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TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
August 8, 1966

STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
August 8, 1966

PARTICIPANTS:

THE STATE LANDS COMMISSION:

- Hon. Alan Cranston, Controller, Chairman
- Hon. Glenn M. Anderson, Lieutenant Governor
- Hon. Hale Champion, Director of Finance, absent,
represented by:
Mr. John P. Sheehan, Chief Deputy
Director of Finance

- Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

- Mr. Jay L. Shavelson, Assistant Attorney General

APPEARANCES:

- (In the order of their appearance)
- Mr. Charles Baldwin, Joint Legislative
Committee on Tide and Submerged Lands
- Mr. Henry W. Wright, Manager, Land and Tax
Department, Western Oil and Gas Association

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I N D E X

(In accordance with Calendar Summary)

3	<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
3		<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
4	1 Call to order			
5	2 Confirmation of minutes of meeting May 26, 1966			1
6	3 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE:			
7				
8	(a) General Tel.Co.of Calif.	6	1	1
9	(b) Santa Cruz County Dept. of Public Works	24	2	1
10	(c) County of Sacramento	8	4	2
11	(d) State Dept.Parks & Rec.	9	5	2
12	(e) State Dept. Public Works, Div. of Highways	18	6	2
14	4 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE:			
15	(a) William I. Moore	1	7	2
16	(b) William I. Moore	2	8	2
17	(c) Jess Doud	12	9	3
18	(d) Lindsey H. Spight, dba Diablo Communic. Center	3	10	3
19	(e) Glenn Shoemaker	5	11	3
20	(f) A. A. Mikalow	7	13	3
22	5 OIL & GAS AND MINERAL LEASES AND PERMITS:			
23	(a) Standard Oil Co.of Calif. Western Operations, Inc.	23	15	4
24	(b) Standard Oil Co.of Calif. Western Operations, Inc.	21	17	5
25	(c) Texaco Inc.	19	18	5
26				

continued

I N D E X

(In accordance with Calendar Summary)

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26	<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
	5 OIL & GAS AND MINERAL LEASES AND PERMITS cont'd						
	(d) Union Oil Company of California	10	19				5
	(e) Union Oil Co. of Calif.	20	20				5
	(f) Authorization to offer 320 acres in Owens Lake, Inyo County (applic. Morrison & Weatherly Chemical Products)	15	21				5
	(g) Issuance oil & gas lease Tidewater Oil Company W.O. 5090, Ventura County	11	22				6
	(h) Decker Island Unit No. 1	25	23				6
	6 CITY OF LONG BEACH						
	(a) Expenditure \$85,000 for purchase Beach Lots 11 & 12, Block 49, Resub. Part of Alamitos Bay Townsite	14	30				7
	(b) Informative re dredging portion Alamitos Bay	4	31				7
	7 LAND SALES						
	(a) Two parcels Riverside County to Mark Armistead, Inc.	13	32				7
	8 BOUNDARY AGREEMENTS						
	(Huntington Pacific Corporation)	17	34				8 (Deferred)
	9 ADMINISTRATION & LITIGATION						
	(a) Agreement re 5.365 acres adjacent Bolsa Chica State Beach, Orange County - Dept. Parks & Recreation	22	42				8
	(b) Termination Lease PRC 3110.1 Suisun Pacific, Ltd.	16	43				9 (Deferred)

continued

I N D E X
(In accordance with Calendar Summary)

ITEM CLASSIFICATION	ITEM ON CALENDAR	PAGE OF CALENDAR	PAGE OF TRANSCRIPT
10 CONFIRMATION TRANSACTIONS OF EXECUTIVE OFFICER:	27		10, 35
Atlantic Richfield Company		44	
Continental Oil Company		46	
Phillips Petroleum Company		47	
Signal Oil & Gas Company		45	
11 INFORMATIVE - Litigation	26	48	10
12 NEXT MEETING			16
<u>SUPPLEMENTAL ITEMS:</u>			
13 Dredging permit Sequoia Refining Corporation, San Pablo Bay, Contra Costa Cy.	28	50	11
14 PROPOSED OIL AND GAS LEASES:			
(1) Parcel 41, Santa Bar- bara County	30	52	20
(2) Parcel 45, Santa Barbara County	31	53	20
(3) Parcel 46, Santa Barbara County	32	55	20
15 Approval of documents sub- mitted City Long Beach by Pauley Pet. & Allied Chemical	34	56	12
16 Modification 1966 Plan of Development & Operation & Budget, Long Beach Unit	33	58	13
17 Modification Cooperative Agreement Ranger Zone, Parcel L and Long Beach Unit	35	59	14
<u>ADDITIONAL SUPPLEMENTAL ITEMS:</u>			
Assignment Min.Extrac.Lease PRC 1500.1 and modification of Permit PRC 3486.1, Marin County, Schultz Investment Company	36	-	14

continued

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I N D E X
(In accordance with Calendar Summary)

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>		<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>		<u>TRANSCRIPT</u>

ADDITIONAL SUPPLEMENTAL ITEMS continued

Salary of Exec. Officer	29	-	15
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UNCALENDARED:

Statement by Charles Baldwin re dry gas pricing			17
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I N D E X
(In accordance w/Item numbers)

	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
1	1	7	2	24	2	1
2	2	8	2	25	23	6
3	3	10	3	26	48	10
4	4	31	7	27	44	10, 35
5	5	11	3	<u>SUPPLEMENTAL</u>		
6	6	1	1	28	50	11
7	7	13	3	29	-	15
8	8	4	2	30	52	20
9	9	5	2	31	53	20
10	10	19	5	32	55	20
11	11	22	6	33	58	13
12	12	9	3	34	56	12
13	13	32	7	35	59	14
14	14	30	7	36	-	14
15	15	21	5			
16	16	43	9 (Def.)	NEXT MEETING:		16
17	17	34	8 (Def.)			
18	18	6	2	UNCALENDARED:		
19	19	18	5	Dry Gas Pricing		17
20	20	20	5			
21	21	17	5			
22	22	42	8			
23	23	15	4			

1 AUGUST 8, 1966 - 10:15 a.m.

2
3 MR. CRANSTON: The meeting will please come to
4 order. The first item is confirmation of minutes of May 26,
5 1966. Motion is in order to confirm.

6 MR. SHEEHAN: So move.

7 GOV. ANDERSON: Second.

8 MR. CRANSTON: Moved, seconded, so ordered.

9 Item 3 -- Permits, easements and rights-of-way to
10 be granted to public and other agencies at no fee, pursuant
11 to statute.

12 (a) General Telephone Company of California --
13 Executive by Executive Officer of agreement covering location
14 of submerged communications cables across ungranted sovereign
15 lands, in (1) Sacramento River, approximately 1,335 feet
16 northeast of Walnut Grove Bridge, Walnut Grove, Sacramento
17 County; (2) Snodgrass Slough, parallel to the north edge of
18 the Twin Cities Road Bridge, Sacramento County; and (3) Steam-
19 boat Slough, between Grand and Ryer Islands, Sacramento and
20 Solano counties.

21 (b) Santa Cruz County Department of Public Works --
22 Issuance of permit to dredge approximately 20,000 cubic yards
23 of material, at royalty of five cents a cubic yard for all
24 material to be placed upon private property, from a 16.622-
25 acre area near the mouth of the Pajaro River, Santa Cruz
26 County.

1 (c) County of Sacramento -- Amendment of Lease P.R.C.
 2 3405.9 (bridge easement) to provide for its issuance to the
 3 counties of Sacramento and Yolo jointly and for deleting
 4 present legal description and substituting a corrected legal
 5 description covering 3.979 acres tide and submerged lands of
 6 the Sacramento River, Sacramento and Yolo counties.

7 (d) State Department of Parks and Recreation --
 8 Issuance of 15-year permit for the placement of regulatory
 9 marker buoys around perimeters of three parcels of land in
 10 Clear Lake, Lake County, containing total of 0.079 acre..

11 (e) State Department of Public Works, Division of
 12 Highways -- Amendment of right-of-way agreement P.R.C.3446.9,
 13 for the reservation of an additional 0.886-acre parcel of
 14 sovereign land in the Klamath River, Del Norte County (for
 15 the protection of a State highway).

16 Motion is in order.

17 MR. SHEEHAN: So move.

18 GOV. ANDERSON: Second.

19 MR. CRANSTON: Moved, seconded, so ordered.

20 Item 4 -- Permits, easements, leases, and rights-of-
 21 way issued pursuant to statutes and established rental poli-
 22 cies of the Commission:

23 (a) William I. Moore -- Assignment of Grazing Lease
 24 P.R.C. 3065.2, San Bernardino County, to T. C. Ellsworth.

25 (b) William I. Moore -- Assignment of Grazing Lease
 26 P.R.C. 3232.2, San Bernardino County, to T. C. Ellsworth.

