TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA

JULY 2, 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

OFFICE OF THE ATTORNEY GENERAL:
Mr. Paul M. Joseph, Deputy Attorney General

APPEARANCES:
(In the order of their appearance)

Mr. F. M. McLaughlin
Legislative representative, County of Los Angeles

Mr. Thomas J. Reilly of Musick, Peeler & Garrett,
Special counsel for the City of Santa Monica

Mr. Robert G. Cockins
City Attorney, City of Santa Monica

Mr. John W. Ross, Jr.
Attorney representing Fair Oaks property owners

*****
# INDEX
(In accordance with Calendar Summary)

<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>ITEM ON PAGE</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF CALENDAR TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Call to order</td>
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<tr>
<td>2 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE:</td>
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<tr>
<td>(a) County of Contra Costa</td>
<td>41</td>
<td>1</td>
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</tr>
<tr>
<td>(b) Dept. Parks &amp; Recreation, Div. of Beaches &amp; Parks</td>
<td>33</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>(c) Dept. of Public Works, Div. of Highways</td>
<td>28</td>
<td>3</td>
<td>1</td>
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<tr>
<td>(d) Pacific Tel. &amp; Tel. Co.</td>
<td>24</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>(e) Public Utilities Comm. City &amp; County of S. F.</td>
<td>39</td>
<td>6</td>
<td>2</td>
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<td>(f) County of San Bernardino</td>
<td>40</td>
<td>7</td>
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<td>(g) U.S. Army Corps of Eng.</td>
<td>27</td>
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<td>3 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE:</td>
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<tr>
<td>(a) Hastings Farms</td>
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<td>(b) Lindsey H. Spight, dba Diablo Communications</td>
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<td>(1) J &amp; S Electronics</td>
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<td>(2) C &amp; C Equipment Co.</td>
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<td>(3) Eureka Fed. Sav. &amp; Loan</td>
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<td>(4) West Transportation</td>
<td>6</td>
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<td>(c) Bela Thury</td>
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<td>(d) Continental Oil Company</td>
<td>11</td>
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<tr>
<td>(e) Continental Oil Company</td>
<td>13</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>(f) Pan Petroleum Company Inc</td>
<td>31</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>(g) Standard Oil Co. of Calif. Western Operations, Inc.</td>
<td>12</td>
<td>19</td>
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<tr>
<th>ITEM CLASSIFICATION</th>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE continued</td>
<td></td>
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<tr>
<td>(h) Phillips Petroleum</td>
<td>14</td>
<td>20</td>
<td>8</td>
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<tr>
<td>(i) Shell Oil Company and Standard Oil Co. of Calif</td>
<td>15</td>
<td>22</td>
<td>8</td>
</tr>
<tr>
<td>(j) Signal Oil &amp; Gas Co. et al</td>
<td>38</td>
<td>23</td>
<td>8</td>
</tr>
<tr>
<td>(k) Granite Rock Company</td>
<td>17</td>
<td>25</td>
<td>8</td>
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<tr>
<td>(l) Guy L. Weatherly</td>
<td>20</td>
<td>26</td>
<td>9</td>
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<tr>
<td>(m) Mary B. Kent</td>
<td>1</td>
<td>27</td>
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<td>(n) Union Oil Co. of Calif.</td>
<td>25</td>
<td>28</td>
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<tr>
<td>4 CITY OF LONG BEACH:</td>
<td></td>
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<tr>
<td>(a) (1) Belmont Pier</td>
<td>9</td>
<td>29</td>
<td>9</td>
</tr>
<tr>
<td>(2) Parking lot, Bixby Pk.</td>
<td>29</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td>(3) Entrance channel bridge</td>
<td>30</td>
<td>33</td>
<td>10</td>
</tr>
<tr>
<td>(b) Subsidence maintenance</td>
<td>21</td>
<td>40</td>
<td>10</td>
</tr>
<tr>
<td>(c) Subsidence studies</td>
<td>22</td>
<td>43</td>
<td>10</td>
</tr>
<tr>
<td>5 MINERAL LEASES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Parcel 25 to Shell Oil Co.</td>
<td>35</td>
<td>46</td>
<td>11</td>
</tr>
<tr>
<td>(b) Rescind Parcel 26 offer</td>
<td>32</td>
<td>48</td>
<td>11</td>
</tr>
<tr>
<td>6 ADMINISTRATION:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Independent appraiser U.S.Navy exchange Anaheim Bay, Orange County</td>
<td>26</td>
<td>49</td>
<td>11</td>
</tr>
<tr>
<td>(b) Supplementary rental agreements, Internat'l Bus.Mach &amp; Control Data</td>
<td>2</td>
<td>50</td>
<td>11</td>
</tr>
</tbody>
</table>
# INDEX
(In accordance with Calendar Summary)

<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 ADMINISTRATION (continued)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Agreement Metropolitan Blueprint Company</td>
<td>18</td>
<td>51</td>
<td>12</td>
</tr>
<tr>
<td>(d) Agreement Control Data Corp.</td>
<td>19</td>
<td>52</td>
<td>12</td>
</tr>
<tr>
<td>(e) Amend forms of State leases to include non-discrimination clause</td>
<td>10</td>
<td>53</td>
<td>13</td>
</tr>
<tr>
<td>7 APPROVAL OF MAPS &amp; BOUNDARY AGREEMENTS:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Map of Grant to U.S. Navy vicinity Mare Island Chapter 1452/63</td>
<td>16</td>
<td>54</td>
<td>13</td>
</tr>
<tr>
<td>(b) Maps of Mean High Tide Line vicinity of Carpinteria, S. Barbara County</td>
<td>23</td>
<td>55</td>
<td>13</td>
</tr>
<tr>
<td>(c) Agreement Bahia Prop.Corp.</td>
<td>8</td>
<td>56</td>
<td>13</td>
</tr>
<tr>
<td>8 PROPOSED ANNEXATION</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) City of Mill Valley</td>
<td>34</td>
<td>61</td>
<td>14</td>
</tr>
<tr>
<td>9 INFORMATIVE - Re Litigation</td>
<td>42</td>
<td>62</td>
<td>14</td>
</tr>
<tr>
<td>10 NEXT MEETING</td>
<td></td>
<td></td>
<td>60</td>
</tr>
<tr>
<td>SUPPLEMENTAL CALENDAR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 INFORMATIVE - Legislation</td>
<td>43</td>
<td>65</td>
<td>15, 45</td>
</tr>
<tr>
<td>12 Extension of agreement for consultants' services re Long Beach tidelands operations (DeGolyer &amp; MacNaughton)</td>
<td>44</td>
<td>79</td>
<td>48</td>
</tr>
<tr>
<td>13 Modification of plan of development and operation of undeveloped Long Beach tidelands per approval by Comm. on 4/8/65</td>
<td>45</td>
<td>80</td>
<td>49</td>
</tr>
</tbody>
</table>

continued
<table>
<thead>
<tr>
<th>ITEM</th>
<th>CLASSIFICATION</th>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Application for right-of-way entry permit - Natomas Company</td>
<td>46</td>
<td>32</td>
<td>49</td>
</tr>
</tbody>
</table>

*****
# INDEX
(In accordance with calendar item)

<table>
<thead>
<tr>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
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<td>82</td>
<td>49</td>
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<td>25</td>
<td>22</td>
<td>10</td>
<td>NEXT MEETING</td>
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OFFICE OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
GOV. ANDERSON: The meeting of the State Lands Commission will come to order.

The second item is permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statutes. Consideration is the public benefit.

Applicant (a) is County of Contra Costa -- Issuance of permit to dredge material, without payment of royalty, from sovereign lands in San Francisco Bay, San Pablo Bay, Carquinez Strait, Suisun Bay, Sacramento River, New York Slough, San Joaquin River, False River, and adjoining waters in Contra Costa County (in connection with construction of proposed Deep Water Channel Improvement Project from the San Francisco Bar near the Golden Gate to the Port of Stockton, pursuant to Federal Authorization Act,) Contra Costa County.

(b) is Department of Parks and Recreation, Division of Beaches and Parks -- Five-year minor structure permit for placement of marker buoys to delineate a public swimming area, 2.41 acres tide and submerged lands of the Sacramento River, Colusa County.

(c) is Department of Public Works, Division of Highways -- Three-month right-of-entry permit in bed of the Eel River near Rio Dell, Humboldt County (for purpose of removing debris within that area resulting from winter floods.)
(d) is Pacific Telephone and Telegraph Company -- Approval of location of submerged communications cable across Gualala River at Gualala, Sonoma and Mendocino counties, 50 feet wide and approximately 536 feet long.

