TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA
March 20, 1965

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
Mr. Alan Sieroty, Executive Secretary to
Lieutenant Governor Anderson

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson, Assistant Attorney General

APPEARANCES:

(In the order of their appearance)

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

Mr. Richard Solari, representing
Granite Construction Company

Mr. Richard Golden
Department of Finance

Mr. Charles Baldwin
Consultant to Joint Committee on Tidelands
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<tr>
<th>Item Classification</th>
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<tr>
<td>1 Call to order</td>
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<td>2 Confirmation of minutes of meeting December 17, 1964</td>
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<td>3 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE:</td>
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<td>(a) American Tel. &amp; Tel. Co.</td>
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<td>(c) City of Stockton</td>
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<td>(e) State of Calif.</td>
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<td>(f) State of Calif., Dept. of Public Works, Div. of Bay Toll Crossings</td>
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<td>4 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE:</td>
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<td>(a) R. W. Kelsey</td>
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<td>(b) Lindsey H. Spight</td>
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<td>(c) Martin A. Stults</td>
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<td>(d) Shell Oil Company</td>
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<td>(e) Southern Calif., Edison Co.</td>
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<td>(f) R. J. Naylor</td>
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<td>(g) Pacific Gas &amp; Elec. Co.</td>
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<td>(h) George Speckman</td>
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<td>(i) Ridgewood Prop. Owners Assn</td>
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<td>(j) Karl Pierce, Ferre Pierce and Frank Pierce</td>
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<td>4. PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE (cont'd)</td>
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<td>(k) Richfield Oil Corporation</td>
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<td>(l) Standard Oil Co., of Calif., and Shell Oil Company</td>
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<td>(m) Standard Oil Company of California</td>
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<td>(n) Granite Construction Co.</td>
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<td>(a) Sale of Federal Land to Melvyn M. Stephens</td>
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<td>(b) Issuance of U.S. patent to State, 640 acres in San Bernardino County</td>
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<td>(a) Parcel 26 - Pitas Point, Ventura County</td>
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GOV. ANDERSON: The meeting of the State Lands Commission will come to order.

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

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, approved unanimously.

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

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

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

(c) City of Stockton -- Authorize Executive Officer to issue permit to dredge approximately 172,200 cubic yards material from tide and submerged lands underlying South Buckley Cove, San Joaquin County, for the improvement of
navigation or reclamation; and either (1) determine that
the consideration for issuance of the permit is the public
benefit, or (2) determine the royalty rate to be paid.

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

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

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

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

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

If the Commission would wish additional data with
respect to the staff recommendation that the determination be
made that the permit be issued at no charge to the City of
Stockton, representatives of the City of Stockton who would
demonstrate the project, particularly Mr. Carlile, Deputy City Manager, are here to address the Commission and answer any questions.

GOV. ANDERSON: Mr. Carlile?

MR. CARLILE: Yes sir, Mr. Chairman.

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

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

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

MR. CARLILE: Yes, sir. May I have a map of the area put up to impress on the Commission what we are trying to do? I think this will be the quickest and simplest way.

(Map placed on wall and Mr. Carlile used it for reference throughout his presentation)

We have approximately twenty-one acres in Buckley Cove area. We are attempting to establish a regional marina area at no cost, or very little cost, to the public taxpayer. Now, in the central portion you will notice that we have eleven acres reserved for parkland purposes, primarily establishment of picnic areas. On the Stockton Channel side, we are reserving the complete area for public fishing.
We will have, in addition to the parkland, areas for parking three hundred automobiles on the north Cove and the south Cove we have the boat houses. The north Cove is fully developed at the present time.

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

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

We plan to use the dredged material for the development of the public area. It will not go too far into that assistance because of the type of material that we know we will obtain from it. It's not the kind of material that you can place highways on, but it can be used for fill that's not too vital to -- I am not an engineer, so I can't explain exactly what I mean, but I think some of you gentlemen know.
We are very interested in continuing this development. The City of Stockton has one thousand miles of waterways. We are ninety-five thousand population. I think you gentlemen know what the needs are in a city of that size. We are growing. We haven't sufficient funds to take care of all of our immediate interests.

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

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

GOV. ANDERSON: Mr. Champion.

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

MR. CARLILE: On each side of the boat houses we have a concessionaire that's operating those facilities. He is providing his own investments. The City of Stockton has adequate assurances in the leases to see that proper rates
are charged, no exorbitant rates. The rest of the facilities are open-to-the-public facilities, even the boat-launching facilities. We have four boat-launching facilities right there at the Cove.

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

MR. CARLILE: Yes, sir.

MR. CRANSTON: Move.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

MR. CARLILE: Thank you, Mr. Chairman.

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

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

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

(c) Martin A. Stults -- Ten-year replacement lease for Lease P.R.C, 1396.1, 0.41 acre tide and submerged lands of the Sacramento River, Sacramento County, at annual rental
of $150, for a boating facility.