1 (c) Jess Doud -- (1) Amendment of Lease P.R.C.
2 542.1 by deleting present legal description and substituting
3 correct legal description covering 0.19 acre tide and sub-
4 merged land in Napa River, Napa County; and (2) issuance of
5 a ten-year renewal thereof at annual rental of \$150 (for
6 maintenance of pier and float).

7 (d) Lindsey H. Spight, d.b.a. Diablo Communications
8 Center -- Approval of sublease to Spear Enterprises, Inc.,
9 d.b.a. United Truck Line (for maintenance and operation of a
10 mobile repeater).

11 (e) Glenn Shoemaker -- Issuance of two five-year
12 recreational minor-structure permits, 0.098 acre tide and
13 submerged land in Piper Slough, Contra Costa County, for fee
14 of \$25 for each site (for construction of floating boat sheds
15 with walkways).

16 (f) A. A. Mikalow -- Issuance of three-year permit
17 to perform salvage operations on abandoned State-owned wrecks
18 in San Francisco Bay southwesterly of Angel Island, San Fran-
19 cisco County, at fee of \$25 as consideration for issuance of
20 permit and for first \$500 received from salvage operations;
21 thereafter, permittee to pay State 25% of gross receipts from
22 all sales of material salvaged.

23 Motion is in order.

24 GOV. ANDERSON: On this item (f), Frank, is this
25 the normal arrangement that has been made on this type of
26 salvaging?

1 MR. HORTIG: Yes, sir. This is in accordance with
2 established policies, rules and regulations of the State Lands
3 Commission for salvage of treasure trove and other materials
4 from State-owned tide and submerged lands.

5 GOV. ANDERSON: Have we had considerable number of
6 these?

7 MR. HORTIG: No, sir. They are infrequent, sporadic.
8 We have others for archaeological exploration.

9 GOV. ANDERSON: This is the first one I remember.
10 Have there been others?

11 MR. HORTIG: Yes, there have been, previously. We
12 will give you a report on the total number during the time
13 you have been with the Commission.

14 MR. CRANSTON: Motion is in order.

15 MR. SHEEHAN: I move it..

16 GOV. ANDERSON: Second.

17 MR. CRANSTON: Moved, seconded, so ordered.

18 Item 5 -- Oil and gas, and mineral leases and per-
19 mits issued pursuant to statutes and established policies of
20 the Commission:

21 (a) Standard Oil Company of California, Western
22 Operations, Inc. -- Approval of Dry Gas Sales Agreement dated
23 July 1, 1959, as modified by letter dated Nov. 23, 1964, be-
24 tween applicant and Pacific Lighting Gas Supply Company, as
25 basis for sale of all dry gas marketed from State Oil & Gas
26 Leases P.R.C.s 735.1, 1343.1, 1824.1, 2199.1, 2894.1, 3095.1
and 3150.1.

1 (b) Standard Oil Company of California, Western
 2 Operations, Inc. -- Deferment of drilling requirements, Oil &
 3 Gas Lease P.R.C. 2199.1, Santa Barbara County, through April 4,
 4 1967. (Applicant feels that with more time for study of all
 5 data, further development of the structure may be attempted.)

6 (c) Texaco, Inc. -- Deferment of drilling require-
 7 ments, Oil & Gas Lease P.R.C. 2725.1, Santa Barbara County,
 8 through April 11, 1967. (Results of a three-day seismic sur-
 9 vey in January 1966 were unsatisfactory; applicant planning
 10 another seismic survey as soon as equipment is available).

11 (d) Union Oil Company of California -- Deferment of
 12 drilling requirements, Oil & Gas Lease P.R.C. 2991.1, Santa
 13 Barbara County, through March 13, 1967. (Next well to be
 14 drilled will require a floating drilling vessel capable of
 15 deep tests; none available at present.)

16 (e) Union Oil Company of California -- Deferment of
 17 drilling requirements, Oil & Gas Lease P.R.C. 2879.1, Santa
 18 Barbara County, through April 11, 1967 (to allow necessary
 19 time to acquire onshore properties and to prepare properly
 20 for development of the lease.)

21 Motion is in order.

22 GOV. ANDERSON: So move.

23 MR. SHEEHAN: Second.

24 MR. CRANSTON: Approval is moved, seconded, and so
 25 ordered unanimously.

26 Item (f) Authorization for Executive Officer to

1 offer 320 acres State land in Owens Lake, Inyo County, for
2 mineral extraction lease, at standard royalty rates. (Pursu-
3 ant to application received from Morrison and Weatherly Chemi-
4 cal Products, who propose to scrape a thin crust of sodium
5 sesquicarbonate, commonly called trona, from the dry lake sur-
6 face, to be transported off and sold commercially.)

7 (g) Issuance of oil and gas lease to Tidewater Oil
8 Company for approximately 124.23 acres of reserved mineral
9 interests designated as W.O. 5990, Ventura County, in consider-
10 ation of cash bonus payment of \$249,698.57.

11 (h) (1) Determination that formation of Decker
12 Island Unit No. 1 by Communitization Agreement dated March
13 15, 1966, and that the entering into and performance of the
14 Operating Agreement dated March 15, 1966 (covering a portion
15 of lands included within gas lease issued in exchange for Gas
16 Lease Easement No. 415.1, Sacramento and Yolo counties), are
17 in the public interest for the purpose of promoting conserva-
18 tion and preventing unreasonable waste; (2) approval of afore-
19 said Communitization Agreement and aforesaid Operating Agree-
20 ment; (3) authorization for Executive Officer to execute the
21 Joinder Agreement.

22 Motion is in order.

23 GOV. ANDERSON: So move.

24 MR. SHEEHAN: Second.

25 MR. CRANSTON: Approval moved, seconded, so
26 ordered.

1 Item 6: City of Long Beach (Pursuant to Chapter
2 29/56, 1st E.S., and Chapter 138/64, 1st E.S.)

3 (a) Determination that expenditure of approximately
4 \$85,000 by the City of Long Beach from its share of tideland
5 oil revenues for the purchase of Beach Lots 11 and 12, Block
6 49, Resubdivision of Part of Alamitos Bay Townsite, is in con-
7 formance with the provisions of Chapter 138/64, 1st E.S.

8 (b) Informative only: City of Long Beach has met
9 conditions placed by Commission upon approval of total trust
10 expenditures of \$150,000 for dredging of a portion of Alamitos
11 Bay; staff audit indicates total actual trust expenditure was
12 \$129,739.55, of which \$127,739.55 was expended from tideland
13 oil revenues and \$2,000 from non-oil revenues.

14 Motion is in order on (a) of Item 6.

15 GOV. ANDERSON: So move.

16 MR. SHEEHAN: Second.

17 MR. CRANSTON: Approval is moved, seconded, so
18 ordered.

19 Item 7 -- Land Sales (Cleared with all State agen-
20 cies having a land acquisition program.) (a) Authorization
21 for sale of two parcels of State school lands in Riverside
22 County to Mark Armistead, Inc. at \$9,377.10 for Parcel 1 con-
23 taining 625.14 acres (appraised value, \$9,377.10), and at
24 \$19,401 for Parcel 2 containing 640 acres (appraised value,
25 \$19,200.)

26 Motion is in order.

1 MR. SHEEHAN: So move.

2 GOV. ANDERSON: Second.

3 MR. CRANSTON: Approval is moved, seconded, so
4 ordered unanimously.

5 Item 8 -- Boundary Agreements: (a) (1) Approval of
6 boundary agreement with Huntington Pacific Corporation, estab-
7 lishing the ordinary high water mark at Huntington Beach,
8 Orange County; and (2) authorization for Executive Officer to
9 execute said agreement.

10 MR. HORTIG: Mr. Chairman, the staff jus this morn-
11 ing, immediately preceding this meeting, received material
12 questioning the staff recommendation with respect to the pro-
13 posed approval before the Commission on this item (1) boundary
14 agreement. Therefore, it is recommended that action on this
15 item be deferred until the material received can be evaluated
16 and a further report made to the State Lands Commission.

17 GOV. ANDERSON: I move it be deferred.

18 MR. SHEEHAN: I'll second.

19 MR. CRANSTON: Deferment is moved, seconded, so
20 ordered.

21 Item 9 -- Administration and Litigation: (a) Authori-
22 zation for Executive Officer to execute an agreement transfer-
23 ing control and possession for park purposes, but reserving
24 mineral rights, from the State Lands Commission to the Depart-
25 ment of Parks and Recreation, Division of Beaches and Parks,
26 of 5.365 acres tide and submerged lands of the Pacific Ocean

1 adjacent to Bolsa Chica State Beach in Orange County.