(e) is Public Utilities Commission of the City and County of San Francisco -- 49-year life-of-structure permit, 10.101 acres tidelands in San Francisco Bay, San Mateo County (for placement of two airport approach-light trestles).

(f) is County of San Bernardino -- 49-year permit to use sovereign land in the old bed of the Colorado River near Park Moabi Marina, San Bernardino County. (To maintain access, view and water supply.)

(g) is U. S. Army, Corps of Engineers -- Six-month permit beginning September 1, 1965, to deposit approximately 690,000 cubic yards of beach fill on tide and submerged lands of Doheny Beach State Park, Orange County (to replenish the beach area with sand fill for use of the public).

MR. CRANSTON: I move approval.

MR. CHAMPION: I am prepared to second, but I just want to ask one question on item (a).

In the summary it says that some of the fill will be deposited on uplands, and we have had some problems about this before. Are there any problem areas involved in this upland fill? Is there any private enhancement at all, or is this totally public enhancement?

MR. HORTIG: It is both, but there are no problems,
Mr. Champion, in that the public interest benefits of having this major Federal project carried forward ....

MR. CHAMPION: I understand that.

MR. HORTIG: ... far exceed any private enhancement.

MR. CHAMPION: I understand that, but we have had that problem before. Even though there was substantial public benefit involved, where the use of land or fill came up as a side issue in this thing, we still exacted a fee in the past. Is there private enhancement in this at all?

MR. HORTIG: There is private enhancement but in this instance, instead of this being initiated for private enhancement, the private enhancement is a minor part of the value which has to be guaranteed in this instance by the County of Contra Costa, and subsequently the other counties in the dredging project.

MR. CHAMPION: And there is no way of getting rid of the dredged material than some enhancement of private property?

MR. HORTIG: This is the only economic way for the Federal Government to carry on this project.

MR. CHAMPION: So, incidentally, there is profit to them and incidentally to the private parties.

MR. HORTIG: That's right.

MR. CHAMPION: I'll second it.

GOV. ANDERSON: Moved and seconded -- carried unanimously.
Item Classification 3 -- Permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental policies of the Commission.

Applicant (a) is Hastings Farms -- 15-year lease, 1.37 acres tide and submerged land in Lindsey Slough, Solano County (for bridge joining Hastings Island Tract and Egbert Tract). Annual rental, $72.82.

Applicant (b) Lindsey H. Spight, d.b.a. Diablo Communications Center -- Approval of four subleases under State Lease P.R.C. 2364.2, school lands Contra Costa County, for installation, maintenance and operation of mobile repeaters, as follows: (1) To J and S Electronics; (2) to C and C Equipment Company; (3) to Eureka Federal Savings and Loan Association; (4) to West Transportation, Inc.

Will you explain that a little bit, Frank?

MR. HORTIG: Yes, sir. The State Lands Commission has under its jurisdiction approximately eighty acres of vacant State school land near the summit of Mount Diablo, which the State Department of Parks and Recreation did not consider as a desirable adjunct to the park parcel. So the State Lands Commission has had various types of leases on this land for many years -- the last of them being the existing P.R.C. 2364, which was granted for utilizing the site as a commercial base for installing commercial radio and telephone equipment to service the Bay area district.

This lease was entered into after approval by the
Division of Communications, the Department of Finance. The lessee provided road access, built a building, had a power line installed, and rents space in a transmitting building and on his tower -- which he financed for installation of additional antennae equipment by the sublessees.

However, the standard form of lease by the State Lands Commission requires that there be no subleasing except with the approval of the State Lands Commission; and this is double approval, in that each one of these subleases is reviewed by the Division of Communications of the Department of Finance, to assure in advance there will be no adverse effects to the established communication facilities, including the State facilities which are located on the Diablo Park area adjoining this.

MR. CHAMPION: I think I can expand on this. The Communications Division is in the Department of Finance, so I will take that responsibility.

The problem here is -- we have very great need for sites and we encourage the use of sites by as many people as possible.

GOV. ANDERSON: I was questioning a little bit the return. We are getting $1,098 and that is going to be for... MR. HORTIG: ... fifteen years, starting in 1959.

GOV. ANDERSON: And then with two ten-year renewals on top of that.

MR. HORTIG: That is correct -- but subject to
modification of terms and conditions at the time of exercise of any option to renew.

GOV. ANDERSON: It is my understanding that their return is many times what they are paying for this. Is that because of improvements they put on here, that you mentioned, the access roads and so forth?

MR. HORTIG: That is correct; and the construction of the building, the installation of all the utilities, and furnishing of these to the sublessees.

The Commission can be assured that at the time of first renewal a complete reappraisal of rental rates will be made.

GOV. ANDERSON: In other words, we are not at this time establishing a rental price anyway. This is turning it over -- allowing them to turn it over to new tenants?

MR. HORTIG: To add tenants to the existing lease.

GOV. ANDERSON: When will this come up for renegotiation?

MR. HORTIG: In nine years.

GOV. ANDERSON: Applicant (c) is Bela Thury -- Five-year noncommercial minor-structure permit, .018 acre sovereign land in the bed of Clear Lake, Lake County, total fee $25.

(d) is Continental Oil Company -- Six-month submarine geophysical exploration permit, tide and submerged lands in the area lying between a line drawn due west from
Point Conception, Santa Barbara County, and its southern boundary of California, except: (1) lands included in Sec. 6871.2(b) Public Resources Code; and (2) lands lying adjacent to the mainland between a line forming the northwesterly boundary of the City of Newport Beach, Orange County, and the seaward extension thereof, and a line forming the southeasterly boundary of Orange County and the seaward extension thereof.

(e) is Continental Oil Company -- Six-month geological survey permit, covering tide and submerged lands under the jurisdiction of the State Lands Commission in the area lying south of a seaward extension of the northerly boundary line of San Luis Obispo County and north of a seaward extension of the California-Mexico boundary line.

(f) is Pan Petroleum Company, Inc. -- Six-month submarine geophysical exploration permit, tide and submerged lands in the area lying between a line drawn due west from Point Conception, Santa Barbara County, and the southern boundary of California, with exceptions as noted in (d) above.

(g) is Standard Oil Company of California, Western Operations, Inc. -- Six-month submarine geophysical exploration permit, tide and submerged lands in the area lying between a line drawn due west from Point Conception, Santa Barbara County, and the seaward extension of the northern boundary of Mendocino County, excluding San Francisco Bay.
and other inland waters draining therein.

MR. HORTIG: Mr. Chairman, if I might add, with respect to items (d), (e), (f), and (g) -- all the affected counties and policy-governing boards adjoining these lands were notified of the pendency of these applications. The majority of the counties responded, a few did not; and all that responded stated they had no objection in view of the protective conditions which the State Lands Commission includes in its standard form of permit as issued, as recommended herein.

GOV. ANDERSON: Applicant (h) Phillips Petroleum Company -- Deferment of drilling requirements under Oil & Gas Lease P.R.C. 2205.1, Santa Barbara County, through January 21, 1966.

Applicant (i) Shell Oil Company and Standard Oil Company of California -- Deferment of drilling requirements under Oil & Gas Lease P.R.C. 2920.1, Santa Barbara County, through February 28, 1966.

Applicant (j) Signal Oil and Gas Company, et al. -- "Amendment and Modification of Exchange Oil and Gas Lease 425.1 P.R.C. (Secondary Recovery)", Orange County -- to establish an economically feasible royalty rate, estimated at 17.47%, for all "secondary" production.

Applicant (k) is Granite Rock Company -- Assignment from Blomquist Oil Service, Inc., of Mineral Extraction Lease P.R.C. 3075.1, San Pablo Bay, Contra Costa County.
Applicant (l) is Guy L. Weatherly -- Assignment to Calvin Q. Morrison and Guy L. Weatherly, d.b.a. Morrison and Weatherly Chemical Products, of Mineral Extraction Lease P.R.C. 2967.1, Owens Lake, Inyo County.

Applicant (m) Mary B. Kent -- Termination of (zoning Lease P.R.C. 3027.2, Mendocino County; recommendation that State Board of Control consider refunding unused rentals. (Leased parcel not usable because of inaccessibility resulting from washout of bridges and roadways.)

Applicant (n) Union Oil Company of California -- Ten-year renewal of Lease P.R.C. 431.1, 0.483 tide and submerged land of New York Slough, Contra Costa County, at annual rental of $680.40.

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

Item Classification 4 -- City of Long Beach approvals required pursuant to Chapter 29/56, First Extraordinary Session, and Chapter 138/64 First Extraordinary Session:

(a) Determine that the following proposed expenditures by the City of Long Beach from its share of tideland oil revenues are in accordance with the provisions of Chapter 138/64, First Extraordinary Session --

(1) Approximately $1,294,160 for removal of
existing pier and for construction of a new Belmont Pier on Long Beach tidelands.

