TRANSCRIPT OF MEETING of

STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA
October 22, 1964

PARTICIPANTS:

THE STATE LANDS COMMISSION

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

Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson, Assistant Attorney General

APPEARANCE:

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

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GOV. ANDERSON: The meeting of the State Lands Commission will come to order. The secretary will note that we are all here.

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

Applicant (a) County Sanitation Districts of Orange County -- Amend lease increasing area from 16.07 acres to 18.46 acres of tide and submerged lands in Gulf of Santa Catalina near Newport Beach, for extension of existing outfall sewer.

Item (b) State of California, Department of Fish and Game -- Life-of-structure permit, San Joaquin River near Lathrop, San Joaquin County, for construction of angling access and launching ramp.

Item (c) State of California, Division of Highways -- (1) Right-of-way easement, Sutter and Colusa counties, for two-lane fixed-span bridge one-half mile north of Meridian; (2) Right-of-way easement, Sacramento and Yolo counties, for construction of bridge across the river; (3) Right-of-way easement, Sacramento River near Elkhorn Ferry, for construction of bridge across the river.

MR. CHAMPION: Move approval.

MR. CRANSTON: Second.

GOV. ANDERSON: Carried unanimously. Frank, items (2) and (3) -- these are rights-of-way for the Division of
Highways, is that right?

MR. HORTIG: Yes, both of them.

GOV. ANDERSON: What highway is that, actually?

MR. HORTIG: Proposed east-west freeway on the north side of Sacramento in the first instance, which is designated as Route 830, which would cross the Sacramento River immediately north of the Sacramento City limits; and the other is the crossing proposed for Route 5 from the north to the south.

GOV. ANDERSON: Where does that go?

MR. HORTIG: It interconnects the other freeways.

GOV. ANDERSON: 3. Permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental policies of the Commission:

Applicant (a) Georgia Pacific Corporation -- (1) 15-year outfall easement, 3.06 acres tide and submerged lands Pacific Ocean near Samoa, Humboldt County (outfall line to carry waste products from applicant's pulp mill); total rental, $911.55; (2) One-year permit, 45.97 acres tide and submerged lands, Pacific Ocean near Samoa, Humboldt County (temporary working area for construction of outfall line), total rental $827.46.

Applicant (b) Lloyd N. Inslee -- Five-year non-commercial minor-structure permit, 0.049 acre tide and submerged land of Taylor Slough (for construction of private floating boathouse, bulkhead, and walkway), total rental $25.
Applicant (c) Lawrence H. Kerns -- 12-year lease, Sacramento River, Yolo County, for boat landing, annual rental $150.

Applicant (d) Pacific Gas and Electric Company -- (1) Easement lease for pipeline crossing, annual rental $52.96; (2) Easement lease for pipeline crossing, annual rental $158.88; (3) 10-year renewal of Lease P.R.C. 435.1 for 100-foot wide overhead easement, total rental $409.50.

Applicant (e) United Towing Company -- 10-year renewal of Lease P.R.C. 515.1, for mooring of river barges, annual rental $252.

Applicant (f) Lindsey H. Spight, d.b.a. Diablo Communications Center -- Sublease to Standard Oil Company of California, for installation of mobile repeater transmitting.

Applicant (g) Mrs. Howard J. McQuigg -- Assignment to Jim Willis and Robert Harris of Lease P.R.C. 2988.2, Fish Canyon, Los Angeles County; annual rental $65.

Applicant (h) Leo J. and Edna R. Nolan -- Assignment to John D. and Joan Hooper of Lease P.R.C. 2662.1, covering an ark site on Petaluma River, Marin County; annual rental $65.

Applicant (i) Northern California Plywood, Inc. -- Acceptance of quitclaim and termination of Lease P.R.C. 2590.1, submerged land of Klamath River, Humboldt County.