2 Motion is in order on that item.

3 MR. SHEEHAN: So move.

4 GOV. ANDERSON: Second.

5 MR. CRANSTON: Approval of that item is moved,
6 seconded, so ordered.

7 (b) (1) Termination of Lease P.R.C. 3110.1, Suisun
8 Pacific, Ltd., Suisun Slough near Suisun City, Solano County;
9 and (2) authorization for Attorney General to take such legal
10 action as is appropriate to secure payment of balance due the
11 State under said lease.

12 MR. HORTIG: Again, Mr. Chairman, the staff received
13 (airmail, special delivery) this morning a letter from the
14 legal representatives for the parties concerned, with respect
15 to the lease here proposed for cancellation -- making firm
16 statements and urging that the Lands Division postpone action
17 for a period of sixty days in the light of the fact that there
18 is now pending a sale of the entire project, which would re-
19 sult in a continuation of the project and a payment to the
20 State of back rentals, without the necessity of entering into
21 litigation.

22 While this has been the procedure for over a year,
23 and it is because of the fact that nothing has been accom-
24 plished in the year heretofore, the staff recommended this
25 termination -- in view of this latest representation it is
26 recommended that the Commission defer action on the

1 cancellation for a period of sixty days; but with the firm
2 announcement that there will be no further deferment granted.
3 If the project is made whole and the delinquent rentals are
4 paid to the State and the problem is resolved, then --
5 excellent; otherwise, sixty days hence the action being recom-
6 mended today would again be recommended.

7 GOV. ANDERSON: I move a sixty-day deferment under
8 that stipulation.

9 MR. SHEEHAN: I'll second it.

10 MR. CRANSTON: Deferment is moved, seconded, and
11 so ordered.

12 We approved item (a). We now move on to 10:
13 Confirmation of transactions consummated by the Executive
14 Officer pursuant to authority confirmed by the Commission at
15 its meeting on October 5, 1959.

16 Is there anything to report, Frank?

17 MR. HORTIG: I am sorry - -

18 MR. CRANSTON: Under Item 10, anything to report?

19 MR. HORTIG: No, sir. These are again the routine
20 renewals of geological and geophysical exploration permits,
21 and other authorizations previously approved by the Lands
22 Commission pursuant to rules and regulations and administra-
23 tive policy.

24 MR. CRANSTON: Item 11 -- Informative only. No
25 Commission action required. (a) Report on status of major
26 litigation. Anything to report on major litigation?

1 MR. HORTIG: The Office of the Attorney General,
2 our legal counsel, has a supplemental report.

3 MR. SHAVELSON: We received a letter from Mr.
4 Marshall, the Solicitor General, concerning Federal claims to
5 one-mile belts around Anacapa and Santa Barbara islands, based
6 on the establishment of national monuments there.

7 We are making an investigation of their claim and
8 consulting with representatives of other concerned State
9 agencies such as the Fish and Game Commission and the Resources
10 Agency and General Services, to see what action should be
11 taken. There is a possibility of supplemental proceedings in
12 the Supreme Court to test this question.

13 MR. CRANSTON: We now go to supplemental items.

14 Supplemental Item Number 13: Authorization for issu-
15 ance of dredging permit to Sequoia Refining Corporation to
16 dredge approximately 225,000 cubic yards of material, without
17 payment of royalty, from 68.046 acres tide and submerged lands
18 underlying Carquinez Straits, San Pablo Bay, Contra Costa
19 County. Dredged material to be deposited on State lands in
20 Carquinez Straits.

21 Motion is in order.

22 MR. HORTIG: If I might add, Mr. Chairman -- this
23 project has also been authorized by the San Francisco Bay
24 Conservation and Development Commission.

25 MR. SHEEHAN: I'll move it.

26 GOV. ANDERSON: Second it.

1 MR. CRANSTON: Approval is moved, seconded, and so
2 ordered unanimously.

3 Item 14 -- Proposed Oil and Gas Leases. At the sug-
4 gestion of staff, we will pass over item (1), which may con-
5 sume more time than the other items. We will take that up at
6 the end of today's session.

7 MR. HORTIG: Mr. Chairman, excuse me. Actually,
8 items (1), (2) and (3) are all involved because they are all
9 around San Miguel Island.

10 MR. CRANSTON: Item 15: Approval of documents for
11 conveyance of production payments submitted to City of Long
12 Beach by Pauley Petroleum Inc. and Allied Chemical Corpora-
13 tion, non-operating contractors of an undivided 10% share of
14 the Long Beach Unit, Wilmington Oil Field, as follows:

15 (1) Conveyance of production payment to Quadrangle
16 Foundation, Inc.; (2) Security agreement, mortgage, deed of
17 trust, and assignment of production payment by Quadrangle
18 Foundation, Inc. to Alvin C. Johnson, Trustee for the First
19 National Bank of Chicago; (3) Conveyance of production payment
20 by Allied Chemical Corporation to Red Hill Oil Company; (4)
21 Mortgage, deed of trust, and assignment of production payment
22 by Red Hill Oil Company to George O. Podd, Jr., Trustee for
23 the Continental Illinois National Bank.

24 Motion is in order.

25 MR. HORTIG: Mr. Chairman, the Office of the Attor-
26 ney General has also advised that the Commission may properly

1 approve the documents as submitted; and the recommendation as
2 it appears on page 57 of your agenda, the last paragraph, was
3 written on the premise and conditionally dependent upon sub-
4 mission of additional requisite documentation -- which was
5 received, in fact, on Friday.

6 Therefore, the last paragraph should read:

7 "The approval of the documents shall be subject to
8 their approval by the City Manager of the City of Long Beach."

9 MR. CRANSTON: Motion is in order on the recommenda-
10 tion as revised by Frank Hortig.

11 MR. SHEEHAN: I'll so move.

12 GOV. ANDERSON: Second.

13 MR. CRANSTON: Approval is moved, seconded, and so
14 ordered.

15 Item 16 -- Approval of Modification of the 1966
16 Plan of Development and Operation and Budget, Long Beach Unit,
17 to change surface location of a proposed well.

18 Frank, what is that?

19 MR. HORTIG: As the Commission knows, from having
20 full economic control under the budget with respect to opera-
21 tions and conduct of development of the Long Beach Unit, in
22 connection with the approval of the original budget for 1966
23 wells to be drilled (the locations thereof) were all approved;
24 and it is now found to be desirable from physical, geologic
25 and geographic considerations to change the surface location
26 of a proposed well. In order to accomplish this authorization

1 or modification, approval by the Commission is necessary.

2 GOV. ANDERSON: I'll so move.

3 MR. SHEEHAN: Second.

4 MR. CRANSTON: Approval made, seconded, so ordered.

5 Item 17 -- Approval of Modification of Cooperative
6 Agreement Ranger Zone, Parcel "L" and Long Beach Unit, to
7 change location of a proposed injection well.

8 The same?

9 MR. HORTIG: Same requirement.

10 MR. CRANSTON: Motion is in order.

11 MR. SHEEHAN: I'll move.

12 GOV. ANDERSON: Second.

13 MR. CRANSTON: Approval moved, seconded, so ordered.

14 Now, we have Supplemental Calendar Item 36 --
15 Application for assignment, mineral extraction lease P.R.C.
16 1500.1, and modification of Permit P.R.C. 3486.1, Marin County;
17 Schultz Investment Company - W.O. 6235.

18 MR. HORTIG: If I may summarize, Mr. Chairman, the
19 Commission will recall that at the meeting of July 12, 1966,
20 there was discussion with the County of Marin with respect to
21 authorization to dredge materials from State-owned lands and
22 compensation to be paid to the State by the County of Marin.

23 The County of Marin has investigated and today
24 brought in a letter-agreement by an existent State lessee,
25 Schultz Investment Company, agreeable to assigning operating
26 authorization to the County of Marin to operate under the

1 existing State Lands Commission lease.

2 In order to expedite the project for the County of
3 Marin, it is, therefore, recommended that the Commission
4 authorize the Executive Officer to approve the assignment of
5 that portion of the area of the existing lease which is in-
6 cluded in the Corte Madera Flood Control Dredging Permit
7 P.R.C. 3486.1, previously authorized by the Lands Commission
8 for the Marin County Flood Control and Conservation District,
9 subject to the receipt of form of assignment that has been
10 executed by Schultz Investment Company, the assignee in this
11 case, the County of Marin, to be bound by the terms of the
12 lease to the same extent as the original lessee and shall
13 fulfill the bond requirements; to modify dredging permit
14 P.R.C. 3486.1 to exclude the area assigned from P.R.C.1500.1
15 and to include the same terms and conditions as are set forth
16 in Mineral Extraction Lease P.R.C. 1500.1 in the County's
17 dredging permit.

18 This procedure is acceptable to and will permit the
19 County to proceed forthwith with the conduct of the operations
20 they are anxious to undertake.