(2) Approximately $330,000 for construction of a parking lot on and adjacent to Long Beach tidelands south of Bixby Park.

(3) Approximately $17,090,000 for construction of entrance channel bridge within boundaries of the Long Beach Harbor District.

MR. HORTIG: Mr. Chairman, on item (3), the approximately $17,090,000 should be modified to read $18,720,000 for the reason that in the interim of the time for the regularly scheduled meeting, for which this agenda item was prepared, and today, the City has received bids for the project and we are, therefore, able to put in a more realistic amount rather than the previously estimated amount, and it should be approved on the basis of $18,720,000.

GOV. ANDERSON: That figure in item (3) will be changed to $18,720,000.

(b) is to approve estimated project expenditures from July 1, 1965, to June 30, 1966 for subsidence maintenance, in the total amount of $80,000, all estimated as subsidence costs.

(c) is to approve estimated project expenditures from July 1, 1965 to June 30, 1966, for subsidence studies, in the total amount of $140,000, all estimated as subsidence costs.
MR. CRANSTON: I move approval.
MR. CHAMPION: Second.
GOV. ANDERSON: Moved and seconded, carried unanimously.

Item 5 -- Mineral Leases: (a) Authorize Executive Officer to issue an Oil and Gas Lease to the Shell Oil Company, the highest bidder, for Parcel 25 (W. O. 5500), covering approximately 5,430 acres tide and submerged lands in Ventura County, in consideration of cash-bonus payment of $3,299,685.

(b) Rescind Parcel 26 offer to lease tide and submerged lands in Ventura County, for oil and gas; approve publication of Notice of Withdrawal by Executive Officer.

MR. CRANSTON: Move approval.
MR. CHAMPION: Second.
GOV. ANDERSON: Moved and seconded, carried unanimously.

Item 6 -- Administration: (a) Authorize Executive Officer to enter into a contract with an independent appraiser in connection with the proposed exchange with the U. S. Navy of lands in Anaheim Bay, Orange County, and to arrange for necessary engineering and feasibility studies, at actual costs but not to exceed $7500.

(b) Authorize Executive Officer to issue supplementary rental agreements, to International Business Machines for $9000, and to Control Data Corporation for $4320, for the 1965-66 fiscal year.
MR. CHAMPION: May I ask a question at that point?

Mr. Hortig, have you considered the fact that the new service center operation authorized by the Legislature may at some early date be able to handle this kind of problem for you?

MR. HORTIG: Definitely, Mr. Champion, and we are studying and working with the people both in your department and in General Services toward this.

MR. CHAMPION: In other words, you think for '65-'66 you should stay on this basis?

MR. HORTIG: These are existing electronic computer equipment that we have in operation and we had no warranty when we could make the transition.

MR. CHAMPION: This is strictly a one-year extension?

MR. HORTIG: This is strictly a one-year extension.

MR. CHAMPION: All right.

GOV. ANDERSON: (c) is to authorize Executive Officer to execute agreement for reproduction services for the 1965-66 fiscal year with the Metropolitan Blueprint Company, Inc., at costs not to exceed $7500.

(d) is to authorize Executive Officer to execute amended agreement between Control Data Corporation and State Lands Commission, for continued rental and maintenance of a G-15-D General Purposes Computer and Systems Analysis Service,
for period July 1, 1965 through June 30, 1966, at cost not to exceed $11,940.

(e) is to authorize Executive Officer to amend forms of State leases by including a separate clause regarding nondiscrimination in employment, as follows: "The Lessee agrees that in its employment practices hereunder it shall not discriminate against any person because of race, color, religion, ancestry, or national origin."

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

Item 7 -- Approval of maps and boundary agreements:

(a) Authorize Executive Officer to approve and have recorded Sheet 1 of 1 of map entitled "Map of Grant to United States (Navy), Chapter 1452, Statutes of 1963, Vicinity of Mare Island", Solano County, dated May 1965.

(b) Authorize Executive Officer to approve and have recorded Sheets 1 through 8 of 8 of maps entitled "Survey of the Mean High Tide Line Along the Shore of Santa Barbara Channel, Vicinity of Carpinteria, Santa Barbara County" dated April 1964.

(c) Authorize Executive Officer to execute agreement with the Bahia Properties Corporation fixing the Ordinary High Water Mark as the common boundary along the right bank of the Petaluma River, Marin County, as the
permanent boundary between State tide and submerged land and
subject private lands along the Petaluma River.

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, carried
unanimously.

Item 8 -- Proposed Annexation: (c) Authorize
Executive Officer to notify the City Council of the City of
Mill Valley that the minimum value of the State's mineral
interest in the tide and submerged lands to be annexed under
the proposed "High School-Tidelands Annexation" is approxi-
mately $10,000.

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, carried
unanimously.

Item 9 -- Informative only, no Commission action
required: Report on status of major litigation.

Mr. Hortig?

MR. HORTIG: There are no substantive changes,
with the possible exception that Deputy Attorney General
Joseph might wish to comment on the status of our Morro Bay
city and county tide and submerged land litigation.

MR. JOSEPH: Yes. The City of Morro Bay has taken
over the operation of the harbor at Morro Bay. The suit
against the county for declaratory relief as to when they
have to take it over is still pending because they have
certain counter claims. They are meeting July 15th to try
to iron out certain differences between the city and the
county. That's it.

MR. HORTIG: End of report, as Mr. Joseph says,
on litigation.

GOV. ANDERSON: Mr. Hortig, I have been receiving
some wires here today relative to our stand on A.B. 2050.
I thought I had better make these for the record, with the
hope that you can answer them for me.

All of them were to the effect that we ask the
Governor to veto A.B. 2050.

The first one is signed by Councilmen Clo Hoover
and Corey, urging that we ask the Governor to veto A.B. 2050.

The second one is from William J. O'Connor,
President, Santa Monica Property Taxpayers Association,
representing three thousand members of the Santa Monica
Property Taxpayers Association -- also requesting that we
ask the Governor to veto A.B. 2050.

The third one is from a Doctor Basil Gordon,
statement that there are large numbers of people that are
opposed to this and requesting us to ask the Governor to
veto A.B. 2050 -- including 350,000 surfers in the United
State Surfing Association, 75,000 members of the Democratic
Council, and a thousand members of the Audubon Society,
Nature Conservency, California; and the Daily Bruin --
representing 20,000 U.C.L.A. students, and so on.

I think these should all be made part of the record.

MR. CHAMPION: Members of the Audubon Society?

GOV. ANDERSON: It said one thousand members of the Audubon Society, Nature Conservency; also by 3,000 members Santa Monica Taxpayers Association; 350,000 surfers in the area, by United State Surfing Association; Pacific Palisades Homeowners Association, 800 families, and so forth and so on.

What is the status of this? Now, we are on record against the bill in its previous unamended form and you appeared, if I remember right, representing the Commission at that time. Since then it has been amended and we have not taken a position.

Could you clarify that, because I believe one of our members here wishes to make some statements on it, and perhaps all of us will.

MR. HORTIG: Mr. Chairman, as reported in the status report, which is in detail on pages 65 to 78 of your agenda, and which includes A.B. 2050 -- which has gone to the Governor for consideration for signature or veto -- substantial amendments in conformance with the position of the State Lands Commission, in statements of objection by the State Lands Commission which I carried to the legislative committees, were adopted.
However, the primary basis for objection by the State Lands Commission was never considered or reflected in any legislative modification to A.B. 2050; and in the report pending to the Governor's office from the State Lands Commission it will be reported that the Commission recommended the enactment of a moratorium on the issuance of new grants until such time as the various studies being conducted by executive and legislative branches of State government are completed and appropriate legislative control specifications have been adopted.

The Legislature, in passing A.B. 2050, has elected to disregard this recommendation.

With further reference to that, at the time the bill was before the committees, before both houses, there was also other legislation in A.B. 3223, Assemblyman Unruh's bill, with respect to proposals for establishing controls, the requirement for master plans, submittals to the Lands Commission for review and approval to the Legislature before any legislative action could be taken with respect to future tideland grants; and, specifically, it was discussed in connection with A.B. 2050 that the provisions of A.B. 3223 would be applicable and would be effective, and would give the Lands Commission and the administration this additional review responsibility and authority with respect to any of these operations.

MR. CHAMPION: Is there another piece of that
involving the Lands Commission -- to recover substantial revenues or profits of the operations?

MR. HORTIG: One of the phases of A.B. 3223 was to provide for a distribution of revenues on all tidelands.

That specific legislation was revised into 2050 and all the rest of 3223 was sent to interim study; so we actually did not come out at the end of the session with the complete package, as would have been the case if both pieces of legislation had been passed.