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

Applicant: (e) is Southern California Edison Company —
Seven-month lease, 2,019 acres artificially accreted lands in
City of El Segundo, Los Angeles County, at total rental of
$3,782.25, for use as a general construction area; and seven-
month permit to place dune sand on tidelands fronting the El
Segundo Steam Station, with provision that the beach shall be
restored to the satisfaction of the State.

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

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

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

Applicant (i) is Ridgewood Property Owners Associa-
tion — Five-year noncommercial minor structure permit, 0.023
acre submerged land in bed of Lake Tahoe, Placer County, at
total rental of $25 — for existing pier.

Applicant (j) is Karl Pierce, Feree Pierce, and Frank Pierce — Deferment of operating requirements, Preferential Mineral Extraction Lease P.R.C. 2150.2, San Luis Obispo County, for lease-year ending April 13, 1965. Premises cannot be mined economically at this time because of depressed chrome market.

Applicant (k) is Richfield Oil Corporation —
Deferment of drilling requirements, Oil and Gas Lease P.R.C. 2793.1, Santa Barbara County, from April 27, 1965 through October 26, 1965. Operating difficulties have made it impossible to secure sufficient production history to evaluate the economics of additional drilling.

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

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

Applicant (n) is Granite Construction Company —
Issue permit to dredge approximately 150,000 cubic yards of material from bed of the Feather River, at royalty of nine cents a cubic yard. For use as sub-base on new Sacramento
GOV. ANDERSON (continuing) Frank, just a question on item (g). Where are we on the studies requested relative to a review of our policy on overhead wire crossings?

MR. HORTIG: Data for this study are being accumulated by staff, Mr. Chairman. Concurrently with the study, legislation that bears on this problem is being followed. Legislation has been introduced where it would be provided that representations with respect to esthetics and the propriety of installing overhead transmission lines, and so forth, could be made in the future to the Public Utilities Commission for consideration in connection with authorization of the installation. This will be included in the report.

GOV. ANDERSON: Do you know the bill?

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

GOV. ANDERSON: That's all right.

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

GOV. ANDERSON: I am not questioning this particular item, except that I would hope that one of these days we would get to that breaking point where these companies like the PGE, and E., would be thinking perhaps these ought to go
underground instead of above. I think at the present time
they just automatically put them above ground and I would
hope we could have a target date for it.

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

GOV. ANDERSON: When might we expect that?

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

GOV. ANDERSON: Well, Frank ...

MR. HORTIG: ... we will expend additional effort
on it.

GOV. ANDERSON: It is a priority item but I surely
wouldn't want to put it over something else that is a priority
item. It seems to me if your staff is unable to get to these
things that are priority, but are below some other priority,
we ought to get more staff. This could be delayed and delayed;
and so far as I am concerned, this has happened before -- where we have asked for a study and we weren't able to get it. I remember a year or two ago, I asked for a study on the Bay and we weren't able to get this because of the same problem. I am not criticizing you, except that I would like to see some action on some of these things -- if it means we have to get some additional staff; and I thought I ought to get that in before Mr. Champion tells me why it is very difficult.

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

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

MR. HORTIG: Mr. Chairman, with respect to item (m), I should note for the record that the original location for the offshore platform was found to be legally satisfactory by the Office of the Attorney General and satisfactory as far as
any impingement on any recreational interests by the Department of Parks and Recreation. The new location is actually going to be three hundred feet farther out to sea, practically at the outer limits out to sea; but I did want the Commission to know that this revised location will be reviewed for satisfaction both with the Attorney General's Office and with Beaches and Parks before any construction is permitted to be undertaken, although it appears no new controversial matters have been brought up, as all of the previous clearances were given where the structure was going to be three hundred feet closer to the shore than it is now.

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

MR. CRANSTON: Second.

GOV. ANDERSON: Carried unanimously.

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

GOV. ANDERSON: Well, is there any objection?

MR. CRANSTON: No.

MR. SOLARI: I am Mr. Richard Solari, Granite Construction Company, and of course we want this permit to dredge this material; but we would like to appeal to the Board relative to the royalty rate of nine cents a cubic yard. This seems to be something established by the State Lands and we would like to get a reduced royalty on this on the basis, number one, there is a certain amount of beneficial accomplishment by this in accordance with the Corps of Engineers; and
prior to the bidding of the job that we are planning to use this material on, we did contact State Lands and were led to believe that the royalty would be on a token basis if the Corps of Engineers and other bodies considered it to the good of the public need to remove this material.

GOV. ANDERSON: Mr. Hortig, would you like to comment on it?

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

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

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

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

MR. SOLANI: Well, other than the fact that, of
course, there was the problem of determining just how much of this was State lands and how much was the property owners' otherwise. This was adjacent to the levee and prior to the bidding of this thing, first we obtained permission from the property owner and the right to take this material and then we inquired of State Lands; and this was discussed as a meander line and it was questionable where this line was, so we got aerial photographs, which shows it mostly adjacent to the existing shoreline of the river.