Applicant (j) Chas. D. Warner & Son, Inc. -- Acceptance of quitclaim and termination of Lease P.R.C. 2547.1,
submerged land of Tuolumne River, Stanislaus County.

Applicant (k) Humble Oil & Refining Company --
Deferment of drilling requirements under Oil and Gas Lease
P.R.C. 186.1, Belmont offshore Field, Orange County.

Applicant (1) Phillips Petroleum Company -- Defer-
ment of drilling requirements under Oil and Gas Lease P.R.C.
2207.1, Santa Barbara County.

Applicant (m) Richfield Oil Corporation -- Deferment
of drilling requirements under Oil and Gas Lease P.R.C. 2793.1,
Santa Barbara County.

Applicant (n) Richfield Oil Corporation, Tidewater
Oil Company, Marathon Oil Company, and Socony Mobil Oil Com-
pany, Inc. -- Deferment of drilling requirements under Oil and
Gas Lease P.R.C. 2726.1, Santa Barbara County.

Applicant (o) Standard Oil Company of California and
Humble Oil & Refining Company -- Deferment of drilling require-
ments under Oil and Gas Lease P.R.C. 1824.1, Santa Barbara
County.

Applicant (p) Texaco Inc. -- Deferment of drilling
requirements under Oil & Gas Lease P.R.C. 2206.1, Santa
Barbara County.

MR. CHAMPION: Before I move approval, what is an
ark site? Is it just what it says it is, or does somebody
know something we don't know?

MR. HORTIG: This is the terminology that has come
to be applied to waterfront structures that are occupied as
residences, primarily on the Petaluma River and Corte Madera Creek. Originally, boats were actually floated in and moored, and construction placed on top of them, so the dockage, to designate that it was on State lands, was designated as an ark site -- irrespective of whether the structure would or would not float at this time.

MR. CHAMPION: Move approval.

MR. CRANSTON: Second.

GOV. ANDERSON: Approved unanimously.

Item 4 -- City of Long Beach -- Capital improvement expenditures in excess of $50,000 by the City of Long Beach pursuant to Chapter 138/64, 1st Extraordinary Session, Section 6: Project (a) Rainbow Lagoon -- Expenditure of $768,500 for construction of Rainbow Lagoon, a portion of City of Long Beach Shoreline Development Project between Los Angeles River and Alamitos Avenue;

Project (b) Shoreline Development between Daisy Avenue and Third Place -- Expenditure of $10,811,191 for construction of rock dikes, concrete sheet pile walls around harbor, aluminum handrail and electrical distribution systems, for creation of an area to provide site for Maritime Museum, and for demolition and removal of existing Rainbow Pier and related finger piers.

It has been suggested right here that we go to the Supplimental Item Number 10, as it fits in here.

MR. HORTIG: Those items 10 (a) through (d) are in

OFFICE OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
GOV. ANDERSON: So if there is no objection we will go straight through here to Supplemental Item 10, (a) through (d):

Capital improvement expenditures in excess of $50,000 by the City of Long Beach pursuant to Chapter 138/64, 1st E. S., Section 6:

(a) Construction of a beach parking lot on and adjacent to Long Beach tidelands south of Bixby Park between 16th Place and 20th Place; estimated expenditure $275,000.

(b) Construction of further developments of Marine Stadium West, on or adjacent to Long Beach tidelands or aquatic recreational area; estimated expenditure $1,790,000.

(c) Construction of a marine park on south shore of the Marine Stadium immediately west of the J. H. Davies Bridge; estimated expenditure $254,000.

(d) Removal of existing pier and construction of new Belmont Pier; estimated expenditure $275,000.

MR. HORTIG: Mr. Chairman, a typographical correction in item (d), as reflected in the full calendar item, pages 55 to 58: Instead of $275,000, which is the amount that relates to item (a), that item should be indicated as $1,294,160.

GOV. ANDERSON: That would complete Item Classification Number 4 and the Supplemental Calendar Item Number 10 (a) through (d). Does someone want to make a motion to approve that, or is there any question?
MR. CRANSTON: I'll make a motion to approve.