Therefore, this report will be coordinated with the report of the Department of Finance, and we have received a report today that there is a report on the same subject by Controller Cranston, to which I believe you were referring, and which he wishes to discuss further.

GOV. ANDERSON: What control, what participation, does the State have in the control and management under the proposed plan? We have had so many bills up here and I am still signing bills until I am blue in the face; and I haven't had a chance to study this, which I should have.

However, in reading what I have, and in reading Mr. Cranston's report, it seems to me we are giving away our State lands without control. Am I wrong?

MR. HORTIG: If I may summarize -- and this is a simplification and generalization, although I am sure if I oversimplify, the legal counsel for the City of Santa Monica, who are in the audience, will correct me; and we also have
a request from the legislative representative of the County of Los Angeles to be heard on this matter -- basically, the City of Santa Monica has a tidelands grant from the State of California, an (if I may use the word) "old fashioned" grant which was for the development of commerce, navigation and fisheries, dating from between 1915 and 1920, 1917 maybe.

It was not until many years later that the Legislature contemplated recreational and other developmental uses in tideland grants and, therefore, A.B. 2050 would expand the usage to which the City of Santa Monica could devote its tide and submerged lands under the original grant, under which also the minerals were granted to the City of Santa Monica, to provide for recreational developments over and beyond the normal scope of what has been considered as authorized under the trust provisions of commerce, navigation and fisheries.

Simultaneously, A.B. 2050 would grant to the City of Los Angeles easterly of Santa Monica, and the County of Los Angeles westerly of Santa Monica, the heretofore ungranted tide and submerged lands -- reserving, in those grants, the minerals to the State but authorizing the same broad utilization of the tide and submerged lands by the three governmental entities under a three-party agreement contemplating the placement of offshore fill for utilization for a possible freeway site; for construction of new beach, which would become available for recreational uses; for
construction of marinas; and for leasing for residential purposes.

This is one of the major amendments pursuant to the report from the State Lands Commission that was undertaken by the Legislature -- because the bill that was introduced contemplated that these areas for residential purposes would be sold in fee, the first time it has ever happened and questionable whether it might not have been unconstitutional anyway. This was a subject which was not clear but was amended and modified to provide for leasing only, but again no operative control by any agency of the State once the program started rolling.

The mechanism that was proposed to be utilized and would be utilized under A.B. 2050 was that the joint parties would submit a proposed master plan for development, which master plan would be reviewed by the State Lands Commission to determine both its economic and engineering feasibility. Within six months after receipt -- which is a woefully short time for something as complex as this issue -- the Lands Commission would then report to the Legislature; the consideration being that no operations could take place under this master plan unless authorized by the Legislature by concurrent resolution -- not by statute, but by concurrent resolution -- and with no commitment, no assurance, that the recommendations of the State Lands Commission, which would be purely advisory, would be included or would not be
included in the resolution of approval.

MR. CHAMPION: In other words, the Lands Commission might say, "We don't like it at all," and it would still be a purely legislative matter, which would not require the signature of the Governor.

GOV. ANDERSON: Would the statement I made, that the proposed plan gives away control of State lands to local jurisdiction without providing for participation in the management and control of this project on the part of the State, be correct?

MR. HORTIG: This is in the majority correct, Governor. The only limitation on this, and this is a minor one, is that if the plan went forward and the Legislature did authorize development under concurrent resolution, then after ten years the State Lands Commission would have to make a review to determine that the master plan development had been carried out properly, correctly, and within the required scope of the trust grants -- failing in which, the lands would then revert to the State; but, as you can well imagine ....

MR. CHAMPION: What happened if you thought you saw it going wrong in a year?

MR. HORTIG: You could only report to anyone you could report to -- no mandatory control.

MR. CHAMPION: Could the Legislature at such a point make a change, or would it be involved in commitments
which could not be changed?

MR. HORTIG: I am afraid there would be so many outstanding private contracts it would be a serious question whether the contracts could be changed.

MR. CRANSTON: There is a further thing. If in ten years the Lands Commission decided it was not handled properly, the people who were holding leases and contracts would continue to hold leases and contracts and we would be bound for ninety-nine years.

GOV. ANDERSON: Do you wish to comment?

MR. CRANSTON: I would like to comment briefly on this matter. First, I'd like to say that I am reluctant to differ with the sponsor of this matter, Bob Stevens, who I think has tried to do an excellent job on this; I am reluctant to differ with Frank McLaughlin, who does a very fine job, and others in Los Angeles and Santa Monica who have devoted a great deal of time and thought to this matter.

There are others who are opposed to this project and I do not know where the majority lies by any means.

I would like to say that the fundamental control of the executive branch of government and the Lands Commission have been overcome and there are many problems when you sacrifice it; and for that reason I move that the Lands Commission recommend to the Governor that he veto the measure.

First of all, let me say I think the bill does not allow adequate time to study the far-reaching implications
of a proposed major project in Santa Monica Bay.

It does not have adequate State administrative controls over the proposed project.

It does not protect the State's interest or guarantee to the public that it would get an adequate return in exchange for tideland grants.

Fourth, it allows unprecedented authority to a local joint powers agency; and

It grants tidelands under unprecedented trust terms.

Except for the veto power which the Governor still has, the executive branch of government would have no voice in this until after ten years, when the Lands Commission could then call it back and then the State would be bound by these contracts.

Although the State would have an eighty-five percent interest in the net revenues from franchises or leases, we would have no control over the fiscal policies and the financing measures under the bill are highly questionable and, I think, unconstitutional.

The trust terms, I think, are unprecedented and should be studied very, very carefully before this step is taken.

The Lands Commission went on record last year opposing any further tideland grants until the Legislature adopts an over-all firm policy on grants. There has been
criticism of granting here and granting there, and I think it is time to call a halt.

I think there are many matters that have not been considered as to the State and local agencies involved and there are no requirements for State control. I think we can assume we would be protected in Los Angeles and perhaps there should be provisions requiring that there be measures to be sure this protection is extended.

Let me say I am not opposed to a causeway or fill design for the public good, but I am not certain that this plan is carefully enough planned to do that.

Finally, as a member of the Lands Commission and a citizen, I feel financial responsibility; I feel responsibility for the tidelands area. There is a wonderful beach there, enjoyed by perhaps millions of people, which is perhaps threatened by this. We are not certain there would be compensating resources and facilities for recreation once this project is under way.

For these reasons, I think we should sustain our present position.

NR. CHAMPION: I am not going to act on this motion today. The Department of Finance is doing a complete study of this and is making a recommendation to the Governor and I don't want to bind myself. I must say I am in agreement with many of the statements made, but I am not going to make any motion.
GOV. ANDERSON: I will second the motion, and in doing that I must say I agree in the most part with what Mr. Cranston has stated here. Although this concept of a causeway may have some merit, this bill does not provide adequate protection for the State's interests in the Santa Monica Bay and, as I stated before, I think this gives away control of State lands to local jurisdiction without providing for participation in the management and control of this project on the part of the State. The people of California have entrusted us with the protection of our beaches and recreational areas, and this bill would diminish our power to maintain that trust.

With that statement, I will second the motion and we will throw the discussion open to Mac and anyone else.

MR. McLAUGHLIN: Thank you, Governor.

For the record, my name is F. M. McLaughlin. I am the legislative representative for the Board of Supervisors of the County of Los Angeles.

The Board of Supervisors of the County of Los Angeles, as you know, endorses A.B. 2050, Mr. Stevens' bill.

I think the record should clearly indicate, also, that Assemblyman Stevens cannot be here today because of an engagement that was made some three months ago for him to speak in Los Angeles, and this is the only reason he is not here.

A.B. 2050 has had hearing in the Legislature
probably in excess of any piece of legislation I have been familiar with in the past twelve years.

Now, I think there are a couple fundamental things involved here. A.B. 2050 as it was finally amended -- and was amended by both houses with very minor opposition, if any -- requires that when this master plan is completed, the study as to feasibility and all the other things that have to go with it, this plan must be submitted back to both houses of the Legislature; and the only way the plan can be implemented is by a concurrent resolution of the two houses.

Now, if all the dangers are existent that Mr. Cranston, for whom I have a great deal of respect -- I think he has done some tremendous things in the State, protecting not only its fiscal responsibilities but as a member of this Commission -- if these dangers are present, I am very certain the Legislature would not approve a master plan that gave any of these things away or destroyed a beach; nor would my Board of Supervisors want to be a party to a joint powers agreement that in any way did these things.

As I recall A.B. 2050, it also states that any master plan must of necessity protect the existent beach and create, to the seaward of the proposed causeway, additional beaches.