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

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

MR. CHAMPION: Who do you speak for?

MR. SOLARI: I speak for Granite Construction Company.

MR. CHAMPION: I don't want to change my motion in this thing which would lead to approval. However, I see no
objection to your reviewing it again with the Commission staff.
This does represent general Commission policy in this area,
If there was any misunderstanding with staff, perhaps you can
change it in conversation with them. If there is a change in
discussion, it can all be brought back to the Commission, but
I do not want to revise my motion at this time.

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

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

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

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

MR. SOLARI: Thank you.

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

Item 5 -- Land Items; (a) is to select 54,25 acres
Federal land in San Bernardino County, and authorize sale
thereof to Melvyn M. Stephens at appraised price of $4,394.25,
after finding that said lands are not suitable for cultivation
without artificial irrigation.

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

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded. Carried unanimously.

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

MR. CRANSTON: Move approval.

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

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

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

MR. CRANSTON: Second.

GOV. ANDERSON: Moved and seconded, 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. CHAMPION: Move approval.

MR. CRANSTON: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

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

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

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

The City of Morro Bay and the County of San Luis Obispo have agreed in principle on a settlement of their controversy, under which the City of Morro Bay will take over administration of the granted tidelands; the two governmental entities will share the costs of pending litigation and presently pending controversies in that area.
Commission and the Attorney General, in carrying out the responsibilities under 6308 as necessary parties to the litigation, will give every assistance that we can; but the actual handling of the litigation is in the local trustee and we are in the picture to see that they do their job and to assist them with our technical legal experience, which in many cases is greater than theirs in litigation of this nature. So we are hopeful of having a written settlement of this in the very near future.

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

MR. SHAVELSON: No, sir.

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

MR. HORTIG: As the Commission will recall, at the meeting of March 2nd authorizations were given for approvals and executions required pursuant to statute and the bid submittals with respect to contractors' agreements, both operating and nonoperating, for the Long Beach Unit of the Wilmington Oil Field.

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

GOV. ANDERSON: Any questions? We will move on to
item 12 — approval of performance bonds filed pursuant to executed Long Beach Field Operator Contract.

MR. HORTIG: One of the features of the Field Operating Contract of the Long Beach Unit is the requirement for posting of a performance bond. This is as to all of the contract subdivisions actually, because it relates to assurance that they will have adequate operations, as well as a financial guarantee with respect to any oil which is transferred to anyone for further sale.

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

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

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

We have had a suggestion that in this situation, after the initial approval of bond, there is a possibility of
reduction — which would, of course, ultimately redound to the benefit of the State — because of the companies involved and their financial standing that the vigorous bond require-
ment might be reviewed. What is the status of that?

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

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

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

MR. CRANSTON: Mr. Chairman, I'd like to point out DeGolyer and MacNaughton's opinion on this particular matter, and they calculate for a thirty-five year period the bond will amount to $3,700,000; and they agree, in a letter to me, that
the requirement for performance bonds is not necessary in view of the standing of the successful bidders, together with the fact that the bidders are jointly and severally responsible for their specific bids. In addition, they feel that the spirit of performance bond is defeated when essentially all the cost will be paid by the State.

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

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

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

MR. CHAMPION: I'll so move.

MR. CRANSTON: Second.

GOV. ANDERSON: Carried unanimously.

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

"The Executive Officer is directed to request the Department of Finance ... to initiate a study of the State Lands Division, which study will (a) review the present organization and staff of the Division and (b) develop a plan to provide for an organization structure and staffing in conformance with current and near future growth requirements,"

Mr. Hortig.

MR. HORTIG: Mr. Chairman, may I add to this that pursuant to this request by the State Lands Commission, the Director of Finance directed that the required studies be
undertaken by the Department of Finance; and the results of these studies and recommendations for implementation of an organization setup and staffing in conformance with current and near future requirements is to be reported this morning by the Director and his representative.

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

MR. HORTIG: That is correct.

MR. CHAMPION: ... which was called upon to perform a similar job for us in the Long Beach field itself and related matters. These just couldn't be done separately, so we have put them together and this will be a total recommendation covering the whole area. Mr. Richard Golden of the Department of Finance is prepared to outline those recommendations.

GOV. ANDERSON: Mr. Golden.

MR. GOLDEN: Mr. Chairman, members of the Commission, the attached package that I just handed to you is comprised of four parts. The first part has to do with the organization as such. We have been reviewing it since about, oh, October of last year, and it will be noted in the second portion there is a chart which shows the current organization pattern of the State Division of Lands. The first step was to see wherein workload problems arose, what could be done to alleviate them; and one of the first things I became aware of...
in this study was the very heavy amount of workload the whole division has, right up to the Executive Officer and the Assistant Executive Officer of the Commission. It be-
came apparent at that point there would have to be a split at the Assistant Executive level, in order to coordinate the activities under the Executive Officer.