21 MR. SHEEHAN: I'll so move.

22 GOV. ANDERSON: Second.

23 MR. CRANSTON: Approval moved, seconded, so ordered.

24 One more supplemental item, Number 29 -- Salary of
25 Executive Officer - Personnel.

26 Jack, do you want to bring up that matter?

1 MR. SHEEHAN: The Department of Finance Exempt Pay
2 Section, through its Exempt Pay Memo No. 10-9, has revised the
3 salary range for the position of Executive Officer, State
4 Lands Commission, from \$1642-1901 to \$1709-1979, effective
5 July 1, 1966.

6 It is recommended that the Commission approve the
7 new pay range established by the Department of Finance for
8 the position of Executive Officer, State Lands Commission, as
9 of July 1, 1966, and the assignment of the Executive Officer,
10 State Lands Commission, to the maximum salary range step
11 effective July 1, 1966.

12 I'll so move.

13 MR. CRANSTON: Approval is moved; seconded?

14 GOV. ANDERSON: Does Frank have any objection?

15 MR. HORTIG: No, sir.

16 GOV. ANDERSON: I'll second it.

17 MR. CRANSTON: Approval is moved, seconded, and so
18 ordered unanimously.

19 We have one other matter we might cover before we
20 go back to Item 14, and that is the time and place of the
21 next meeting of the Lands Commission and I believe we had a
22 tentative date agreed on for the 25th of August, here in Los
23 Angeles. Motion is in order to fix that as the next date.

24 MR. SHEEHAN: In Los Angeles?

25 GOV. ANDERSON: Whatever was agreed upon. I don't
26 carry it around with me, but I know it was cleared with the

1 office and we are building on whatever you recommended.

2 MR. CRANSTON: My calendar shows it is Los Angeles.
3 If it is Sacramento, it will have to be Sacramento. Let's
4 clear it.

5 MR. HORTIG: We will verify that.

6 MR. CRANSTON: The principal matter is in Southern
7 California, so it would seem to be appropriate that it be in
8 Los Angeles.

9 MR. HORTIG: We received a communication from Mr.
10 Charles Baldwin of the Joint Legislative Committee on Tide
11 and Submerged Lands, who would like to make a general state-
12 ment regarding dry gas pricing policy, pursuant to a study
13 he is conducting. He would appreciate inclusion of this at
14 any point in the meeting. Mr. Baldwin is here.

15 MR. CRANSTON: Mr. Baldwin.

16 MR. BALDWIN: Members of the Commission, the Joint
17 Legislative Committee on Tidelands has been studying dry gas
18 lease matters in the City of Long Beach pursuant to its man-
19 date from the Legislature this year, and we have been nego-
20 tiating with the Commission staff and with the people in Long
21 Beach over a dispute in pricing at Long Beach. This dispute
22 has been one of long standing, specifically since 1962.

23 I believe that the City and the State have come to
24 substantial agreement on how to price the gas during the
25 period which is under study. As an outcome of those meetings,
26 it was agreed to by the staff and by the City to consider a

1 long-term policy of pricing gas on a less complicated method.
2 Heretofore, the gas has been priced on a cubic foot basis and
3 both the Commission staff and the City's staff have agreed
4 that they would look into the possibility of pricing it on a
5 BTU basis in the future.

6 The reason this issue came up is because Pacific
7 Lighting, it is assumed, is going to switch over and price
8 their gas on a BTU basis some time later this year. We don't
9 know for certain that they are going to do this, but the staff
10 of the Commission is certainly aware that they are considering
11 this; and there is no problem, really, with pricing dry gas
12 when the BTU is above the gas coming in from the border.
13 However, when it falls below the rating of the gas coming
14 from the border, then it becomes an issue.

15 I just wanted to make this general statement and
16 bring it to your attention because I notice today the Commis-
17 sion has considered and, I believe, approved a dry gas sales
18 contract between two lessees on State lands and there was no
19 mention made of the consideration of the Commission staff of
20 the long-term policy of pricing on a BTU basis.

21 I thought the Commission would like to be appraised
22 of the position of the Committee and the staff at Long Beach
23 on this issue.

24 MR. CRANSTON: Frank?

25 MR. HORTIG: The situation, as Mr. Baldwin has said,
26 is an extremely complex one. Additionally, probably the crux

1 of the matter is that the contract under which discussions
2 have been held with the City of Long Beach -- being a net
3 profits contract and one in which the State is in a position
4 to negotiate and is authorized by statute to see that the gas
5 is priced in accordance with criteria established by the Legis-
6 lature -- is an entirely different thing than consideration
7 of approval of an independent contract made at arms length,
8 negotiated with a third party, in which the State is not a
9 party.

10 These are the terms and conditions and requirements
11 for State oil and gas leases, as distinguished from a net
12 profits contract. Naturally, if as and when conclusions are
13 reached and a rational basis is established in connection with
14 the Long Beach net profits contract in connection with pric-
15 ing gas, the staff is going to give definite consideration to
16 recommendation to the Commission for adoption of the same
17 rational basis insofar as it may be applicable to future oil
18 and gas leases issued by the Commission.

19 GOV. ANDERSON: There was no change insofar as it
20 affects the State -- this was a transfer by one lessee to
21 another concern?

22 MR. HORTIG: Yes.

23 GOV. ANDERSON: Are you recommending when we do
24 this we step in to renegotiate the original contract?

25 MR. BALDWIN: No. I just wish to call to your
26 attention that Pacific Lighting seems to be developing the

1 policy where they will pay for the gas on a BTU basis. These
2 lessees may in the future desire to renegotiate their contract
3 and the Commission may be in a position to either approve or
4 disapprove the contract, plus they are dealing directly with
5 the City of Long Beach; and because of the complexity of pric-
6 ing dry gas in Long Beach, the staff has indicated they have
7 been willing to give consideration to a long-range policy
8 particularly in the new development on the new basis --
9 particularly in view of Pacific Lighting's switch, if they
10 make it in the future.

11 MR. CRANSTON: No formal action is required?

12 MR. HORTIG: No.

13 MR. CRANSTON: Thank you very much.

14 We return now to the final item before us, Item
15 14, (1): Consider acceptance of bid made by Standard Oil Com-
16 pany of California, Humble Oil & Refining Company, and
17 Atlantic Richfield Company for Parcel 41, tide and submerged
18 lands, Santa Barbara County, in consideration of cash bonus
19 payment of \$101,214.

20 Frank, do you have anything to discuss on this?

21 MR. HORTIG: Yes, Mr. Chairman. As the Commission
22 will recall -- and the following comments are equally appli-
23 cable to subdivisions (1), (2) and (3) of Item 14 -- at the
24 last meeting of the Commission where these lease offers were
25 considered, the Commission directed the staff to proceed with
26 further evaluation and determination of the full position of

1 the interested agencies -- particularly California State
2 Department of Fish and Game, the National Park Service, the
3 U. S. Department of the Interior, and to determine the status
4 of potential legislation which would tend to lead to the
5 establishment of a national park in the Santa Barbara island
6 chain, which national park concept might also include a buf-
7 fer zone of the surrounding tide and submerged lands.

8 The evaluation led to -- and I will only read a
9 summary of the important statements -- a letter from Stanley
10 A. Cain, Assistant Secretary for Fish and Wildlife and Parks,
11 addressed to you, Mr. Cranston, as Chairman. Mr. Cain states:

12 "I am not writing you in my official capacity
13 but as an apologist. I believe what I am
14 encouraging you to do will not seriously
15 interfere with the extraction of oil. Just
16 keep the drilling away from the shore a mile,
17 if possible."

18 Similarly, Mr. Thomas C. Poulter, Senior Scientific
19 Adviser and Director of the Biological Sona Laboratory of
20 Stanford Institute:

21 "Since I feel so strongly that operations
22 under consideration less than one mile from
23 the elephant seal rookery in San Miguel Island
24 would constitute a serious hazard to our ele-
25 phant seal population, I cannot urge too
26 strongly that no oil operation be permitted
27 closer than one mile offshore."

28 Professor Carl L. Hubbs, Professor of Biology,
Emeritus, Research Biologist, Scripps Institute of Oceanography, suggests:

"Certainly any commercial activities ashore or
immediately adjacent thereto would be dele-
terious to a very significant element in the

1 "wildlife resources of the State."

2 The State Department of Fish and Game reports with
3 respect, particularly, as to whether there might be any ad-
4 verse effect on the sea mammal rookeries, which was not a
5 subject covered in the last report from the Department of
6 Fish and Game, it having referred exclusively to fish. I
7 quote:

8 "This Department would not oppose offshore
9 facilities at least one thousand yards from
10 the rookeries, but would not agree to shore
11 installations until satisfied they were
12 located and operated in such a manner that
13 the sea mammal population would not be harmed."