So, I think we are talking about something here now on A.B. 2050, as it rests on the Governor's desk, of what may be a very fundamental question: Do we or don't we trust
the wisdom of the State Legislature in approving the master plan that will be presented before anything can really take place?

The United States Corps of Engineers also have done a study, which is a matter of public record to be obtained by this Commission; and in that study, as I recall, they stated about the proposal to build the causeway that that is the one way that you can probably stabilize the erosion existent in the Santa Monica Bay area. This is something I happen to have a little familiarity with -- one of the few things, probably, to be sure.

We would not do nor would we want to be, as a county, a party to anything that would in any way destroy or esthetically affect the beach area.

Before you gentlemen were on the Lands Commission, I had the job of proposing (Mr. Hortig will remember) the Cunningham-Shell Act, which prohibits the State from exercising its right to drill oil from Point Vicente (sic) to the Ventura County line.

I think the record will indicate we have done our best to protect this beach area and I can't see any reason, in reading 2050, why all of this terrible worry.

To begin with, they are going to have two year's before we come back here with the master plan, and I don't think any of the parties to the joint powers agreement are going to act without an awful lot of consultation with the
State Lands Commission.

This bill was totally rewritten from the time it was introduced until the time it was ultimately passed. It may not be a perfect piece of legislation -- and in twelve years I have yet to see one that was. I guess maybe this is one of the major reasons we have sessions, because every session we are spending most of our time amending and taking care of the mistakes we made in previous sessions.

But on this concurrent resolution when the Legislature finally approves, I have total faith that it is going to protect the interests of the people of the State of California; and I can see no reason why we can't get the show on the road.

Now, if we wait and you gentlemen are successful in encouraging His Excellency to veto this thing, we are only talking about another two years before the study can begin. In the meanwhile, I don't think the Division of Highways could, or properly should, wait that long to begin to make up their mind where they are going to build a freeway in this area.

In December of this year, the Santa Monica freeway will open to Olympic Boulevard and the current existent 101A to create one of the greatest traffic problems the State has ever seen. The Highway Commission has no choice. I think they better take a look soon on where that freeway from then on is going -- whether it is going through the middle
of Santa Monica -- which will make it the most expensive freeway in the history of man -- or whether it is going up State-owned beaches along Santa Monica Bay, because all of the beaches in Santa Monica and north are owned by the State of California. If this is the case, you are going to destroy the greatest recreational area that exists in the State of California.

For these reasons we would urge against the motion made by Mr. Cranston.

I have with me Mr. Thos Reilly of the firm of Musick, Peeler and Garrett, retained by the City of Santa Monica, the gentleman who was the actual draftsman of the legislation; and Mr. Bob Cockins, City Attorney of the City of Santa Monica.

MR. CHAMPION: Could I ask Mr. McLaughlin a few questions?

GOV. ANDERSON: Go ahead.

MR. CHAMPION: There are two things in which I am interested. Why was the legislation, instead of authorizing the kind of study for which I would have a good deal of sympathy in getting this thing started -- why was it drafted in such a way that it would require only a concurrent resolution? Why wasn't it left, after a study -- which is normal in the course of the legislative process -- to have further legislation follow in the normal course, that is, by approval of both houses and action by the Governor instead of action
only by the Legislature?

MR. McLAUGHLIN: I'll yield to the two legal lights on my left.

MR. REILLY: I think the answer to that, Mr. Champion, is that there is going to be considerable engineering expense incurred during the period of this study and it is anticipated to make application for some of the funds to accomplish this engineering to the Federal Government under Section 702 of the Housing Act, where it is available for planning local projects. Under the terms of that act, you must show the complete terms of your statutory authorization to proceed with the project. So if we only had the authorization for a study, we would be unable to proceed to obtain planning money.

MR. CHAMPION: In other words, you had to have more than a study -- you had to have a commitment to the project; but the limitations to the commitment were the concurrent resolution, so the Lands Commission was left without any voice -- I shouldn't say "voice" because the Lands Commission is permitted to offer advice on the subject; but, in fact, the Lands Commission has no real part in the final approval, whereas such a thing would be delegated, again in the normal course of things, and there would be participation by the Lands Commission and participation by the Governor. This is the problem that bothers me. Does the Federal statute make a distinction here?
MR. REILLY: No, sir, it doesn't. Let me say there was no intention in the drafting of this bill to omit control by the Governor at this second stage. I think very little thought went into the term "concurrent resolution." It seemed to be the more appropriate vehicle for approval of the plan; but as far as the Governor's approval, I don't think anyone gave it any thought until after the close of the session.

MR. CHAMPION: Oh, it has been raised?

MR. McLAUGHLIN: May I say one thing? Maybe this answers the question. This bill was before the Assembly Committee on Public Utilities, as I recall, twice; before the Senate Committee on Governmental Efficiency; and, I think, the Senate Committee on Finance; and, if I am not mistaken, the Assembly Committee on Ways and Means.

May I ask this question of Mr. Hortig: At any time was this point raised about the concurrent resolution by the Lands Commission representatives who were present at all hearings?

MR. HORTIG: The answer is no.

MR. CHAMPION: Is the same true on the Lands Commission's ability to act on the master plan, which is one of the points that were raised today?

MR. HORTIG: No. The bill as it was finally adopted, provides for a review of the plan.

MR. CHAMPION: I am familiar with the language of
the bill, Frank. All I want to know is: Were presentations
made by the Lands Commission before committees with respect
to the inability of the Lands Commission really to do any-
thing but offer advice once this was passed?

MR. HORTIG: Not specifically, because at the
time we also had running concurrently A.B. 3223, under which
there would be specific Lands Commission control of the
plans and only those that were recommended to the Legisla-
ture would have been effective; whereas, with 3223, which
was a separate but companion bill, going to interim, then
A.B. 2050 came out: "The findings made by the State Lands
Commission pursuant to this subdivision shall be solely for
the advice of the Legislature to assist it in evaluating the
master plan and shall not be construed as a warranty to any
person."

MR. CHAMPION: You are asking the Legislature to
do something here that is very difficult for the Legislature
to do and that is to make what is a fundamentally executive
decision to be reviewed by the Legislature, rather than
offer the Legislature a mass of technical data which would
ordinarily go through the legislative function.

It is not so much whether the Governor has a veto
or not, or to what extent the Lands Commission would control
something. It seems to me we are in a really very interest-
ing question of what is properly a legislative function and
what is properly an administrative function. Setting policy
in broad lines is clearly a legislative function; but the question of passing on a master plan or dealing with a set of restrictions solely on legislative terms seems to me a questionable area.

That is really the general problem. If this was not adequately presented to the committees, I apologize. I was worried so much about money.

MR. HORTIG: I think the essence of the Lands Commission's objections to the measure was opposition to the granting of the title, which this does prior to the time that certain of these questions had been resolved; and, secondly, opposing granting title to any further tidelands until the Legislature has worked out an over-all, coherent policy to see that they are developed along a master plan, and not taking a segment here and a segment there without a policy.

MR. McLAUGHLIN: Speaking for the Board of Supervisors of the County of Los Angeles, the County of Los Angeles has no title. I am wondering -- and I apologize for practicing law without a license, but have been doing it a long time -- I am wondering if we can't even enter into this joint powers agreement to do any study unless we had this type of grant, and it is a tideland grant. Well, you reserve the mineral rights, so you are not giving us basically anything.

MR. CHAMPION: I understand your problem, Mr.
McLaughlin. The difficulty of launching studies without adequate legislation sometimes causes problems; but I want to raise another question here, another line of questioning.

Now, this is a problem for the Department of Public Works. It is a problem for the Division of Highways. Is there a possibility that as one of the alternatives, the Department in its study of highway problems could launch the studies -- in fact, include some of the studies we are here talking about? I am not familiar enough with all of the problems involved to know how far they might go or the way in which they might go, but without being involved in what we think is an over-all commitment, we would get the same kind of work with which you are concerned, and we are too.

It that could be approached as a part of the problem of the Department of Public Works -- the whole problem of the Santa Monica ....

MR. COCKINS: Could I say this? I am Bob Cockins, City Attorney, City of Santa Monica. The Department of Public Works, and rightly so, isn't going to pay the money to build this causeway.

MR. CHAMPION: No. On the other hand, to consider it as a possibility that somebody might do it, or it might be done, is a perfectly reasonable thing for them to do.

MR. McLAUGHLIN: Mr. Champion, written in this bill, as I recall it, it says if the Department of Public Works does not accept the causeway as the freeway route
through the area, there is no causeway.

MR. CHAMPION: That is not the question I am raising. I recognize that. That's a single interest in the State, whether or not this is an acceptable causeway. There are many other questions involved, other executive departments. The question I am raising is whether, without this legislation, the things that most need to be done immediately cannot be done.