As a result, the proposed organization is shown in the next chart, Exhibit B. Evidently there is an error. There should be a line going over from the Assistant Executive Officer-Mineral Extractions Operation. We attempted to break out the functions which deal with engineering operations from the other functions of the Division -- these other functions being land sales, records, leasing, and land management functions, and the administrative function of the Division. You will, therefore, see this break-out on Chart B;

and also, because of the magnitude of the recommendations of the consultants, DeGolyer and MacNaughton, it was decided it would be necessary to set up a separate reporting area to the Executive Officer to handle this operation alone, and for that reason you find a Manager of Long Beach Operations reporting here directly to the Executive Officer.

Under the plan as we have it outlined here, the Assistant Executive Officer of Mineral Extraction Operations, on the left hand side, will handle all of the operations exclusive of Long Beach having to do with the extraction of oil and gas and whatever other minerals are under the purview
of the State Lands Commission.

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

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

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

If I may briefly give an outline of the considerations here, it gives you a brief look at what we are talking about.

In splitting the Assistant Executive Officer position, a further recommendation is that one of these positions be located in Sacramento. With the expanded responsibilities
of the Division in Long Beach, more time of the Executive Officer will be required in southern California. Legislative requirements, required contact with other Sacramento headquartered departments, administrative contact with Commission members as required, and Commission meetings during legislative sessions are examples of activities which require the Executive Officer to be in Sacramento at an increasing rate.

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

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

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

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

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

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

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

In addition to these eighty-three, there will be found two new legal positions which we are recommending. The City of Long Beach apparently has three full-time working deputies in this field, working specifically on this area;
and it was felt that as an initial staffing, with the
existing pool of attorneys we have in the Division, that
probably would be the case. The workload will be carefully
monitored, however, before the employment of these people.

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

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

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

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

The one comment I might make is that in the Manager,
of Long Beach operations as shown on the organization chart -- and the organization chart is on Exhibit C; this outlines the basic organization of this Long Beach Operation Section -- for the Manager of the Long Beach Unit, we have used as a comparable salary the City of Long Beach present salary scale for the top individual, and we found it seemed very good to indicate all the way along in our work at the various levels the comparability in this regard.

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

These positions, I should indicate, would only be put on after much more careful development of an auditing program, a comprehensive audit program of the whole Division of State Lands; and, therefore, they are placed here rather than specifically to the operation of the Long Beach area. The Long Beach Manager will probably have many problems in the engineering field without getting into any of this particular detail.
Now, in the DeColyer and MacNaughton study there are noted in their recommendations six management positions. These are detailed in number "4" in this outline -- Manager, Long Beach Operations; Assistant Manager; the Chief Reservoir Engineer; the Assistant Chief Reservoir Engineer; Chief Drilling and Production Engineer; and the Chief Geologist. These positions, with the single exception of the Chief Geologist, require ten to twenty years of oil industry experience with a minimum of five years of supervisory experience. The Chief Geologist position requires ten years of oil industry experience, five years of which require the use of original judgment.

This is going to pose some problem in our recruitment effort. These are very high-powered positions. We are going to have to search very carefully for the filling of these positions. I have merely indicated what the consultants' level of the positions should be, so you can get some idea of the magnitude from the report.

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

I might mention just briefly there is one other section which I haven't dealt with to this point, and that is
the Technical Services Section, and that is a section of
seventeen people to serve the three operating divisions --
the Geology, the Reservoir Engineering, and the Drilling and
Production.

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

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

MR. GOLDEN: This is right.

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

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

MR. GOLDEN: I think perhaps the basic fact is you
have the present organization and operating through the present
organization, it has been necessary for the Assistant Executive
Officer and the Executive Officer to have such a wide
variety of problems coming to them -- engineering, auditing,
boundary surveys; the types of things you are commenting on,
the lines; the tidelands administration problems -- which, if
the Legislature decides to give authority at this session to
go into a monitoring of these conditions, this sort of thing
will have to be carefully worked into the organization.

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

GOV. ANDERSON: The workload has been too great.

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

MR. CHAMPION: Dick, I think the question here is:
While we are doing this and while we are making these basic
changes, we don't want to stage them too far down the line.
There are a lot of things -- I don't think there is any question but that we want to pursue them; we do have the legal ability to do so. There are some things people have asked why we haven't done them that we don't have the legal ability to do, but the Legislature shows every disposition to give them to us.

GOV. ANDERSON: Or take them away from us.

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

The question is where in this lineup this would be handled.

You have consultants reporting to the Assistant Executive Officer and presumably that gives you some room to move; but what about specifically this whole problem that is now being dealt with in the Commission, and that is our recommendations -- in effect, we are doing the recommendations on the tidelands and the State Development Plan ***

MR. GOLDEN: Right.