14 Finally, a letter from R. B. Moore, Acting Regional
15 Director of the National Park Service of the Department of
16 the Interior:

17 "In addition to re-emphasizing the statements that
18 have been previously submitted by Director Hummel
19 to the Commission by letter at the last meeting,
20 it is pointed out that five bills to establish
21 the Channel Islands National Park in the State
22 of California and for other purposes are now
23 pending before Congress.

24 "These are HR 16190, Burton, introduced July
25 13, 1966; HR 16191, Dyal, introduced July 13,
26 1966; HR 16342, Holifield, July 13, 1966;
HR 16416, Dingell, introduced July 21, 1966;
HR 16425, Moss, introduced July 21, 1966."

27 Parenthetically, we understand as of this morning there are
28 two more, so that the count is now seven.

29 Continuing with Mr. Moore's letter:

30 "All of these bills would include in the pro-
31 posed national park the islands of Anacapa,
32 Santa Barbara, San Miguel, Santa Cruz, and
33 Santa Rosa....

1 and I quote specifically:

2 "... together with submerged lands and waters
3 within one nautical mile from the shore line
4 of such islands."

5 In view of the condition of the record, therefore,
6 Mr. Chairman, it is the recommendation of the staff that the
7 Commission consider rejection of the bid offers received for
8 Parcels 41, 45 and 46 adjoining San Miguel Island; and authori-
9 zation to staff to proceed with a re-offering of all of the
10 parcels outside the danger zone of San Miguel Island with a
11 restriction that no surface operations would be conducted
12 within any proximity closer than one mile of the shore of
13 San Miguel Island.

14 This recommendation -- and if there were develop-
15 ments under these circumstances -- would meet completely the
16 criteria which have been advocated by everyone who has ap-
17 peared before the Commission in objection to the existent
18 lease offers.

19 GOV. ANDERSON: I'll so move. I would like to
20 inquire about the rigidity of the one-mile figure. I notice
21 one there said one thousand yards. Is there a variance in
22 the application of the one mile? Now, I can see one mile
23 off of the shore, the Continental Shelf going out more
24 gradually; where as you go out to the islands I can see it
25 dropping sharply. Maybe I am wrong, but are we limited to
26 the one mile? I don't want to see any harm to the wild life
and, at the same time, I am sure we all want to get oil out

1 of there. How rigid are we on the one mile? How rigid is
2 that as far as the park program is concerned? I know you men-
3 tioned one mile several times.

4 MR. HORTIG: The crux and the principal support and
5 suggestion for the need for the one-mile buffer zone is that
6 this one-mile buffer zone is included in the legislation which
7 is pending before Congress -- that the one-mile zone be in-
8 cluded as part of the national park. Therefore, patently it
9 would not be desirable, from the viewpoint of the sponsors of
10 the legislation or any of the organizations that are support-
11 ing it, to have any operations for oil and gas development be-
12 ing conducted from the surface within one mile.

13 GOV. ANDERSON: Where do they get the one-mile
14 figure? Most national parks are not in the ocean -- they are
15 on land.

16 MR. HORTIG: There is a precedent, as Mr. Shavelson
17 pointed out, in connection with the letter from the United
18 States Attorney as to the matter of administration of the
19 one-mile protective zone heretofore established, or at least
20 directed, by the Secretary of the Interior around Anacapa and
21 Santa Barbara Island.

22 GOV. ANDERSON: Are those the only precedents in
23 the country where they have used the one mile? Is there any
24 other place where they have taken the one-mile figure, where
25 there is also oil development?

26 MR. SHAVELSON: Governor, to my knowledge, no.

1 This action was taken in 1949 after the Supreme Court had
2 established that the United States had paramount rights in
3 the area below low tide and before 1953, when the Submerged
4 Lands Act conferred title in the State. I wouldn't say
5 categorically "no," but I am almost positive.

6 GOV. ANDERSON: Then they just picked it out. They
7 could have taken six thousand feet or one thousand?

8 MR. SHAVELSON: It is our understanding that they
9 used this figure around Anacapa and Santa Barbara to include
10 certain islets in the vicinity, such as Gull Island; and in
11 order to include them, they decided they might as well in-
12 clude the intervening waters as well. The first recommenda-
13 tion was to reserve a belt, for example a mile; and then it
14 became that by Presidential proclamation.

15 GOV. ANDERSON: Doesn't the land drop much faster
16 around the island than it does off our shores?

17 MR. HORTIG: In general, yes sir; but there are
18 still exceptions. There are some areas where the coast of
19 the mainland drops off precipitously.

20 GOV. ANDERSON: In those waters where we are
21 developing oil?

22 MR. HORTIG: Yes. As a matter of fact, that is why
23 in some instances we have had to have ocean floor completions
24 because the water is too deep for platforms.

25 MR. CRANSTON: If we take this action, it would not
26 preclude underwater drilling?

1 MR. HORTIG: We would propose that it would include
2 underwater drilling if mechanically feasible.

3 MR. CRANSTON: I presume there are others who wish
4 to be heard before we act. Is there anyone here who wishes
5 to testify?

6 MR. WRIGHT: Yes. Mr. Chairman, Governor Anderson,
7 Mr. Sheehan, my name is Henry Wright with the Western Oil and
8 Gas Association.

9 You are well aware of the issues here before us to-
10 day. Before you take some action I would like you to con-
11 sider several points, which the industry would like you to
12 weigh before you make a final judgment.

13 We have heard the impressive list of communications
14 you have here. However, Friday afternoon our representative
15 met with George Hartzog, Director, National Park Service, and
16 Max Edwards, Legislative Counsel to Secretary Udall. At that
17 time we were informed officially that the Department of the
18 Interior has no position with respect to the Channel Islands,
19 particularly San Miguel, in regard to harmful or completely-
20 free-from-harm effects of oil and gas operations closer than
21 a mile.

22 To the contrary, we have the statement of the Cali-
23 fornia Department of Fish and Game which says that whereas the
24 sea mammal rookery's needs should be studied, there is no
25 harmful effect to the marine habitat.

26 The industry is concerned. As you know, the cards
are on the table. A great deal of money has been spent in

1 evaluating the project. The secret information, the bid, has
2 been laid out before the public. Now we have the possibility
3 of rejection and I wonder if you can consider how much inter-
4 est this land or any land around the islands is going to have
5 now for the bidding groups.

6 Also, this one mile interests me. There is nothing
7 in the correspondence, nothing we can find from Washington,
8 that indicates there is a specific reason why this would be
9 harmful. Our operations would be conducted on the surface.
10 We don't like to have this restriction imposed at this time.
11 Until such time that there is an oil field there, we don't
12 have to worry about physical structures. That's a long way
13 down the road.

14 The basic issue is: Whose advice do you follow --
15 the Department of Fish and Game, Director Shannon's, or the
16 Federal authorities'.

17 Leadership in the National Park Service indicates
18 that the Redwood National Park has much higher priority. The
19 bills that have been introduced here will certainly die this
20 year. Inevitably they will be re-introduced. This national
21 park seems to be a political nut.

22 In a letter from Charles Teague, Congressman from
23 the 13th District, he states:

24 "Several members of Congress from areas well
25 outside the ones affected have introduced bills
26 to take over the Channel Islands -- at Federal
expense, of course -- and create a national
park. I shall continue to maintain an open

1 "mind on this proposal.

2 "Of course, it has again been chosen as an
3 issue in the upcoming campaign. I will discuss
4 the subject again in the weeks and months to
5 come. In the meantime, and subject to being
6 convinced that I am wrong, I suggest that the
7 average person would prefer that his share of
8 his tax payments to Uncle Sam for recreational
9 purposes be devoted to bigger and better national
10 parks, forests and beaches that can be reached
11 by motor vehicle, foot, or horseback. Very few
12 of our taxpayers can afford the airplanes or
13 rather substantial boats (a put-put won't do)
14 or yachts which are required to get over the
15 often treacherous waters between the mainland
16 and the Channel Islands.

17 "There are other problems, such as lack of
18 fresh water supply on the islands, the cost of
19 adequate breakwaters, et cetera, which must be
20 resolved before this should qualify as a desir-
21 able and practical proposition."

22 We would like to go into the area -- that is, the
23 bidding groups would -- and explore for oil. If there is oil,
24 the State is protected by a substantial royalty provision.
25 If you turn these leases down, you are turning your back on
26 \$390,000. I don't think the fiscal condition of the State of
California can afford that.

Beyond that, the Federal Government has indicated
they will conduct exploration next year. I am sure they won't
be as considerate of you as you are of them. At that time it
is quite possible that any future leasing of California land,
if this type of practice continues, would be considerably
less than it is today.

Beyond this, and our study is certainly not as
acute as that of the great names read off in the correspondence

1 read by Mr. Hortic, we find that the sea lions off San Miguel
2 the sea elephants, do three things: They bask in the sun,
3 eat the fish, and they make love. There is one thing the oil
4 industry is in favor of and that is love, and we have no
5 interest in preventing the sea elephants from making love.

