for storm drain.

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

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

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

MR. HORTIG: Yes, sir.

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

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

GOV. ANDERSON: I move them.

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

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

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

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

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

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

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

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

MR. HORTIG: Mr. Chairman, on page 12 of the full
item, there is a reference to a Minute Item 29, Page 8454 --
which should read "8485." Other than that the item is cor-
rect as reported.

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

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

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

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

(j) Richfield Oil Corporation -- Approval of amend-
ment dated July 2, 1963, effective June 13, 1963, to the Gas
Sales Agreement dated June 11, 1962 between Richfield Oil
Corporation and Pacific Lighting Gas Supply Company, providing
for sale of State's royalty share of dry gas produced from
Oil & Gas Lease. P.R.C. 308.1, P.R.C. 309.1, and P.R.C. 2793.1.
GOV. ANDERSON: I move Item 4, with the exception of (a) and (b).

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

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

GOV. ANDERSON: I move it.

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

6 -- Land Sales. (a) Authorization for sale to R. A. Ellsworth of 909.23 acres in Imperial County, obtained under an exchange transaction with the U. S. Bureau of Land Management, at appraised value of $291,201.40. Notice that all public agencies have been circularized and agencies expressing an interest have waived such interest in writing.

There being no objection . . .

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

GOV. ANDERSON: I move it.

MR. CHAMPION: Second. There being no objection or comment, stands unanimously approved.
Approval of "Memorandum of Understanding Regarding Anaheim Bay Access and the Land Exchange Proposed by the State Lands Commission, Orange County and the Orange County Harbor District, and Huntington Harbour Corporation"; thereafter to be forwarded to Governor Brown for transmittal to the Honorable Kenneth E. BeLieu, Assistant Secretary of the Navy. I understand there are some people who would want to be heard on that subject. Mr. Hortig, would you express the staff opinion on this and then we will hear from them.

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

Additionally, the County of Orange has been interested in acquiring, by lease or otherwise, tide and submerged lands in inner channels adjoining the Seal Beach Naval operation, for purposes of a small boat harbor, recreational type development; and, additionally, the Commission will recall that the same channels to which I have made reference, farther down the coast, were subject of an exchange between the State, as approved by the Lands Commission, and the Huntington Harbour Corporation, in order that a waterfront home development can.
be undertaken -- which has been undertaken and which is being fully implemented.

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

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

MR. HORTIG: (continuing) In addition to the overall project, a separate entrance channel could also be provided to the small crafts harbor by Orange County, as well as separate and private access to the Huntington Harbour Corporation. Negotiations have proceeded to the point of having developed a memorandum of understanding and desirability of proceeding with a program of this type; and it had been suggested that there be a letter of transmittal to the Honorable Kenneth Be Lieu, Assistant Secretary of the Navy, pursuant to
a more recent request, to the Governor -- with respect to the
indication that all the State and local agencies involved in
this operation are agreed in principle as to the desirability
of negotiating a final settlement and land exchange program
to accomplish these things.

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

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

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

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

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

MR. HORTIG: Except this is the local base commander
and we have to kick it upstairs to Washington, so that every-
one can be happy. Additionally, the Navy is desirous of
having in the record that there is in principle agreement
between Orange County and the Huntington Harbour Corporation and State Lands Division with respect to this operation, and it is with respect to expressing this latter agreement that the representatives of Orange County are here, from their Planning Commission, Harbor Commission and Assemblyman Whetmore.

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

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

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

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

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

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

MR. KRUEGER: That's right.

MR. SIEROTY: The State has obligated itself, or says it will issue a lease to Huntington Harbor when it
receives title, and "said lease shall be for a term a . contain
such provisions that shall be mutually agreed upon, and it
being the intention of the State to compensate Huntington
Harbor for adequate sums."

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

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

MR. SIEROTY: Do you have any idea of the value of
Parcel 7?
MR. KRUEGER: No sir, I do not. At the present
time, I believe it is largely unimproved. There would be sub-
stantial cost in preparing it for real estate development;
but I believe the short answer is that here the terms are not
agreed upon. We are talking here of principle, rather than
a contractual obligation.

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

MR. KRUEGER: That's right.