MR. COCKINS: They probably could. I don't believe the Department of Public Works would do it without assurance the district would go through. I don't think they would spend the money.

MR. CHAMPION: Well, why should anybody? We have got the question of whether this should go through or not and that has to remain an open question.

MR. COCKINS: Right.

MR. CHAMPION: And whoever has an interest in having it go through -- and I would think the Department of Public Works would have a very substantial interest in having it go through as an end to their problem in that area -- it would be an open end investment. This is a possible way we could explore without being over-committed in our view, or I should say in this case the Department's view.

There are too many problems here.

MR. HORTIG: Mr. Champion, for the record, I might add that a causeway and an offshore route with a possible
alternative route for the freeway in the area is one of the alternatives that has been under study in the Department of Public Works.

MR. CHAMPION: Thank you very much. Those are the two items I wished to discuss.

GOV. ANDERSON: We broke in on you while you were commenting.

MR. COCKINS: I was merely going to proceed with what Mr. Champion was discussing. I do feel this, gentlemen -- that you are unduly perturbed. I live in Santa Monica and have all my life. Santa Monica is very concerned about this. It wouldn't for a minute let anything go in there that would interfere with the beaches. I can assure you the people in my town wouldn't stand for it. We have had several elections on the matter.

GOV. ANDERSON: We just had a wire from two of your city councilmen there...

MR. COCKINS: Yes, I realize that; but we have a little private fight going on, on that.

MR. McLAUGHLIN: I think, Governor, the record should show that the City of Santa Monica by resolution has endorsed this. We have this problem a hundred times a day when the final count is taken at the Legislature.

GOV. ANDERSON: But there seems to be some concern on the part of officials running the city -- whatever size that group may be. We don't know. We see two of them here.
MR. McLAUGHLIN: Governor, I think you were on a city council and in the Legislature. I happen to represent a Board of Supervisors and much of the work I do is predicated on a three to two vote of five members.

MR. CHAMPION: What was the vote on this?

MR. COCKINS: It was five to two. I might point out the vote was seven and nothing. Mr. Corey has been subsequently elected. There has been no vote. He has just taken an adverse position. Mrs. Hoover, although she has never voted adversely, has sent several telegrams -- the first one when he got up and said "There are six in favor and one opposed."

I don't believe there is any true disbelief in the project on the City Council.

Now, I have been attorney for that City Council for a long time and I feel I can read it pretty well. This, in my opinion, is strictly a local question of who sits where on the council and, unfortunately, this created this more or less impasse; but, frankly, if we don't have some way of convincing the Department of Public Works to take the causeway as the freeway route, we are going to be in terribly serious shape in Santa Monica -- there is just no question about it.

When the freeway ends by approximately our city hall, you are going to have to go under a tunnel to get to the rest of Alternate 101A. There is going to be a crash
when they come out of that tunnel, because I know of no way of enlarging it at the moment. The traffic jam is going to be awful and something has to be done; and the only alternative route, as Mr. McLaughlin said, is to bisect the city or go up the beach. Neither of those alternates is acceptable to my people and I am sure if you lived in Santa Monica, it wouldn't be acceptable to you. We only have eight and a half miles.

MR. CHAMPION: What year is this project assigned to?

MR. COCKINS: I can't answer that question, but I think it is about five years from now, 1970.

MR. McLAUGHLIN: I think the subsequent problems that are going to arise after December -- and I may say the traffic problem now is so bad that the County of Los Angeles leases helicopter service to get any victim of a serious accident to a hospital, and we have had to subsidize a small emergency hospital in the Malibu area. If you live in Malibu now, from Friday afternoons until Monday morning don't try to go to town.

MR. CHAMPION: If I lived in Malibu, I don't think I would mind.

MR. McLAUGHLIN: But you might get sick. Santa Monica happens to be my home town all my life. I don't want the freeway bisecting my town. It would bisect the apartment I live in. I can tell you this -- there is no freeway
in the world that would be so expensive, other than perhaps to build a freeway through Beverly Hills. Property values in Santa Monica are fantastic. A lot fifty by one hundred fifty is probably worth somewhere in the neighborhood of forty to forty-five thousand dollars. My wife said, "Try to buy a house!"

I just think that everybody is worried to death. We are talking about something brand new, something that hasn't been done before; but as a project, it is one of the great things in history. I think the Legislature is not unmindful of the fact that the gentleman that sits in the corner -- they got a lesson on it the other night -- does have a blue pencil in his pocket.

I certainly cannot conceive of the Legislature adopting a concurrent resolution that would not be by far in the best interests of the State. We have thought of a lot of things around here on tidelands. It has been a serious problem, but I don't think you are going to see any Legislature, however a reapportioned one, start giving the State's interests away, nor do I think they should be given away.

I don't know how many more State boards we could have written in the deal. Everybody was consulted -- the Lands Commission, time after time; Department of Public Works; Beaches and Parks.

I just feel that a lot of these fears are groundless. I think the ultimate thing is we are going to trust
each other. We have to, to a certain degree, or I don't know how we are going to operate. I think this is about two-thirds of the problem we have been having.

You were talking about three entities of government were going to do this study and come up with a plan. A study by Los Angeles has to go through the council. It has to go through a five-man Board of Supervisors, and the city council of Santa Monica. We are not talking about private promoters or embarcadero deals we have had in this state. We are talking about joint powers in this agreement. The bodies are all themselves even more closely responsible than any of you to the electorate. Are we going to have confidence in them, or aren't we? If we don't, let's say we don't have confidence in the members of the Legislature to protect the State's interest.

I think maybe it would be better if we required statutory language on the master plan, but I still don't think any of these public agencies are going to be, nor can they afford to be, party to any program that jeopardizes or acts as a give-away of the State of California.

I might say I personally would have to respect your right as members of the Lands Commission and I think you should ask the questions you ask and be zealous -- and I don't mean over-zealous -- in your right to protect the State's interests in tidelands.

Also, again, I'd like to close with this one
remark. My guys have to get elected, and they have to get
re-elected at home, where this really counts. Mr. Cockins
is the city's counsel -- if there is any problem on this,
it will rebound on him.

MR. CRANSTON: I'd like to say this: There is
absolutely no lack of faith on the part of the members of
the Lands Commission. We are seeking to consider this mat-
ter intelligently, as any local officials or members of the
Legislature would do.

I feel there is lack of time under the mandatory
schedule to really come to grips and make the wisest pos-
sible decisions on the matters before us.

On the matter of preserving that beach you spoke
of, under this kind of a plan the beach, it seems to me,
cannot be preserved in the form that it now is. It is going
to be a beach on a still-water bay of some sort, with a
luxury real estate development on an island in front of it.
There is a provision to try to set up a beach beyond this,
beyond the causeway. No assurance can be given at the
present time that it is possible to put a beach there.
There is no provision for bringing the sand down, which
might be a very costly process keeping a beach there.

There is also, on the one hand, some very bitter
criticism leveled about granting of tidelands without an
over-all policy; and then just this year there was a great
furore about filling on San Francisco Bay and a bill was
passed by the Legislature with almost the same degree this
measure went through the Legislature. That bill went
through to halt fillings in the Bay until adequate State
controls were developed to insure that all the people in
that bay had their interests protected -- and this measure
goes in the opposite direction.

Mr. McLAUGHLIN: Alan, can I call your attention to
page 4, line 33, describing the bill? It says:

"The plan includes provision for a public recrea-
tional beach along substantially the entire length of the
seaward side of the improvement and there is sufficient
evidence that such beach will remain stable."

This is a mandatory requirement in the plan and it
has to be in addition to the beach you have now. I am
totally familiar with this beach.

Mr. CRANSTON: I don't think anyone will ever be
able to give certain guarantees and, of course, you have to
take some risk that a beach can be maintained there.

Mr. McLAUGHLIN: I would think anybody familiar
with -- I am not posing as an authority, except I began in
this business in 1939 as executive director of Shoreline
Planning Association of California, Inc., which came into
being because of the erosion problems in the Santa Monica Bay
area. Prior to construction of the sewer plant at Playa del
Rey or Hyperion, where Santa Monica had to dispose of three
and a half million tons of sand, we finally convinced them
to pump it on the beaches northward.

Every winter in the Santa Monica area, we had the shoreline cut clear back to what you will remember was the ocean front because of the erosion problem created by the construction of the Santa Monica breakwater. The Santa Monica pier acted as a barrier of littoral flow and the sand comes out of the various creeks and replenishes the beach.

Then in 1958 we got approximately $400,000 from the Legislature to pump out so-called Santa Monica harbor.