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

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

GOV. ANDERSON: Is this Exhibit A?
MR. GOLDEN: It is with "Outline of Organizational Considerations."

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

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

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

MR. CHAMPION: Well, but the problem here is we are going to have a proposal undoubtedly at this session, and at
the time the proposal is made is the time to get the money
to carry out the proposal -- not a year later. That doesn't
mean you need to start full blast, but I think you need to
indicate now what you think is going to be required to do
that job and I don't think we are complete until we have that.

MR. GOLDEN: We have not included in our recommendation
the addition of a staff member to specifically do the
tidelands review.

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

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

GOV. ANDERSON: One point: Again, I think maybe
the best thing is to tell you the thoughts we have, so you at
least know what one person's feeling on it is. I think the
last time around, when I was Chairman of the Lands Commission
about three or four years ago, some questions came up on the
Bay and I know at that time I had just been involved in something dealing with State participation in the Bay and I was on the State Toll Bridge Authority doing something with it, and I was on the State Lands Commission doing something else, and I was a Regent, doing something else; and I found each department didn't know what the others were doing.

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

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

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

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

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

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

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

MR. CHAMPION: May I add something here? There is an interrelated problem, and that is, what currently is the function of the State Lands Commission? Some of the things you mention are the obligation of the State Office of Planning to see that they have the information they want and to propose a plan. That work is being done and reporting date for that State Development Plan, which would include San Francisco
Bay and all the tideland area involved, is due next winter. So that job is being done — it is now being done in the Planning Department.

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

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

GOV. ANDERSON: Is there a problem in your department, then, because they know it costs money and men, they don't have it and they don't recommend the things that should be done because they are part of this whole business? My
feeling is that Frank should follow through, or our Commission should follow through, to come in and ask for something, even though they know they probably can't get it; but because it is in the Department of Finance, they know they can't get it and they are part of the Department of Finance and, therefore, the thing does not come in the open the way it should.

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

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

We have to say, "Cut this down to your most urgent priorities because we have given you an allocation to start with, and you are going to have live pretty closely to that
allocation. If there is something that has to go over the allocation, come in and argue about it." But the first figure any agency gets is a rough allocation figure of what they can be expected to spend that year.

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

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

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

MR. CHAMPION: My experience in dealing with the budgets is that they are in the same position as almost every other department or agency, and they are not necessarily inhibited in that. Usually the initiative to go beyond this in our regular dealings with records of the Department, and so on, quite often would originate in members of commissions or...
outside groups that feel, "Well, all right, if we feel we need more resources to do this job, we are going to have to make the case for more taxes," which is the kind of situation we face this year; and I think probably the Commission should take that responsibility rather than the staff, which is just operating under the same way staffs of government operate.

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

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

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

Now, we recommended, we requested, we made justifications on workload basis; but in the processing and working over of the budget in areas which are definitely beyond the control of the Lands Division of Lands Commission....
GOV. ANDERSON: ... you lost nine of the ten you thought were necessary.

MR. HORTIG: That's right.

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

MR. CHAMPION: The Department of Finance.

MR. HORTIG: The Department of Finance.

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

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

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

MR. CHAMPION: In a sense, everybody was knocked down this year. I want to be quite explicit on this. The only person who would have had any influence on this would have been the Governor, because what we said to all departments was "This is going to be a basic workload budget. There are not going to be new positions," and I think you will find it was a universal experience. Frank could have wasted a good deal of your time and the Controller's time and anybody else's, but wouldn't have made a damn bit of difference.
That's fundamentally the situation. We didn't have enough money. I am not advocating surrender without protest.

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

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

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

To the extent that it is felt there is an omission here, I'd like to take the responsibility for it because there wasn't any question, acting under the directions of the Governor, that everybody who presents budgets to us had very specific instructions, had very specific allocations; and were
told specifically that appeals that involved new ideas or new positions, no matter how desirable, would have to go over to the second budget and we simply weren't hearing them.

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

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

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

I think this is one of the basic problems, together with this other problem of the tidelands, reviewing the grants specifically to see if there is compliance. This can also be
worked into the program for this individual. This would be proposed in the report to you — a very close working with the Office of Planning to determine where this Division is going and recommending policies to the Commission.

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

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

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

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

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

MR. GOLDEN: Right.

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

MR. GOLDEN: Right.

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

GOV. ANDERSON: Mr. Sieroty.

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

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

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

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

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

MR. GOLDEN: Right.

MR. CHAMPION: ... but the function has to be undertaken just as soon as we get the necessary authority and personnel.

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

MR. SIEROTY: Maybe you can spell it out -- how many positions would be added to our requirements under the budget? Now, as I understand it, the positions that are
related to the Long Beach operation don't come under the budget; is that correct?

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

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

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

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

MR. GOLDEN: This is correct.

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

MR. GOLDEN: Yes.