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

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

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

MR. CHAMPION: I don't think it has any status of
that kind. As a matter of fact, I gather this is to satisfy
some formal and, in my mind, dubious procedure of the require-
ments of the Navy; and that we are by no means committing
ourselves; that this did represent the joint thinking of our people, that's all we are saying -- and it doesn't necessarily involve any further action of the Lands Commission. I think it would be unnecessary for us to take any great time over this particular problem. Any question in connection with it can be raised at a later date and the reservations are pretty clearly stated in the document.

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

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

So for your present thinking, I think you can eliminate Phase 1 from this memorandum. We have already committed ourselves to put up this Phase 1 money and we wouldn't expect to have some ex post facto consideration from the State by lease or otherwise. Phase 2 is a different matter. The cost of that -- I don't have these figures with me, but perhaps you
could help me, Mr. Ruiz. I believe it is something estimated
in excess of $1,600,000. Does that sound right?

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

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

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

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

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

MR. KRUEGER: Not at this time. I don't want to use
the expression "short answer" too much; but the agreement to
agree is not a binding commitment, and that is all we have on the lease.

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

Has the Division of Highways recommended it?

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

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

MR. SIEROTY: Thank you.

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

MR. CRANSTON: Is action necessary?

MR. CHAMPION: Yes.

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

MR. CHAMPION: Second. Is there any further discussion? (no response) Unanimously approved. Thank you very much.

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

(a) Authorization for Executive Officer to offer 3,420 acres tide and submerged lands in Orange County,
designated as W. O. 5080 (Parcel 20), for oil and gas lease.

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

(c) Authorization for Executive Officer to issue

to A. G. Schoonmaker Company, Inc., a mineral extraction lease,
pursuant to bid, for 126.33 submerged land in Suisun Bay,
Contra Costa and Solano counties.

MR. CRANSTON: I move the authorizations be made.

MR. CHAMPION: Second. Yes?

MR. SIEROTY: May I ask a question, Mr. Champion?

Does this indicate that we are to receive sixteen cents per
cubic yard for this fill material in San Francisco Bay?

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

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

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

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

Stands approved unanimously.

Confirmation of transactions consummated by the Executive Officer pursuant to authority confirmed by the Commission at its meeting on October 5, 1959.

MR. HORTIG: These actions consisted in their entirety of the extension of time periods for previously authorized geological and geophysical exploration permits issued pursuant to resolution of the Commission.

MR. CRANSTON: I move confirmation.

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

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

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

MR. CHAMPION: Let's move to Supplemental Item 25 — Unit Agreement, Unit Operating Agreement and related agreements, Fault Block V, Ranger Zone, Wilmington Oil Field, Los Angeles County. Will you speak to that, Mr. Hortig?
MR. HORTIG: Yes, Mr. Chairman. As the Commission will recall, the developed area of the Long Beach tidelands and the adjoining upland areas are separated into what are virtually individual operating entities, which are isolated generally one from the other by a series of faults, which make each fault block area an individual engineering, economic and operating problem. The Commission has heretofore approved agreements for unit operations of the tideland areas in conjunction with the adjoining upland areas for those lands contained within the boundaries of Fault Blocks II, III and IV, as they are identified by Roman Numerals on the maps before you.

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

Hence, by reference to the resolutions which start on page 47, the findings are a series with respect to the documentation that has been submitted -- that the documents
as submitted do contain the findings by the City of Long Beach as required as a condition precedent in Section 6879 of the Public Resources Code; that the documents do involve tide and submerged lands which were granted with a mineral reservation to the State; that the entered into agreement is necessary in order to prevent or alleviate subsidence and to insure maximum benefits and maximum returns from the oil operations within the area.

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

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

MR. HORTIG: They are all standard. There is one other document in the series that does not relate to the Ranger Zone -- a hold harmless agreement, which would permit water injection into the tidelands without subjecting the tidelands operation to any hazard of liability by any reason of water going into the uplands. It appears that it might not
be economically feasible to inject any water on the uplands. Therefore, the uplands owners have agreed to release the City and State from liability, which liability could raise if we did not have this hold harmless agreement.

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

MR. HORTIG: May I pass this to counsel?

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

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

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

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

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

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

MR. SIEROTY: I believe that's total.

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

MR. SIEROTY: I'd like to ask the question as to what protection the City has for subsidence control in the
MR. HORTIG: All the same protections that are currently applicable to tide and submerged lands under existing statutes, or whatever will be provided by any subsequent statutes.

MR. SIEROTY: The City has indicated it is satisfied with the subsidence control conditions under the agreement?