MR. CHAMPION: I'll second. What we have here are proposals made under the new statute, which the staff has looked at and sees no reason why we should enter any objection. Under the new statute we must enter an objection within sixty days. In your recommendation you are saying, "We have looked at this project as submitted and we do not enter an objection so long as it is constructed as submitted." I notice your recommendation is rather clear on that point.

What happens if we think it is not -- that you say to us, and we agree, that it is not constructed as submitted?

MR. HORTIG: Then we proceed to enter objection and take the actions provided for under Chapter 138.

MR. CHAMPION: Even though this happens after the sixty-day period?

MR. HORTIG: I believe so -- which immediately involves the Office of the Attorney General, and Jay Shavelson can amplify on that.

MR. SHAVELSON: I think it is clearly implicit in Chapter 138 that the project is to be actually implemented and is constructed specifically in accordance with the approval of the Commission.

MR. CHAMPION: I just wanted to know, if we get into that, what would happen. What raises that in my mind is this recommendation that "the work conform in essential details."

The right to object carries over, apparently.
MR. SHAVELSON: My position is the approval is only effective if they would conform.

MR. CHAMPION: Does the City agree with you?

MR. SHAVELSON: I believe they would.

MR. LINGLE: I am Harold A. Lingle, Chief Deputy City Attorney of Long Beach. I would agree with Jay that we are obliged -- I think the word is "substantial compliance." If you authorize us to build one thing and we build something different, you haven't authorized us to spend tidelands money for this other project. So I would agree with him.

MR. CHAMPION: Thanks very much. I second.

GOV. ANDERSON: Carried unanimously. Then we will go back to regular Calendar Item Number 5 -- Authorize Executive Officer to execute interagency agreement with the Department of Justice providing for services of the Attorney General in the action United States vs. California, No. 5, Original, U. S. Supreme Court, for fiscal year 1964-65, at a total cost not to exceed $268,389.

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously. Item 6 -- Authorization for Executive Officer to execute amendment to State Compensatory Royalty Agreement, Kirby Hill Gas Field, P.R.C. 255.1, Solano County, with Standard Oil Company of California, Western Operations, Inc.

MR. CRANSTON: Move approval of that.
MR. CHAMPION: Second.

GOV. ANDERSON: Carried unanimously. Item 7 (a) Approve settlement with United States Bureau of Land Management, Department of the Interior, of timber trespass on State land in Lassen County near Bieber, involving removal and sale of 125 million board feet of lumber; settlement to be $1,380.55, the amount of actual damage incurred; and, (b) Authorize Executive Officer, following payment of above sum, to execute agreement, subject to approval by the office of the Attorney General, to relieve the Bureau of further liability.

MR. CRANSTON: I move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Carried unanimously. Item 8 is to confirm transactions consummated by the Executive Officer pursuant to authority confirmed by the Commission at its meeting on October 5, 1959.

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Carried unanimously. Item 9 is for information only, no commission action needed -- a report of the status of major litigation. Frank, do you have anything on that?

MR. HORTIC: Only as a progress report to the Commission, so the Commissioners have in their own files a record of what transactions are going to be culminated in the near future litigation-wise. Of course, the principal item with
which we are concerned is the hearing of oral argument in
the case United States vs. State of California, relating to
tidelands more than three miles offshore, which hearings are
now scheduled before the United States Supreme Court on
December 7th of this year.

GOV. ANDERSON: Proceeding, then, with the calendar
at this time, we move on to Item 11 -- Modification of resolu-
tion relative to proposed oil and gas lease (meeting of
September 24, 1964) City of Los Angeles, Santa Monica Bay, Los
Angeles County.

MR. HORTIG: Is there a question? Would you like
an explanation of this, Mr. Chairman?

ALL COMMISSIONERS: Yes.