Now, as the Corps of Engineers calls attention in their report on this causeway, it will act as a stabilizing agent on this erosion problem. If you don't have something like this, you are faced about every ten years with expenditures to replenish the sand, not as much north but southward of the Santa Monica pier. You are apt to have to do this every ten years or have no beach because of erosion. This is very fundamental and any of your engineers can go out and look over the history of the past. Mr. Cockins and I have both been there.

The other thing I'd like to call your attention to -- I know it is the law -- nothing can be built seaward that will affect commerce and navigation and the beach area without the prior approval of the United States Army Corps of Engineers. So we go all through this and all this master plan and everybody likes it, and the whole thing goes down...
the tube.

So, again, this is an additional safeguard that no one has to write in this bill. It is in the law.

MR. CRANSTON: When I see what the Army Corps of Engineers did to the Delta, I am not sure they will save your beach.

MR. McLAUGHLIN: We have a more sympathetic group.

MR. COCKINS: I'd like to call your attention to Section 5 of the bill, page 15:

"No reclamation or improvement is authorized to be made pursuant to this act which would not result in the creation of wave protected waterways; between the seaward limits of the improvement and the present shoreline at least equal in total area to the total area of reclaimed lands constituting such improvement, exclusive of those portions of such reclaimed lands used as freeway rights-of-way, wet or dry beach, and facilities ancillary to such uses. The present shoreline shall continue to abut on navigable water throughout its entire length in the project area and shall not be altered by filling except in such manner as may be authorized in the approved master plan."

I, personally, am no engineer; but I am satisfied that the beach will be stabilized and protected and a wet beach seaward of the causeway is well in accordance with the Corps of Engineers' study, is perfectly practicable, and we definitely feel that we need this bill before we can
proceed.

MR. CRANSTON: I have nothing more.

GOV. ANDERSON: Any questions? (No response)

Any further comments?

MR. COCKINS: I have none.

GOV. ANDERSON: Then the motion that was moved and seconded was that the Commission restate its opposition to the bill and ask the Governor to veto it?

MR. CRANSTON: Right.

MR. CHAMPION: As I said, I am withholding my vote.

GOV. ANDERSON: All in favor?

MR. CRANSTON: Aye.

GOV. ANDERSON: Aye.

MR. HORTIG: Again, for the record, is this the prior stated position of the Commission to be reported to the Governor, or does this position statement involve the supplementary material which was discussed here today and which is included in Controller Cranston's letter?

MR. CRANSTON: I should think it is just a re-statement of the position without any of the details -- taking cognizance of the fact that the bill was amended, but we still object to it.

GOV. ANDERSON: Carried by two -- a quorum; one not voting.

Next is item 11 -- Informative only -- Any further status report on legislation?
MR. HORTIG: No, sir. The report is for your record information. As of the close of the regular legislative session, final report will be made after final action by the Governor.

MR. CHAMPION: I'd like to make a report on legislation, briefly, if I may. I have one piece of legislation involving the budget.

In my judgment, in the budget as approved by the Legislature, we were not granted adequate personnel to guarantee to this Commission the capacity to be sure that the economic interests of the State are protected in the Long Beach field. Similar sentiments were expressed on the floor of the Senate in the discussion of the budget.

I hope the problem is not an irreparable one, although we are proceeding in the Long Beach field. I hope that as soon as possible further steps will be taken to give us enough money to adequately protect the State's interest in terms of the percentage we have. We have a potential on the thing of a billion and a half or more.

We asked originally, on the recommendation of DeGolyer and MacNaughton, a very reputable firm of consultants, for a million dollars. I think it was generally agreed by most who examined it, that that could be reduced; but it was reduced originally to eight people...

GOV. ANDERSON: From eighty-eight.

MR. CHAMPION: ... and after a long series of
legislative conferences and discussions, we resubmitted a request for only thirty-two, as a kind of a rock bottom request; and the final number -- how many finally were granted?

MR. HORTIG: Well, actually no specific number were granted. Two hundred fifty thousand in unallocated funds is in the approved budget.

It is proposed in the next agenda item here to use $75,000 for a consulting contract and minimum consulting services; and it is doubtful there will be enough left -- for people of the competence required -- to provide for more than eight or nine people.

MR. CHAMPION: I want to make it very clear why I raise this question.

We are by law given the responsibility to make sure that the State's interests are protected and, at least in my judgment, we were not given the capacity to do it. I think we ought to be on notice that we do not feel that we have the full capacity.

Now, we are working with other people in that field and we have confidence and faith in their ability to perform, but the fact is that there are differences in interest between the parties in the field. The law was passed with that fully in mind. Everybody understood that this was compromise legislation in which Long Beach had a primary concern about subsidence; but it was guaranteed a
fixed amount of money and, therefore, did not have the same
kind of economic concern that the State has.

While we have nothing but the best of relations
with Long Beach, the fact is that the person with the
greatest interest should have the capacity to look after
that interest; and in my judgment we do not have the capa-
city. This is my opinion after consulting with our own
staff, with the consultants on the staff, with Long Beach
people, with operators in the field, with everybody who has
examined the situation; and I simply feel if you don't have
the capacity to do the job you feel needs to be done, you
ought to say so publicly so people will know you don't feel
you can carry out your full responsibility.

MR. CRANSTON: I'd like the record to show I
share Hale's feelings of responsibility.

GOV. ANDERSON: Let the record show that all three
of us feel that way.

Any further comments? (No response)

Item 12 is authorization for Executive Officer to
execute an extension of the standard agreement with DeGolyer
and MacNaughton for the continuation of their services as
consultants to the State Lands Commission in connection
with the exploration, development, and related operations
for the production of oil and gas from the Long Beach tide-
lands in an amount not to exceed $75,000, subject to requis-
ite approval by the Director of Finance, and by the Department
of General Services.

MR. CHAMPION: I might add that in light of these other circumstances I think our relationship with the consultants is especially important.

MR. CRANSTON: Move.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded -- carried unanimously.

Item 13 -- Approval of action taken by Executive Officer, consenting to modification of the plan of development and operation of the undeveloped portion of the Long Beach tidelands, approved by the Commission on April 8, 1965, subject to condition that cooperative agreements are to be executed with lessees of adjoining developed portions of the Wilmington Oil Field prior to commencement of water injection, and that any surface or bottom-hole well location shall not deviate more than 25 feet or 100 feet, respectively, from the approved location.

MR. CHAMPION: Move approval.

MR. CRANSTON: Second.

GOV. ANDERSON: Carried unanimously.

Item 14 is application for right-of-entry permit for the construction, maintenance, and use of a haul-road bridge over the American River, Sacramento County; Natomas Company, Natoma, California.

MR. CRANSTON: Move approval.
MR. HORTIG: Mr. Chairman, we have a request of
Mr. John Ross, who wishes to speak on this matter.

GOV. ANDERSON: Mr. Ross, will you identify
yourself for the record?

MR. ROSS: My name is John Ross, attorney for a
group of the Fair Oaks residents in the vicinity where
this application is sought.

I might state to you gentlemen -- I'll only take
a few minutes of your time here -- but some of these objec-
tions that we have may or may not be pertinent to this
particular application. However, we are in opposition to
the granting of this permit.

Now, I represent probably twenty-five or thirty
people out there that have homes right on the north side of
the American River, right where the applicant wishes to
cross the river there.

The Pacific Cement Aggregates would be the lessee
from the Natomas Company of certain lands there, and they
have a plant north of the Fair Oaks bridge on the American
River; and the place where they desire to take the gravel
from is downstream quite some distance.

Now, we have no objection to their taking this
gravel from the bed of the river from the side of the river,
the north side; but we believe that the crossing which they
contemplate by their application for permission to cross
the river at this point would be obnoxious to the residents
of this area. These people have their homes right there on the edge of the river. I have been in two of them myself and they are right there on the river front.

It's going to be an obstruction to the view and for esthetic reasons to the residents. It is undoubtedly going to create a nuisance.

Some time back -- you will notice here, the application according to the terms of your agenda here provides in their application -- they say -- the Natomas application states: "The County of Sacramento through the Department of Public Works and legal counsel have expressed the opinion that Natomas Company and Pacific Cement and Aggregates have fulfilled all county demands to proceed with the project."

Well, that may be so. There was a question and there is a question at the present time as to whether or not a use permit is required by the County of Sacramento for the operation that the Pacific Cement Aggregates proposes to do.

The County Counsel's office -- Mr. Heinrich, incidentally is a good friend of mine -- and he through one of his deputies wrote an opinion that a use permit would not be required. Now, that opinion came out about March 14th and I had Mr. Heinrich send me a copy of it; and then on June the first of this year ...
County of Sacramento.

MR. ROSS: Only in this way: They state they have fulfilled all of the county demands to proceed with the project.