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

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

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

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

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

We had a lengthy discussion on this at the February 26th meeting, and this is a change in the recommendation of
the staff from three cents to one cent?

MR. HORTIG: That's correct, sir.

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

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

"Dear Mr. Champion:

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

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

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

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

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

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

4. From the outset the U. S. Army Corps of Engineers
represented to the County of Contra Costa that there would be no charge for spoils to the owner of the disposal site providing that the obligations mentioned in 3 above were assumed; all negotiations were conducted on the basis of this representation.

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

Without attempting to establish a precedent, and confining our objections to this one Emergency Project, which obviously has unusual characteristics, we ask that the nominal consideration of $1,00 be fixed as the charge to be assessed for the job; such action appears to be within your authority and to fulfill your responsibility as spelled out under Section 6303 of the California Public Resources Code.

Very truly yours,

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

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

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

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

MR. HORTIG: To a maximum of 200,000 cubic yards and one cent, we have $2,000. If I may clarify for the Commission a misunderstanding, as reported in item 5 by Mr. Broatch in the letter from the Board of Supervisors, that there appeared to be a difference of opinion as between the
U. S. Army Corps of Engineers and the State Lands Commission with respect to charging for the material -- no charge has ever been assessed on the U. S. Army Corps of Engineers; and probably the best evidence of the fact that this is a continuing program appears on the Commission's agenda, on page 2 of your calendar, item 3(e). You have this morning approved a permit which was requested by and granted to the U. S. Corps of Engineers to dredge approximately 400,000 cubic yards of material, where this is being dredged by the U. S. Corps of Engineers in the enhancement and improvement of navigation and is being deposited on public lands which were made available for the spoils deposition area -- not being deposited on privately owned lands. This is the distinction.

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

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

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

MR. CRANSTON: I'll move approval.
MR. CHAMPION: I'll second. Is there any comment?

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

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

MR. CHAMPION: Is there anything further on this subject? (No response) It having been moved and seconded, the commendation of the staff is unanimously approved.

That concludes the other items on the agenda.

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

MR. CHAMPION: Does anyone know if Senator Rattigan is going to appear on that subject?
MR. HORTIG: Representatives of Associated Dredging are with us.

MR. CHAMPION: Do you know whether the appearance of Senator Rattigan is still scheduled? We have another matter, and we can defer it still further if there is any advantage to do so.

VOICE: I haven't heard.

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

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

As Director of Finance, it was my intention to suggest certain amendments to A.B. 132 at the meeting this afternoon, and I thought it proper at this time to bring those to the Lands Commission for their consideration as to whether this should be a policy of the Commission, or whether they simply want this to remain on the basis it has been in the past. I think during the period of negotiations it is very
difficult to operate as a Commission, but we now have an actual piece of legislation before us and we have been working on a number of amendments, many of which grew out of our discussions with the representatives of the City of Long Beach.

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

Would you proceed, please, Mr. Hortig?

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

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

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

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

MR. HORTIG: We will stick to the subject matter rather than the verbiage on all subsequent amendments, but
in this instance it is necessary to refer to the bill -- to require that production should be for the maximum benefit and profit of the State of California and the City of Long Beach; it has been suggested that this be amplified to include what the Lands Commission has heretofore indicated -- the necessity of such language which might read: "... consistent with public policy with relation to the prevention of monopolies."

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

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

MR. HORTIG: And it would be proposed to amend Section 6 of the proposed bill, A.B. 132, relating to expenditures, to provide a mechanism whereby the expenditure of the $165 million dollars would be subject to review and
approval by the State Lands Commission pursuant to master
plans which had been filed by the City of Long Beach relative
to their proposed shoreline development -- again outside the
Harbor District, as the Chairman just noted.

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

These, Mr. Chairman, then, with exception of
appropriate clarification of the vast field of subsidence
control, would constitute the proposed amendments. The pro-
posed clarification of subsidence control would be to provide
a mechanism for assurance that the determination as to the
necessity for subsidence control would be in the hands of
the City of Long Beach on any proposal to conduct operations
alleged to be or found to be necessary, felt to be necessary
for subsidence control. These programs or plans would be sub-
ject to review by the State Lands Commission. On a finding
of the State Lands Commission that the program was reasonably
necessary for subsidence control, the program would be
implemented by the City. On a finding that there was serious
question as to the reasonable necessity and a finding of a
question by the Lands Commission and a determination by the
City that the program still was necessary, the matter would
be referred to a third party arbitrator -- again not to deter-
mine the economic necessity, but only whether there is any
reasonable basis for invoking the operation for subsidence
control, in which event it would be implemented.