MR. CHAMPION: Let me ask -- On Exhibit E -- I think Governor Anderson has a very legitimate complaint here --
Unless I misunderstand this, over on Exhibit E we have under "Audit," for instance: "Audit Supervisor," and under "Ungranted Tide and Submerged Audits" -- "General Auditor II and Auditor I." This is apart from the Long Beach audit?

MR. GOLDEN: Yes.

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

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

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

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

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

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

MR. HORTIG: Yes, but the Committee's life, determination of what should be done, has been extended by resolution in both houses and a report is due now in the 1966 Legislature with respect to granted tidelands.

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

Am I incorrect in that?

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

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

MR. CHAMPION: Mr. Chairman, I see in the audience
Mr. Baldwin, who has acted as consultant to the Joint Legislative Tidelands Committee, and I wonder if it wouldn't be in order to ask him what their present agenda calls for, what the possibilities are.

GOV. ANDERSON: Mr. Baldwin, can you identify yourself and then answer the question?

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

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

It had been my impression that the Committee planned to introduce some legislation at this session of the Legislature; and if that were to be done, does this staffing pattern meet the requirements of that? It is my impression now, from what Mr. Golden said, that it would not. I know you can't speak for the Committee, but in general,?
MR. BALDWIN: The Committee will recommend legislation in this session. I believe it will, although I cannot speak for the Committee.

The recommendation in our report, which was submitted in December of last year, was that legislation be put forward as soon as possible and I believe the Committee would recommend it be put forward in this session. Those recommendations, if they follow the report, would require some additional work from the State Lands Division. Whether the State Lands Division’s other workload here can accommodate that additional workload here, I don’t know.

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

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

Also, it would require that some State agency, perhaps the State Lands Division, review applications for new tide and submerged land grants and, of course, that would require some work from the State Lands Division if that was the agency that was asked to do the work.

MR. CHAMPION: That answers my question.
MR. BALDWIN: I don't know whether Mr. Golden has asked for staff or if he has taken that into consideration.

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

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

MR. CHAMPION: Could I make a suggestion here for procedure, subject to what the rest of the Commission would feel? Move approval of this pattern, with the understanding that Mr. Golden and Mr. Kortig would continue to work with Mr. Baldwin in advising staff patterns to meet the requirements of the legislation to be introduced; but I am a little concerned that on the basis of this discussion we probably need a little more attention to this before we get new legislation; that some of the things that the Chairman has spoken of today are things which are properly now within our province and things which we should be doing and whether maybe we shouldn't also consider, in addition to the demands that may be made upon us by legislation introduced by the Joint Committee — I don't like to see us go to the Legislature once and then again and
and then again and then again — but I guess the question
is really whether we shouldn't specifically assign one posi-
tion in here with the kind of function that Governor Anderson
has suggested prior to and then subject to the Tidelands Com-
ittee assigning the costs at that time for the additional
staff.

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

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

MR. GOLDEN: I would suspect they could. We are
dealing here when we are talking about the new audit program —
and here we are going on the basis of the consultants' esti-
mate also — of how many auditors would be necessary to accom-
plish this function. We don't have any detailed list of the
number of transactions, things of a workload nature, to tie
into this thing. It is a new deal, a new operation. We are
going to make certain basic assumptions.
MR. CHAMPION: As a basis for discussion, I would move we approve this with the one new administrative position to the Assistant Executive Officer.

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

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

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

MR. CHAMPION: Yes.

MR. CRANSTON: I second the motion.

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

MR. HORTIG: Yes, sir.

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

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

MR. HORTIG: A separate motion would be desirable.

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

Item 14 was the consideration of report recommendations by consultants, DeColyer and MacNaughton, on management.
program and staffing required for effective discharge of
Commission responsibilities in Long Beach tidelands pursuant
to Chapter 29/1958, First Extraordinary Session, and Chapter
138/1964, First Extraordinary Session. Budget recommendations
for implementation of this program will be reported by the
Department of Finance.

MR. CHAMPION: I so move.

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

MR. CHAMPION: There is something else which should
be added. I agree with that, but something else should be
added. This is going to be a very difficult recruitment
problem, and it is going to take a considerably longer time
to recruit this staff than the target date set forth in the
report. We are going to be in a highly competitive situation
with the new organization down there.

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

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

Item 15 is determination of Commission policy on
specific current legislation affecting tide and submerged
lands. Mr. Hortig.

MR. HORTIG: Mr. Chairman, I can brief this. As the
Commission will recall, on August 18, 1964 the Commission auth-
orized the Executive Officer to report to legislative commit-
tees, for consideration of future action with respect to tide
and submerged land grants, several general and specific recom-
mendations — the principally important one being the first
general placement of a moratorium on the issuance of new grants
until such time as the various studies being conducted by
the various branches of government are completed and appro-
priate legislative control specifications have been adopted.