Now, I want to show you what happened. In this letter of June first, Mr. Henrich says to me:

"Your opinion in this regard is clearly in conflict with our opinion expressed on May 14th. I am sure you would agree that it would be inappropriate for the county to attempt to require the company to obtain a use permit in the absence of sound legal authority as to the basis for such action.

"I would, therefore, greatly appreciate it if you will provide me with a written statement of the reasons for your opinion..." -- my opinion -- "...including a listing and discussion of the legal authorities therefor. In particular, I would be interested in your comments regarding the sections of the California, New Jersey and Illinois cases which are cited in our opinion of May 14, 1965 as the basis for our conclusions."

Now, after that letter I called Mr. Heinrich and I talked to Mr. Heinrich. I said, "Well, John, what are you siding in with these people for?" He said, "No, I am not. I am just trying to get something for the Board of Supervisors."

Well, I said, "As far as you and the Board of
Supervisors, I am willing to cooperate and tell you what my position would be, but I wouldn't want it to be gotten out, because we have notified the Natomas Company and the Pacific Cement and Aggregates that if they start operation an injunctive suit would be instituted against them."

Since that we have had a hearing. We have had a meeting with these people, and we have suggested an alternate route, which they asked me to write them a letter on, which I did on May 27th, and I haven't heard anything.

GOV. ANDERSON: Could I ask a question of Mr. Hortig? I am a little confused. Where does this bridge take place -- on the point of the arrow on the map?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: In other words, that bridge, then, the end of it, would come up Pennsylvania Avenue. Is that where they would be bringing up their trucks?

MR. ROSS: No, they are asking to cross west of that bridge, the present Fair Oaks bridge. They are asking to cross the bridge -- May I show you these pictures? I think it would give you a little better idea to see these pictures here.

Now, this is the location of the old bridge, which you can see there. And that is where they would like to reconstruct. This is another picture -- maybe a better one. They would like to reconstruct that bridge and that is downstream three or four hundred feet from the present Fair Oaks
bridge you now cross.

MR. CRANSTON: Three or four hundred feet....

MR. ROSS: ... downstream. So they would like to reconstruct this bridge and then make their road right on this side, which would go over by these beaches and by these homes that I represent.

Of course, these people -- you can see where their cars are there -- they are going to have trouble with the beaches. People go out there by the thousands in the summer-time, so we are going to have problems.

I feel -- of course I disagree with Mr. Heinrich on whether a use permit is necessary, and he didn't write the opinion himself obviously and he thinks maybe my opinion would be worth something. I would offer it to him, but I am not going to give it to the opposing side against whom I am contemplating a law suit.

GOV. ANDERSON: (Indicating on map) In other words, their trucks only would be going from here across the river?

MR. ROSS: That's right.

MR. HORTIG: And to get to the river.

GOV. ANDERSON: Where would they get to the river?

MR. HORTIG: At this point where the bridge would cross they would have a turn-out.

MR. CHAMPION: Isn't our problem here essentially that we take this action; we don't prejudice the legal...
rights of either side. They are entitled to try to get a
court to agree on what their legal rights are, and all we do
is to clear the way for a test of those legal rights.

I think we ought to do it. If they are prepared
to take the matter to court, either way it came out I assume
the Commission would go along.

MR. ROSS: I had mentioned to the gentleman from
the Natomas Company who made the application here and sug-
gested an alternate route down fifteen hundred feet; and
that would not interfere with anybody. There would be no
objection by my people.

MR. CHAMPION: If they would agree to that, they
would ask for a permit there.

MR. ROSS: I have never heard from them.

MR. CHAMPION: I would like to move that we ap-
prove this, subject to any further legal determination of
the rights of the parties, and not enter into the controversy.

MR. CRANSTON: I'd like to ask another question.

How close to the homes does this go?

MR. ROSS: Less than five hundred feet.

MR. CRANSTON: To the road or bridge?

MR. ROSS: That's to the bridge, and the road
would even be closer.

I might state I am sure Mr. Heinrich sent a man
out there because he and I discussed it one day, and he said,
"That's three or four blocks from these homes." And I said,
"No, John, that isn't correct. I have been in the homes and I know the distance is less than five hundred feet to the edge of the bridge."

GOV. ANDERSON: Frank, what is the possibility of an alternate route?

MR. HORTIG: There are, of course, numerous possibilities. This is the one that was selected by the Natomas Company and, indeed, the only action for consideration before the Commission today is a right-of-entry permit to conduct such an operation without prejudice to the legal rights of either side, because there is another set of legal problems to be resolved.

GOV. ANDERSON: Suppose we give them entry rights but suggest an alternate route, to be settled satisfactorily with these people.

MR. HORTIG: Number one, the State Lands Commission would be in those phases of county planning and authorization which have already been under discussion with the county as far as upland uses of the property are concerned; and, secondly, the Natomas Company and the State Lands Commission are not in agreement as to who even owns the river bed.

So this is simply a right to go ahead without prejudice but may ultimately be litigation between the Lands Commission and the Natomas Company; and the Natomas Company might conceivably prove that they own even the river bed.
This is not a clear cut situation, where the
Lands Commission knows definitely it has these lands under
its jurisdiction, so it makes it much more difficult
to suggest other routes.

GOV. ANDERSON: If we are not the legal owners,
we are out of it entirely?

MR. HORTIG: That's right.

GOV. ANDERSON: And if we are the legal owners, it
seems to me we ought to have some part in trying to work out
the best alternate route, if there is one.

I am just wondering if we can't ask them to work
out the best alternate route.

MR. HORTIG: There is certainly nothing wrong with
that approach, Governor.

MR. ROSS: Wouldn't the application indicate --
they may not be saying, "We don't own it," but they have
applied to you for a permit to cross the lands. If they owned
it, why would they do that?

MR. HORTIG: Because it is only with that under-
standing -- this is so the legal rights of both the Natomas
Company and the State of California are not jeopardized.
The Natomas Company definitely claims the lands; so does the
State of California.

In the meantime, contracts have been let for con-
struction and there are contractual commitments to be met by
the Natomas Company, who felt that they would not have the
intervention of the State and this contention of State
ownership as to these lands.

MR. ROSS: I have put them on notice two or three
months ago that there was a possible law suit involved in
this thing.

MR. HORTIG: This is correct, sir; but, of course,
on a different basis -- the matter of utilization and loca-
tion with respect to the adjoining uplands, which are neither
claimed by nor under the jurisdiction of the State Lands
Commission.

GOV. ANDERSON: What would be your view, Frank,
to putting this over to the next meeting, with the thought
in mind of seeing if an alternate route can be worked out,
and have us take a look at it?

MR. CRANSTON: Has anybody from Lands looked to
see how close it comes to houses?

MR. HORTIG: We know the location, but we did not
take this factor into account because of the assertion, as
stated, that the County of Sacramento through the Department
of Public Works have expressed the opinion that all county
demands have been fulfilled; and this is the representation
of the Natomas Company -- that they have all of the permits
and have met all the requirements of the County of Sacra-
mento to put this operation into effect.

MR. CHAMPION: Don't you think we are injecting
ourselves into a local problem? This is a problem of the
county, to determine what is the proper use of this area, what can be done. We are injecting ourselves into a local problem. If we can be of any help, fine; but as far as enforcing our will --

GOV. ANDERSON: Do you think another eighteen days to have the staff come back would hurt? I agree with you in a sense this is not our role, but I have a feeling the staff did not know there was opposition to this.

MR. HORTIG: No, until Mr. Ross came in today.

MR. ROSS: Mr. Hortig, didn't I ask you for information on the 20th, that I be advised and put on the mailing list when this matter came up?

MR. HORTIG: Yes, but with no basis for objection. We didn't know whether you were a proponent or opponent, Mr. Ross.

MR. CRANSTON: I'd like to have the staff look into it. We haven't injected ourselves into it. It has been injected before us.

GOV. ANDERSON: If there is no objection, this item will be put over to the next meeting and we will have the staff advise us....

MR. CRANSTON: ... as to what specifically would be the effect on the residents, and whether there would be an alternate route.

MR. HORTIG: This, of course, involves consultation with the Natomas group on that phase.
GOV. ANDERSON: Is there any other item to come before the Commission besides reconfirmation of our next Commission meeting? (No response)

If not, the next meeting of the Commission will be July 20, 1965, Tuesday, two thirty p.m., Sacramento. No objection, so ordered; and the meeting stands adjourned.

ADJOURNED 4:00 P.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILlico, reporter for the Office of Administrative Procedure, hereby certify that the foregoing sixty pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION at Sacramento, California, on July 2, 1965.

Dated: Los Angeles, California, July 22, 1965.

LOUISE H. LILlico