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

(Lt. Governor Anderson returned to meeting)

MR. CHAMPION: (continuing) It is only the purpose
to have the State participate in some way in the determination
of whether a subsidence measure is, in effect, a subsidence
measure instead of something else. Without some language of
this kind, anything could be done and could be labeled a sub-
sidence measure by Long Beach and there would be no State con-
trol. This element is intended to provide that ultimate
third party determination if the State should question that
this is, in fact, a subsidence measure, a reasonable subsidi-
ence measure; and the entire burden of proving that it is not
is on the State, and the measures go forward unless there is some ultimate final determination by that third party that it is not reasonable. In other words, it is not the intention to have the State intrude in the subsidence process. It is a measure designed to have the State be able to have an arbitrator decide whether something is or is not a subsidence control. Otherwise, the whole operation could be completely controlled simply by saying it is subsidence control; and this is to give the State ability to question that.

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

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

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

MR. CHAMPION: Now, I'd like to say one other thing with respect to these amendments and that is, as I said at the outset, these were drafted after long discussion with the City of Long Beach, as was the bill, A.B. 132; and they obviously represent points of view on which we said we had some difference and they would have to be settled through the legislative process. These amendments really provide the
other side of what was presented in A.B. 132 and it is in this area we feel the Legislature has to make the decision. In the interest of compromise, it is understood that there probably is going to be some movement between these two positions. It was my personal feeling, and this was the question I was bringing to the Lands Commission, that this other question should be put as concretely as the other side of these negotiations was put into A.B. 132 -- to present to the Legislature these two views, which have come much closer together than they were before the negotiations started. I think we made a good deal of progress and some of the things in A.B. 32 represent specific agreement; some of the things here represent some agreement; but it was here we were unable to reach final agreement.

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

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

GOV. ANDERSON: Now, then, what about the operational control?
MR. HORTIG: Operational control would be included for normal field operations under approval and directions of the State Lands Commission; subsidence control under the initiative of the City, but subject to State Lands Commission review -- and in the event of difference of opinion, for reference to a third party arbitrator.

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

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

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

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

MR. CHAMPION: I think so. When they got to us, they had to have rapid action and we weren't prepared to
give them action. This is a better base. We would have an early warning.

GOV. ANDERSON: What about the boundary?

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

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

MR. SIEROTY: Yes.

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

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

GOV. ANDERSON: I'll second that.

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

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

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

MR. CRANSTON: No.

GOV. ANDERSON: In other words, we make it very clear.
MR. CHAMPION: It has been moved and seconded that
we support the bill with these amendments included. Is there
any question on that. (no response) Urainously approved.

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

MR. CHAMPION: I think we will have to proceed
with the item at this stage of the game, and that is Item
4(a) Associated Dredging Company -- 15-year lease 30,627
acres tide and submerged lands of Petaluma River, Sonoma
County, to create two basins for company equipment. Annual
rental, $1,419.26. Issuance of lease opposed by Marin Rod
and Gun Club, Inc., and by Department of Fish and Game.

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

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

(Mr. Cranston left meeting)
can be informed positively or negatively that they are going to have a lease. Under these circumstances, the basis for the lease and the need for the lease can be explained most briefly by the representatives of Associated Dredging Company, who are here this morning.

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

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

I would assume you would like to assume complete control, and if you have your own lease you will be able to control it. These people are willing to go along with whatever kind of lease you would approve. I assume the survey of 1860 has been adopted; a survey was made in 1952 indicating...
it was private land; a resurvey was made in 1960 -- I am not sure how it will end up.

MR. CHAMPION: Who would be the private owner?

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

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

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

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

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

MR. CHAMPION: Will the representatives from the Fish and Game Commission come forward? This is the Department of Fish and Game, rather than Fish and Game Commission?
MR. LEACH: Yes. My name is Howard Leach and I am in the Water Projects Branch of the Department of Fish and Game. I am here to represent our director, Walter Shannon, in regards to the application of the Associated Dredging Company of Sausalito for a lease of a thirty-acre parcel of tide and submerged lands at the mouth of the Petaluma River.