MR. HORTIG: The Commission will recall, and by
reference to page 59 of the supplemental calendar item, Mr.
Crenston and the Governor made and seconded a motion which
stated, and I quote: "That we deny the application that is
before us; that we instruct the staff to explore with the City
the alternate approaches that we have discussed today." We
have already at staff level taken steps on alternative ap-
proaches with the City of Los Angeles; and the City of Los
Angeles was concerned, if this former language was to go into
the resolution of the State Lands Commission, there would no
longer be, on the denial of the application, anything before
the Lands Commission for the City of Los Angeles which could
be reviewed for alternate approaches and possible amendments.

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Therefore, it was suggested in order to eliminate any concern on anyone's part that a modification of the motion, to be so reflected in the resolution, be undertaken to state "that action is deferred on the application," and then all the rest of the motion would remain exactly as it was originally adopted on September 24th -- in order that there be an active issue before the Lands Commission which the staff of the City and the State can work on as to possible alternate amendments.

There can be no action nor conclusion until this matter would come back to the Commission again and be approved, so the staff recommends this modification.

MR. CHAMPION: Now it changes the resolution only in the respect that instead of to say "deny" we say "defer"?

MR. HORTIG: That is correct.

MR. CHAMPION: May I ask a substantive question on this thing? Except for the immediate concern expressed by various Los Angeles representatives and the newspapers the next day, what have we had -- Is there now some sort of working understanding as to how we proceed to the task; whether we might enter into joint exploration or anything of this kind? Are they now agreeable to doing that instead of talking about suits?

MR. HORTIG: As far as the City administrative officer and his staff and the State Lands Division staff are concerned, we have had a conference to lay the groundwork for how these alternatives would be explored and it is the desire
of the staff to cooperate.

MR. CHAMPION: This is the City's policy -- to try
to cooperate with us, to try to find some way...?

MR. HORTIG: This is correct. Additionally, there
probably will be before the Commission at the December meeting
an application which has already been received by staff, in
which the City desires to go forward with possible development
on the first mile, which permits development from the uplands
without any offshore structure, and submarine structure under
the beach similar to that at Redondo, to offset any possible
threat of drainage -- which was their concern with respect to
this other parcel. So actually the timing with respect to
this original application is not now as critical as it was
previously.

MR. CHAMPION: I am glad. There was no information
available. All I ever saw was that they were appalled and
were going to court.

MR. HORTIG: We have had no direct statement from
the City Attorney's Office with reference to filing litigation
at this time.

MR. CRANSTON: I move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, carried unani-

mously.

Item 12 -- Approval of notice inviting bids, and
bid forms for Contractors' Agreement, Long Beach Unit,
Wilmington Oil Field. Frank, do you want to explain that?

MR. HORTIG: Yes, Mr. Chairman. As you will recall at the last meeting of the Commission on October 9th, the Commission approved the forms of documentation identified as Unit Agreement, Unit Operating Agreement, and Exhibits to Unit Agreement for the Long Beach Unit of the Wilmington Oil Field, but did suggest reconsideration by the City of Long Beach as to selection of dates when bids would be received, both for the field contractor interest, the 80% interest, and for a sequential schedule for receiving bids on the smaller undivided interests ranging from 10% down to 1%.

The City of Long Beach on Tuesday of this week by a vote of seven to nothing of the City Council adopted a modified resolution, which incorporates the provisions which are outlined in the calendar item you have before you, pages 60 and 61, and which would set opening of bids for the field contractor for February 9th and would schedule sequential receipt of bids for the remaining interests between February 10th and February 17th, 1965 -- precisely in conformance with the discussion held at the last Lands Commission meeting.

Therefore, the resolution of the City of Long Beach with respect to the notice inviting bids and bid forms for the contractors' agreement is now before the Commission for approval pursuant to Chapter 138; and it is the recommendation of the staff that the Commission approve this notice and the bid forms. Then the advertising can take place and ultimately
bids will be received in accordance with the revised schedule.