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

While there have been three proposed grants, only
two are political subdivisions and it is as to these that
it is recommended the Commission authorize the Executive
Officer to report to appropriate legislative committees the
position of the Commission relative to the respective legisla-
tion in S.B. 204, Short, and S.B. 754, Schrade, proposing
grants to the City of Stockton and the City of Coronado in San
Diego Bay, should be reviewed in the light of previous recom-
mendations of the Commission; that on A.B. 1024, Bagley, the
Executive Officer be authorized to report no objection because
this act would convey certain tide and submerged lands that
are necessary to the United States in furtherance of the Point
Reyes National Seashore -- which places this grant and its
utilization in an entirely different category in that there
is a planned utilization program for these lands with a buffer
zone on which considerable national funds have been spent in
acquisition of adjoining uplands.
GOV. ANDERSON: Our moratorium, however, isn't in any way indicating opposition to the individual application -- it is just a delay at the present time?

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

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

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

GOV. ANDERSON: Any further comment on this recommendation?

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

MR. CRANSTON: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

MR. HORTIG: There follows then an analysis of A.B. 800, Stevens, which in very generalized terms would preclude the Lands Commission in the future from undertaking the analyses and studies and suggestions and recommendations to a grantee of the type that the Lands Commission engaged in
with respect to reviewing an application by the City of Los Angeles for development of Santa Monica Bay tidelands. This could be construed as resulting in actually an effective practical rescission of the review authority of the Commission, if this act were adopted.

Under the circumstances, on page 45 it is recommended that the Commission authorize the Executive Officer to report its opposition to this bill, in view of the factors which are outlined in the agenda item.

MR. CHAMPION: In view of the fact that we are trying to move toward more stringent and careful regulations, I would move that such opposition be conveyed to the committees and to the author.

MR. CRANSTON: Second.

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

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

The recommendation at the top of page 57 suggests that, without any reference to the desirability or feasibility of a general fund appropriation of $1,500,000, it is recommended
that the Commission authorize the Executive Officer to report to the author of this bill the need for the following series of amendments which would be required to permit effective administration of the act, if the bill were to become an act:

Leaving it to the Department of Finance as to the problem of the feasibility and desirability of a million and half dollar general fund appropriation ....

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

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

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

MR. NORTIG: That is correct.

GOV. ANDERSON: In the past, haven't some of these local jurisdictions picked up the land and then given it to
MR. HORTIG: Generally not. Cities have picked up — and notably in Marin County this has been done recently — by very large expenditures have acquired previously granted tidelands in order that they could be included in developments for the city and county; and the State has not participated in the planning, except in the broad aspect that these lands were included in the master plan.

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

MR. HORTIG: This is correct; but the distinction there is that they were for upland beaches. This is for tidelands previously granted by the State.

GOV. ANDERSON: I see — this is from the water out, not the beach.

MR. HORTIG: That's right.

(Mr. Champion left the meeting at this point)

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

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

GOV. ANDERSON: But we wouldn't be taking a position
on the bill itself.

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

GOV. ANDERSON: Did Mr. Champion leave us?

MR. HOYTIC: Yes, sir.

GOV. ANDERSON: Do you want to move the recommendation of the staff?

MR. CRANSTON: Yes.

GOV. ANDERSON: I'll second; carried.

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

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

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

The third consideration would, of course, be that the problems are beyond the efforts and abilities of local governments and, indeed, why it is suggested that a regional type authority be established; but there is a very serious
policy problem as to what powers the State is willing to
relinquish in order to effect such a regional power, and
very importantly, again back to the seventy percent of the
Bay area in undisputed ownership of the State and under the
jurisdiction of the Commission, it is proposed that the
Lands Commission would have and the State would have one,
out of twenty-five members on this Commission.

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

GOV. ANDERSON: We would have what?

MR. HORTIG: One.

GOV. ANDERSON: One out of twenty-five?

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

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

Returning again to item (1), really it appears to
the staff that the desirable procedure, if a Bay Conservation
and Development Commission were established to decide the
regional problems, that their recommendations for utilization of the lands should then be presented to the State Lands Commission for consideration of approval of the utilization of such State-owned lands as are now under the jurisdiction of the Commission, rather than having a secondary body make the decisions for the State as to what disposition there should be of the lands.

With all of these items in mind, then, it is recommended that the Commission authorize the Executive Officer to report the foregoing considerations and recommendations on Senate Bill 309 to the appropriate respective legislative committees; and this bill is before the Senate Governmental Efficiency Committee tomorrow morning.

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

Is there some formula that we can present that would permit establishment of a Bay Committee, whatever it might be, that will represent the interests of all the varying jurisdictions, including the State, to give us the ability to go ahead?

MR. HORTIG: Yes, sir, I believe that is the result of adding at least two of the suggestions with respect to the
bill -- that the regional authority could be established, properly representing all the interests in the area proportional to the land interests and controls; and with respect to the majority area of the Bay, which is State-owned and under the control of the Lands Commission, that this regional authority make its representations and applications for utilization of the State-owned lands and the regional interests, when they have determined what these are, and the Lands Commission has at the present time authorization to recommend, approve and authorize such improvements -- which at that time would for the first time coordinate the State interests as well as the regional interests.