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

Our protests, we believe, are well founded. The Department of Fish and Game is vitally concerned with the future of San Francisco Bay, once one of the most outstanding scenic areas of the world. Tidelands are disappearing at an alarming rate and if the prognosis of the Bay area is true, then we can only view with great alarm the disappearance of the tidelands.
MR. CHAMPION: Mr. Leach, may I interrupt? We have a matter of great importance currently before the legislature on this general problem of the tidelands. Could we restrict this to the issue?

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

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

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

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

MR. LEACH: Specifically, yes, I would definitely
say so because even though this acreage amounts to only thirty acres, they are utilized by hundreds of thousands of shore birds; different varieties of animal life frequent them seasonally.

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

MR. LEACH: That's our statement.

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

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

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

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

MR. CHAMPION: Let me as you this question: What
is your opinion of this accretion question?

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

Additionally, I should note for the Commission's record the receipt from the Marin Rod and Gun Club of a telegram, and I quote:

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

Marin Rod and Gun, Paul B. Ware

MR. CHAMPION: Yes, Mr. Gardiner?

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

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

MR. HORTIG: Definitely. Of course, the problem of
what the net effect is going to be and whether there is a balance on one side or the other depends on how many construction projects, dredging projects to provide for additional waterways, are actually undertaken and completed. In the view of Associated Dredging, the project they see on the horizon, this is a reasonable expectation as it has been outlined by Mr. Gardiner.

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

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

MR. HORTIG: Senator Rattigan cannot get here.

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

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

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

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

MR. SIEROTY: May I ask whether Associated Dredging Company has had negotiations or conferences with the Department
of Fish and Game to work out something in this area?

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

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

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

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

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

GOV. ANDERSON: How could it be resolved?

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

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

GOV. ANDERSON: You mean while dredging is in operation the areas would be kept closed to the public?

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

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

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

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

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

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

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

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

MR. LEACH: Of the hearing.

GOV. ANDERSON: How about the item itself?

MR. LEACH: The item itself -- we lodged our protest in January with the Lands Division.
MR. CHAMPION: Outside of your protest, you never discussed it with the party to get exact knowledge of his project?

MR. LEACH: Not to my knowledge.

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

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

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

MR. LEACH: No, sir.

MR. CHAMPION: Mr. Gardiner?

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

(Mr. Cranston returned to meeting)

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

MR. GARDINER: Yes, sir.

GOV. ANDERSON: Frank, I am a little confused. When we have a protest like this since January, what do we do --
just let it hang there?

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

GOV. ANDERSON: With this company?

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

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

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

GOV. ANDERSON: Had the applicant been advised of the Fish and Game protest?
MR. HORTIG: Yes, sir.

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

MR. HORTIG: Not in so many words. The logical assumption would be that Fish and Game would be contacted because of the protest.

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

SENATOR RATTIGAN: Thank you, Mr. Chairman. Since I did just arrive, I have to ask: Is this the dredging company application?

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

SENATOR RATTIGAN: That goes directly to what I had hoped might materialize. As a matter of record, there is a complete conflict between the applicant and the Department of Fish and Game. When I received the notice of this hearing which referred to two pieces of correspondence, I obtained copies of the correspondence from the Department of Fish and Game, one of which sets forth its objections -- which, on their face, appear to me to be very well taken; and it occurred...
to me that perhaps they could discuss the matter and arrive at a mutually acceptable solution.

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

MR. CHAMPION: Let me ask Mr. Gardiner -- Is there any pressing reason why we should delay this until such conversations take place?

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

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

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

MR. LEACH: Yes.

MR. GARDINER: I'd like to know if they have anything in mind. We might as well discuss it. If they are
going to oppose it, we might as well get it over.

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

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

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

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

MR. CHAMPION: I think what was said here provides a clue to this -- the matter of public access, the matter of anything specific as being of damage to fish and wildlife.
I don't think there is anything of record. Perhaps this matter of public access might be discussed.

MR. GARDINER: We will discuss it with them.

GOV. ANDERSON: I'll second it.

MR. CHAMPION: Any further question or comment? (No response) The motion stands approved unanimously.

Anything further to come before the Commission.

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

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

ADJOURNED 11:50 a.m.

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I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing fifty 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 March 26, 1964.

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

[Signature]

LOUISE H. LILLICO