GOV. ANDERSON: They took our recommendations unanimously?

MR. HORTIG: Seven to nothing, two absent, no "no" votes.

GOV. ANDERSON: Does that often happen?

MR. HORTIG: No, sir.

MR. CHAMPION: Move approval.

MR. CRANSTON: Second.

GOV. ANDERSON: Moved, seconded, carried unanimously.

MR. CHAMPION: Could I raise another question with respect to that?

GOV. ANDERSON: Sure.

MR. CHAMPION: Our resolution also calls for the employment of consultants to advise us on those bids when they are received. I would like to pursue that matter now, with an instruction from the Commission to the staff to draw up a set of requirements, and really bid specifications, on the kind of consultants we should employ -- what qualifications they must have and what they would be expected to do; and then, subject to the Commission, directing how we should proceed to employ consultants -- on a negotiated basis, based on these qualifications and duties, or whether we want to go into a bidding process; but to have that kind of specifications before us and to circulate them to consultants who would be
interested to discuss this with us.

MR. HORTIG: Mr. Chairman, may I raise a question with respect to Mr. Champion's statement and motion? As you gentlemen on the Commission are aware, after the receipt of bids or during the time that bids are received, an operating program must be developed so that the successful bidder can immediately commence operation, which is a tremendous technical job, for which the staff has recommended consideration also be given to the employment of consultants because the staff may possibly be augmented under normal civil service procedures in sufficient time to provide an adequate staff to accomplish this type of work and meet the deadlines that are implicit in these new bid dates that have been received.

I wonder if Mr. Champion's motion might not limit the report to bid review only, but to all matters.

MR. CHAMPION: I would be glad to do that because it raises another question that is important, and that is, I think we ought to look in this area to consultants who can serve us and be in relationship with us. I realize consultants are all in the oil business, but whoever is in this with us should not have a potential relationship with bidders or potential contractors. I think we should look to someone who should be with us continuously.

GOV. ANDERSON: Would you think the same consultant who could advise us on whether the bid is good or not would be the same consultant who would help us afterwards?
MR. HORTIG: Generally, this would be the normal conclusion because in the evaluating of bids and evaluating contract terms, much of the same work would have to be done in terms of familiarization of the consultant as whoever is going to have the operating program. So if the same consultant can be found both in management and technical fields, this would be the ideal person to be acquired and would eliminate indoctrination.

MR. CHAMPION: I think there is economy in both money and time in having one consultant do the job. Also, we would want to have this consultant pinned down because it puts the whole thing in a bad area if you have one consultant advising you and then he advises one of the petroleum companies. We would like to have one that would not be working with oil companies.

GOV. ANDERSON: I fully agree. Was that your motion?

MR. CHAMPION: That was my motion. I move that we instruct Mr. Hortig to proceed with recommending to the Commission the qualifications, duties and method of obtaining a consultant.

MR. CRANSTON: Second the motion.

GOV. ANDERSON: Does that cover . . .

MR. CHAMPION: Both on the bid awards and relationships in the operation.

GOV. ANDERSON: Carried unanimously.
Is there any further item before we set the next time and date? In reading the calendar this morning, I tried to weed out some of the extra verbiage, and I hope you approve of that. There is nothing wrong with that, is there, Frank?

MR. HORTIG: No, there isn't.

MR. CRANSTON: I approve.

GOV. ANDERSON: Our next date and meeting place will be the November meeting -- at ten a.m. November 10th in Los Angeles. If there is no objection, it is so ordered; and if there is no further business, we stand adjourned.

ADJOURNED 10:45 A.M.
CERTIFICATE OF REPORTER

I, Louise H. Lillico, reporter for the Office of Administrative Procedure, hereby certify that the foregoing seventeen pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION at Sacramento, California, on October 22, 1964.

Dated: Los Angeles, California, October 30, 1964.

Louise H. Lillico