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

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

MR. CRANSTON: What would happen to San Francisco's basic interest in their portion of the Bay and the Commission's interest in their portion? Would each of them retain independence in their separate land?

MR. HORTIG: They would be under the scope of and members of the regional authority for integrated and coordinated planning and development.

MR. CRANSTON: Each of the cities and counties would merge its authority but the State would not?
MR. HORTIG: This would be one formula.

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

MR. HORTIG: Well, you already have that situation in any association of Bay governments and despite the existence of ABAG; but since this is voluntary and no statutory authority is behind it, this proposal in Senator McAteer's bill seems aimed at giving a legal and statutory basis for effective regional coordination; but I don't think in connection with this regional coordination that it is necessary that the State surrender its ownership, its administration or otherwise.

The State should be left in the position of cooperating and combining the State interests with the regional interests, as the regional interests are finally defined by such an organization as a San Francisco Bay Conservation and Development Commission.

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

MR. HORTIG: Of the Development Commission?

MR. CRANSTON: Of the Bay Development Commission; and, secondly, urge that we explore some formula that would permit greater integration of the State's program and policies of this Commission.
I am afraid if we stay out entirely separate, there will be a tendency, since so much of the Bay is owned by the State, for other jurisdictions to feel that we are not cooperating with the policy and the program.

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

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

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

MR. CRANSTON: I am in favor of a stronger position and possibly merging authority with this Commission, but without the Lands Commission abrogating its authority.

GOV. ANDERSON: How can you have the Commission down there being effective if you have one of the owners of
seventy percent of the land not having the power unless we
have legal power? My sympathy is with your feeling because
I want to see something done about the whole planning program
down there. Every day someone comes in from the Bay and
wants something done and I can't give an answer.

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

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

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

GOV. ANDERSON: Don't read mine.

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

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

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

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

I think the word "relinquish" may be something we
should avoid, but I think specifically we should be prepared to seek and consider a formula that would permit us to share control of lands in the Bay with other governmental jurisdictions there, in the best interests of the whole Bay.

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

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

MR. HORTES: Of course, it would be assumed that on any application before the State Lands Commission, being considered on its merits and the facts, the position of the Commission will be on the basis of properly coordinating the State's interests and the interests of the regional group who have submitted the application; and the Lands Commission has certainly never been arbitrary or an obstructionist of any program, any application that has been before it.

With this kind of record, there is certainly no basis for any regional group coming into being or any of the existing groups to feel that there is any hazard in the Lands Commission retaining the jurisdiction which it has under the
State law and continuing to cooperate, as the Lands Commission has in fact cooperated, with any body that has submitted a program that covered the public interest as the Lands Commission determined the public interest was properly reflected.

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

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

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

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

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

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

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

It is suggested that the Commission consider recommendation to the Legislature of a draft of legislation which is approximately correct in principle, although the specific language may still have to be refined by the Office of the Attorney General and the Legislative Counsel, in order to accomplish the purposes; and the purpose is simply to establish some interim standards for administration of granted tidalands and submerged lands while the Legislature is continuing study of the problem, compatible with the policy of the Commission on ungranted tide and submerged lands.

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

We accomplish this by the recommendation that the Executive Officer present an amendment to the Public Resources Code, either in the specific form as attached here in
Exhibit A or as modified by legal counsel to accomplish the same purpose, to provide simply that the same basic body of administrative law that applies currently to ungranted tidal lands of the State would also be applicable to previously granted tidal and submerged lands.

Then, at least, everyone would be working administratively from the same basic book of rules, instead of an intervening area that has been granted under no control conditions whatsoever, adjoined on both sides where there is a grant governed by adequate laws of the State Lands Commission.

GOV. ANDERSON: Any comment?

MR. CRANSTON: I concur with the staff.

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

MR. CRANSTON: I move.

GOV. ANDERSON: Second; no objection, carried.

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

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

MR. HORTIG: There is legislation proceeding. There have been several additions to the bill as a result of legislative committee consideration; and this has the potentiality of presenting very similar problems ultimately to those which
we just discussed for San Francisco Bay, in that here we have proposed establishment of some type of regional control and bi-state control; and exactly how that control will mesh with or conflict with the exclusive jurisdiction of the State Lands Commission over the bed of Lake Tahoe is still not clear until some specific format of the legislation is agreed upon in committee.

GOV. ANDERSON: Any further comment?

MR. CRANSTON: I move that the next meeting be as scheduled.

GOV. ANDERSON: April 29th, Sacramento, ten a.m.,

No objection, so ordered.

ADJOURNED 12:52 P.M.
CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing seventy-three pages contain a full, true, and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held at Sacramento, California, on March 23, 1963.

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

/s/ Louise H. Lillico