6 It is very interesting that the Federal Government
7 looks at the sea lions very differently than California.
8 Under certain conditions a sea lion may be killed here in
9 California if he interferes with a commercial catch. There is
10 a very interesting case right now before the courts, wherein
11 a fisherman was arrested right over the line for shooting a
12 sea lion. The State of California is putting up a defense
13 for the fisherman.

14 I would suggest there is much to be done in the way
15 of study. The California State Department of Fish and Game
16 are certainly no dummies. Mr. Shannon would certainly not
17 put his name to any statement he did not believe. The
18 Department would like to investigate this and certainly the
19 oil industry would like to look into it, too.

20 We don't intend to disturb that rookery. On the
21 other hand, that national park seems to be a long way down
22 the road. On Padre Island we not only have operations on-
23 shore, but adjacent to it; and everybody uses Padre Island
24 and is very happy. Such will not be the case on barren
25 San Miguel.

26 All I can say -- Certainly, you have a very

1 difficult decision in balancing the interests. I realize
2 the conservation people have their pleas; we have ours.
3 But a valid lease offer has been made before you. I don't
4 believe the question of the one-mile setback has been suffi-
5 ciently documented to require you to turn down these leases
6 on that basis.

7 If you do not turn them down, I assure you we will
8 be happy to work with Fish and Game and Wild Life. The
9 national park is still far down the road and we hope by then
10 there are commercial deposits of oil found around the Channel
11 Islands. But we can't continue in this method, exposing
12 these competitive bids like this and then have them thrown
13 back in the oil companies' faces without having some reper-
14 cussion.

15 Thank you.

16 GOV. ANDERSON: Mr. Wright, I am aware of our
17 problem. I don't like what we are doing, either. I think
18 this should have been worked out months ago by staff and
19 these things brought out in the bidding arrangement; but
20 after it came before us, almost by accident we asked some
21 questions and this thing developed this way. We then asked
22 whether this could be worked out so the rookeries and the
23 other wild life out there, whatever there is out there,
24 could be protected. At that time the industry said it didn't
25 want to be bound by any compromise after they had bid.

26 MR. WRIGHT: That still stands.

1 GOV. ANDERSON: Now you say you are willing to do
2 something to protect them. I don't see anything we can do
3 now except reject it and turn it back to staff and try to
4 work out some arrangement so we know the rookeries and the
5 wild life are protected, and we are still able to get the
6 oil out.

7 I am aware of the problem -- the fact we offered
8 something and you made an honest bid. Now we say we don't
9 want to accept it, but it is because something has come up
10 that we were not aware of when the offering was made.

11 I sure don't want to jeopardize you people in your
12 drilling or exploration, but I sure don't want to jeopardize
13 the wild life or these sea lions, whatever their practices
14 are. I do think we have a real responsibility to protect
15 some things that are peculiar to California, those that are
16 unique and you don't find in other states; and I think we
17 have the responsibility to the wild life conservationists,
18 as we have to you.

19 I see no alternative but to pass this motion and
20 pass it back to staff, and have them come in with something.
21 I don't know whether one mile is the right figure, but we
22 have to work out something.

23 MR. WRIGHT: I am glad you recognize the principle
24 and I appreciate you are not enjoying what you are about to
25 do. I can't speak for this bidding group as to what their
26 reaction would be if these parcels were re-offered. Actually,

1 the rookery, per se, is on Parcel 46 -- not 41 and 45. On
2 46, unfortunately the rookery is onshore.

3 MR. CRANSTON: May I comment on this situation?

4 I fully agree with you that it would be totally im-
5 proper for the Lands Commission to seek to change the speci-
6 fications in any way after a bid had been offered and the
7 bids had been received.

8 The earlier action that we took was simply to ask
9 you to see if it would be possible for you to agree in any
10 way to handle the development in a way that would not inter-
11 fere with the islands and their possible inclusion in a park
12 or otherwise; but we did not wish to exert any pressure on
13 you. I do not think we did, and we certainly cannot ever set
14 a precedent for changing specifications.

15 On the other hand, I think we always have the oppor-
16 tunity to consider if we wish to accept bids. The bids are
17 not particularly of a large size. The situation would be
18 quite different if the bids were greater than the relatively
19 low bids we received. We don't know what is there.

20 I regret deeply that we were not fully informed at
21 the time we offered these bids of this aspect of the situa-
22 tion; and for that I think a number of people are responsible.
23 The conservationists' group did not bring this to our atten-
24 tion until a late date and the staff did not bring to us the
25 interest of the conservationists, and I blame myself as
26 Chairman for not being aware of this.

1 I think if we do reject it now, I think we should
2 give consideration to the timing. Possibly we should wait
3 until the Federal leases are offered.

4 I would reserve judgment at this moment on the one-
5 mile limit -- whether it should be one mile or something else.

6 I fully agree with you the bills in Congress do not
7 mean much. I do not think they will be acted on in this
8 session. Ultimately they will come up again, primarily because
9 in the United States we have this tremendous need for space.
10 Perhaps we need some vanishing ruggedness where people can
11 get away if they choose to get away.

12 We know the population growth is fantastic; that the
13 pressure is tremendous to preserve some part of the landscape
14 in its original form. I think one thing that escaped our
15 attention in the beginning was the rather unique position of
16 this island, the history that is supposed to be on that
17 island, the bald eagle. There are all sorts of issues that
18 did not come before us.

19 I deeply regret that this problem has developed and
20 I myself, as well as the staff, favor this recommendation.

21 MR. WRIGHT: Of course, there is one alternative.
22 I don't think the representatives here can make decisions off
23 the top of their heads, but eventually they are going to sit
24 down with the staff. Whether that will be considered, I don't
25 know.

26 MR. CRANSTON: Consider what?

1 MR. WRIGHT: Sitting down and working this out at
2 this time.

3 MR. CRANSTON: I gather from comments you made and
4 others have made, that as to that procedure it is more abhor-
5 rent to the industry that we change the specifications than
6 if we reject the bids outright.

7 MR. WRIGHT: It is.

8 MR. CRANSTON: So I would be a little hesitant to
9 enter into that procedure unless there is very strong evi-
10 dence presented from the industry that we were not setting a
11 precedent in a dangerous way. The actual fact is if we don't
12 change the specifications, the bids are going to be what you
13 think they should be and that is not going to be basically
14 changed if we act in a rational manner.

15 MR. WRIGHT: Anything but a rational manner will
16 have to result in a discount of the bids. On the other hand,
17 I do thank you for your time.

18 MR. CRANSTON: I want to say on that point I think
19 we have all been impressed with the way you have presented
20 this case and we appreciate your understanding of the diffi-
21 culties we have in this matter.

22 Is there anyone else who wishes to be heard?

23 (No response)

24 There was a motion that was not seconded so far.

25 GOV. ANDERSON: I move it.

26 MR. SHEEHAN: I will reluctantly second it.

1 MR. CRANSTON: The motion to reject the bids has
2 been moved and seconded. Is there any further discussion?
3 If not, I join in voting for the motion and the action is
4 unanimous.

5 I think that completes the agenda for today.

6 MR. HORTIG: Mr. Chairman, the secretary has brought
7 to my attention that while there was a question on Calendar
8 Summary Item 10, confirmation of transactions consummated by
9 the Executive Officer, there was no motion for confirmation.

10 GOV. ANDERSON: I'll move it.

11 MR. SHEEHAN: Second.

12 MR. CRANSTON: I join the motion and praise the
13 secretary for her alertness.

14
15 ADJOURNED 11:15 A.M.

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CERTIFICATE OF REPORTER

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I, LOUISE H. LILLICO, hereby certify that the foregoing thirty-five 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 Los Angeles, California, on August 8, 1966.

Dated: Los Angeles, California, August 11, 1966.

Louise H. Lillico

Reporter, Office of Administrative Procedure

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TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
August 25, 1966

STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA

August 25, 1966

PARTICIPANTS:

THE STATE LANDS COMMISSION:

Hon. Alan Cranston, Controller, Chairman

Hon. Glenn M. Anderson, Lieutenant Governor

Hon. Hale Champion, Director of Finance, absent,
represented by:

Mr. John P. Sheehan,
Chief Deputy Director of Finance

Mr. F. J. Hortig, Executive Officer

Mr. George S. Mitrovich, Administrative
Assistant to Lt. Governor Anderson

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson, Assistant Attorney General

APPEARANCES:

(In the order of their appearance)

Mr. Adrian Kuyper
County Counsel, County of Orange

Mr. William Mason
President, The Irvine Company

Mr. Charles L. Baldwin
Consultant, Joint Legislative
Committee on Tidelands

Hon. Robert E. Badham
Assemblyman, 71st District

continued

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1 APPEARANCES: (continued)

2 Mr. L. E. Cox
3 Vice Chancellor, Business and Finance
4 University of California at Irvine

5 Hon. Paul J. Gruber
6 Mayor, City of Newport Beach

7 Mr. John Killefer, Corona del Mar
8 Chairman of Committee Number 3
9 Orange County Grand Jury

10 Mr. J. Frank Robinson
11 Chairman, Citizens for Conservation
12 of Public Tidelands

13 Hon. Willard T. Jordan
14 Mayor, City of Costa Mesa

15 Mr. Harry E. Bergh, Corona del Mar
16 Tidelands Committee, Orange County
17 Coast Association

18 Mr. J. Ogden Markel, Santa Ana
19 Councilman, City of Santa Ana

20 Mr. James W. Harrison, Jr.
21 President, Orange County Marine Dealers'
22 Association; also speaking for Southern
23 California Marine Association

24 Miss Janice Boer, Santa Ana

25 Mr. John H. Cummings
26 Chairman, Citizens Committee for the
Protection of the Back Bay

Mr. Roger Watson, Newport Beach
Representing Directors of the Bay Area
Citizens Council

Mr. Don C. Barton
President Marina Park, Inc. and Director,
Bay Area Citizens Council

Dr. Grover C. Stephens
Professor Biological Science, University
of California at Irvine

Mr. James W. Berkshire
President, Newport Harbor Chamber of Commerce

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APPEARANCES: (continued)

Mr. Larry Bacon, Costa Mesa

Mr. Kenneth Sampson
Director, Harbors, Beaches and Parks
Orange County

I N D E X
(In accordance with Calendar Summary)

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
1	Call to order					
2	Confirmation of minutes June 15 and June 28, 1966					1
3	OIL & GAS AND MINERAL LEASES AND PERMITS:					
4	(a) Atlantic Richfield	4	1			1
5	(b) Phillips Petroleum Co. & Pauley Petroleum Inc.	3	2			1
6	CITY OF LONG BEACH:					
7	8th Modification 1966 Plan of Development, Long Beach Unit	5	3			2
8	ADMINISTRATION:					
9	Adjustments for rentals paid under Lease P.R.C. 594.1 U.S. Natl Park Service	2	4			2
10	LAND EXCHANGE:					
11	Request of Orange County to exchange tidelands for lands of The Irvine Company	1	5			3
12	NEXT MEETING					100
13	<u>SUPPLEMENTAL ITEM</u>					
14	Modification of Dredging Permit, P.R.C. 3417.9, San Francisco Bay Area Rapid Transit District	6	8			3

1 AUGUST 25, 1966 - 10:15 a.m.

2
3 MR. CRANSTON: The meeting will please come to
4 order.

5 We have a few matters which I think are routine,
6 before we get to the major matter, which is the proposed land
7 exchange.

8 Item 2 on the calendar is confirmation of minutes
9 of meetings of June 15, 1966 and of June 28, 1966.

10 Motion is in order.

11 GOV. ANDERSON: So move.

12 MR. SHEEHAN: Second.

13 MR. CRANSTON: Approval of minutes is moved,
14 seconded, and so ordered.

15 Item 3 -- Oil and gas and mineral leases and per-
16 mits issued pursuant to statutes and established policies of
17 the Commission:

18 (a) Atlantic Richfield Company -- Deferment of
19 drilling requirements, Oil & Gas Lease P.R.C. 2793.1, Santa
20 Barbara County, through April 26, 1967. (Present plan of
21 lessee is to conduct remedial work on the one well completed,
22 which is scheduled for late 1966, depending on availability of
23 a suitable drilling barge.)

24 (b) Phillips Petroleum Company and Pauley Petroleum
25 Inc. -- Deferment of drilling requirements, Oil & Gas Lease
26 P.R.C. 2933.1, Santa Barbara County, through April 24, 1967.

1 (Operator plans to continue geological, geophysical, and
2 reservoir studies to determine the feasibility of further
3 development.)

4 Motion is in order.

5 MR. SHEEHAN: So move.

6 GOV. ANDERSON: Second.

7 MR. CRANSTON: Approval is moved and seconded;
8 there being no discussion, it is approved unanimously.

9 Item 4: City of Long Beach -- (a) Confirm action
10 of Executive Officer consenting to Eighth Modification of the
11 1966 Plan of Development and Operations and Budget, Long
12 Beach Unit, increasing the total budgeted amount by
13 \$1,176,000.

14 GOV. ANDERSON: So move.

15 MR. SHEEHAN: Second.

16 MR. CRANSTON: Approval is moved, seconded, and so
17 ordered unanimously.

18 Item 5 -- Administration: (a) Approve adjustments
19 for rentals overpaid under Lease P.R.C. 594.1, covering lands
20 granted by the State to the United States for the Point Reyes
21 National Seashore; authorize a refund to the United States
22 National Park Service in the amount of \$544.50; and authorize
23 the Executive Officer to recommend approval of the Claim for
24 Refund submitted to the State Board of Control by the National
25 Park Service. Motion is in order.

26 GOV. ANDERSON: So move.

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MR. SHEEHAN: Second.

MR. CRANSTON: Approval is moved, seconded, so ordered.

Item 6 -- Land Exchange. Now we come to the other item on our agenda this morning.

MR. HORTIG: Mr. Chairman, there is a supplemental item on the bottom of your agenda.

MR. CRANSTON: We will depart for one moment to take up a supplemental item:

Modification of Dredging Permit -- Authorization for Executive Officer to issue modification of Permit P.R.C. 3417.9 to the San Francisco Bay Area Rapid Transit District for the disposal of dredged material in an area one mile offshore from San Francisco in accordance with conditions specified by the Department of Fish and Game and the San Francisco Bay Regional Water Pollution Control Board's Resolution No. 775.

MR. SHEEHAN: I so move.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval is moved, seconded, so ordered.

Now we come to Item 6 -- Land Exchange: Consideration of the request by Orange County to negotiate an exchange of certain of its granted tidelands in exchange for lands of the adjoining upland owner, The Irvine Company, as authorized by the Legislature under Chapter 2044, Stats. 1957.

1 I'd like to call upon Frank Hortig, the Executive
2 Officer of the State Lands Commission, to make an opening
3 statement on this matter.

4 MR. HORTIG: Mr. Chairman, with your permission
5 probably the best opening and summary statement that would be
6 available to all would be if I read briefly the agenda item
7 which is before you, appearing on the Commissioners' copies
8 of the calendar, starting on page 5.

9 By statute of May 25, 1919 the Legislature approved
10 an act granting certain tidelands and submerged lands of the
11 State of California to the County of Orange in the State of
12 California upon certain trusts and conditions; and this statute
13 granted lands, portions of which are under consideration in
14 connection with the application by the County of Orange and
15 the Irvine Company for approval of an exchange.

16 By statute of May 29, 1929 the Legislature approved
17 an amendment to the grant and title to the uplands surround-
18 ing Upper Newport Bay and three islands in the Bay and an area
19 identified as Tideland Patent 204, covering two hundred forty-
20 three acres, was vested in the Irvine Company -- the exact
21 location of the lines to this patent having been adjudicated
22 in the Superior Court of the County of Orange by judgment
23 dated May 6, 1926, as properly reflecting that title to
24 these lands has been in the ownership of the company since
25 1901, and as described more specifically in the decree of
26 1926.

1 By Statutes of 1957, specifically Chapter 2044,
 2 the Legislature authorized the County to negotiate an exchange
 3 of certain of its granted tidelands for lands of the adjoin-
 4 ing upland owner, in this case the Irvine Company, subject to
 5 approval of the proposed exchange on findings and approval by
 6 the State Lands Commission that the proposed exchange meets
 7 the criteria as specified in the Statutes of 1957, and as re-
 8 quired by the original trust conditions of the legislative
 9 grant to the County of Orange.

10 It might be well to read Section 3 of the authoriz-
 11 ing statute, pursuant to which an application has been filed
 12 and is before the Commission today. It is required in Sec-
 13 tion 3 of this State:

14 "That any and all of said portions of said lands
 15 hereinbefore referred to, which have been or which
 16 shall hereafter be improved, filled, and reclaimed,
 17 as hereinbefore provided, if and when so improved,
 18 filled, and reclaimed, may be irrevocably alien-
 19 ated and conveyed free of the public uses and
 20 trusts in said acts, by the said County of Orange,
 21 with the approval and concurrence of the State
 22 Lands Commission, to the owner or respective
 23 owners of the uplands lying contiguous thereto
 24 in exchange for lands of such owner or owners
 25 necessary or desirable for the improvement, devel-
 26 opment and conduct of said harbor upon a finding
 by the State Lands Commission that the lands
 located in the area commonly known as Upper
 Newport Bay which are to be exchanged are no
 longer useful for navigation, commerce, and fish-
 ing, and that the lands to be received in exchange
 are at least of equal value thereto. The lands
 received by the county in exchange shall be used
 by the county only for purposes of state-wide
 interest. Upon any conveyance as herein provided
 all right, title, and interest of the State and
 said County of Orange in the land exchanged shall
 vest in the grantee or grantees thereof."

1 By Resolution No. 65-44, dated January 13, 1965,
 2 the Orange County Board of Supervisors approved an agreement
 3 with the Irvine Company to exchange portions of the granted
 4 public tidelands in Upper Newport Bay for privately owned
 5 islands and uplands.

6 In the exchange agreement the County would receive
 7 a total of 450.3 acres, made up of 266.5 acres of Irvine up-
 8 land and 183.8 acres of Irvine tideland ownership. The
 9 County proposes to utilize approximately 177 acres for parks,
 10 while the remaining 273 acres would be waterways.

11 The Irvine Company would receive a total of 157.1
 12 acres, comprised of 97.9 acres of filled and reclaimed tide-
 13 lands and submerged lands, and release of the public easement
 14 on 59.2 acres of Tideland Patent No. 204.

15 The exchange would alter the topography and con-
 16 figuration of the bay in that the existing three islands
 17 would be removed and filling and dredging at selected areas
 18 along the shoreline would take place. A main channel would
 19 be dredged to a design depth of ten feet below Mean Lower Low
 20 Water and would create a 300-foot-wide navigable channel to
 21 the northerly end of the bay. Certain portions of the present
 22 tidelands and the balance of Tideland Patent 204 would be
 23 filled, thus enhancing development potential of the adjacent
 24 uplands.

25 An independent appraisal report furnished by the
 26 County indicates an apparent dollar advantage to the County

1 in that the total appraised value of the Irvine parcels pro-
2 posed to be exchanged is \$19,466,000. Total value of the
3 County parcels to be exchanged to Irvine is \$11,453,500.

4 A staff review of the appraisal, although not in
5 accord exactly with an eight-million-advantage to the County,
6 has affirmed that there would remain a significant advantage
7 dollarwise in favor of the County.

8 Based solely on land appraisal values, the statutory
9 requirement for equality in the values to be exchanged would
10 be more than met. However, the ultimate outcome would be a
11 distinct loss in value when measured in the scale of State-
12 wide public interest. The reasons for this conclusion are:

13 1. It cannot be established clearly that all the
14 lands which are to be exchanged are no longer useful for
15 navigation, commerce, and fishing, which is a requirement in
16 the enabling statute.

17 2. Realignment and relocation of the public water-
18 ways as proposed would diminish the greater public use which
19 could be or might be developed otherwise.

20 3. Removing the burden of easement and enlarging
21 the Irvine lands into usable private areas would be a purely
22 local benefit which would convert public waterways into a
23 captive waterway primarily for the use of the private resi-
24 dential boat owners who would occupy the created area and
25 dominate the bay.

26 4. The project would create commercial areas

1 completely privately controlled, which could add to the
2 preponderant private domination of the bay.

3 Additionally, we received in the State Lands Divi-
4 sion yesterday a report from the Administrator of the Re-
5 sources Agency, Hugo Fisher, which I feel should be read into
6 the record. This has not been made available to the County
7 of Orange nor to the Irvine Company because, as I said, it
8 was just received yesterday by the State Lands Division.

9 "From the Office of the Administrator, dated
10 August 23, 1966" and I quote:

11 "The Agency has reviewed the Upper Newport Bay
12 land exchange application prepared by the
Orange County Harbor District"

13 and rather than read all the details, there is a final con-
14 clusion in the last two paragraphs:

15 "The Resources Agency believes that the land
16 exchange plan as proposed does not fully provide
17 for the public interest in the retention or
18 enhancement of certain unique ecological features.
Further, it is not clear that the general public
will enjoy vehicular and boating access without
exclusive restrictions.

19 "Therefore, the Agency recommends that the State
20 Lands Commission, before granting approval of
the proposed land exchange, require:

- 21 (1) That the general public be guaranteed
vehicular and boating access at all
22 times without exclusive restrictions;
- 23 (2) That the three proposals mentioned or
24 similar and as approved by this Agency
for maintaining and enhancing unique
25 ecological features in the Back Bay
be included in the plan."

26 Additionally, during the past week -- although

1 there has been much correspondence earlier -- but summarizing
 2 from the past week, the Commission has received Resolution
 3 6436 of the City of Newport Beach adopted August 22, 1966,
 4 expressing the support of the City Council for the proposed
 5 land exchange in Upper Newport Bay;

6 Also, the Chairman has received a letter from Duvall
 7 Y. Hecht, President, United States Olympians, Southern Cali-
 8 fornia Chapter, concluding that it is their decision that the
 9 contemplated exchange of lands would be beneficial to the
 10 State of California, the County of Orange, and the citizens
 11 thereof;

12 Also, a letter from Mr. Gus C. Patzer of Costa
 13 Mesa, Newport Bay area, which summarizes with a final sen-
 14 tence with respect to the proposed project: "Shame for even
 15 considering it!"

16 The Chairman also has before him a complete listing
 17 of all the people who have, by letter or by telephone, ex-
 18 pressed their desire to make presentations to the State Lands
 19 Commission with respect to this project.

20 In summary, therefore, the State Lands Division
 21 has reached the conclusions which we read to you in the
 22 light of the review -- with the recognition that, absent a
 23 requirement in the statute for devoting all exchanged lands
 24 received by the County of Orange to a State-wide interest, if
 25 the project could be considered by Orange County and the
 26 Irvine Company only within the context of what is good for

1 Orange County, there is no question whatsoever that the
2 project would be an excellent one of benefit both to the
3 Irvine Company and to the County of Orange and to the resi-
4 dents of the County of Orange.

5 There is an additional technical problem in that
6 there is required by the State a finding by the State Lands
7 Commission, for release of the navigation easement over any
8 of the tide and submerged lands proposed to be exchanged,
9 that it be found that these areas are no longer useful for
10 navigation. One of the channels which would be proposed to
11 be exchanged, and proposed to be filled, today is being used
12 for navigation, I am certain is being navigated extensively,
13 and is the site for mooring of many boats.

14 One week ago -- just about one week ago, in the
15 morning -- I counted thirty boats, either moored or navigating
16 over the specific area and, therefore, it is difficult for
17 the staff to find a basis on which it could recommend to the
18 Commission that there could be a finding that this specific
19 area -- which is only a segment of the total project but,
20 nevertheless, an essential segment -- is no longer useful for
21 navigation in view of its current intensive use for navigation.

22 Therefore, as I stated and in summary, in view of
23 the criteria established by the statute for the findings to
24 be recommended to the State Lands Commission -- the determina-
25 tion to be made by the State Lands Commission that the area
26 to be exchanged will in fact be utilized by Orange County for

1 purposes of State-wide interest -- and the finding that
2 there is less than a majority opportunity for devoting such
3 exchanged lands to projects of State-wide interest, it is
4 recommended that the State Lands Commission withhold its
5 approval on the request by Orange County at this time and
6 urge the County to explore alternative methods of developing
7 this natural resource in the spirit of its trust in a manner
8 to maximize the public use and benefit.

9 MR. CRANSTON: Frank, I wish you would clarify one
10 point. The third reason that you give in your report for
11 recommending against the exchange indicates that there would
12 be a local benefit, but there would not be a State-wide bene-
13 fit; and the language you use is "It would be a captive
14 waterway primarily for the use of the private residential
15 boat owners who would occupy the created area and dominate
16 the bay."

17 On the other hand, now you have stated that you
18 feel that, while it would not be to the advantage of the
19 people of the State of California considered as a whole, the
20 exchange would be of benefit to the Irvine Company and to the
21 residents of Orange County.

22 Now, are you talking just about the residents who
23 would have, to use your term "captive use of the bay" -- or
24 all the residents there? I don't see how it can be a captive
25 benefit to the residents there and yet be of benefit to all
26 the people of Orange County.

1 MR. HORTIG: Correct. The intent is not that it
2 could be of benefit to all of Orange County. It would be
3 limited to those people in Orange County that could have
4 access to the comparatively limited public facilities which
5 it is proposed would be established after the exchange took
6 place.

7 MR. CRANSTON: Is it your feeling that would be a
8 fairly small percentage of even the residents of Orange
9 County, let alone the State of California?

10 MR. HORTIG: One of the difficulties the staff had
11 with the proposed project is shown on a general use map, of
12 which you gentlemen have a copy before you, and there is
13 listed in the lower right hand corner a note that the project
14 would result in boat berthing capacities -- private, 2,550;
15 public, 450.

16 It must be stressed these 450 would be developed on
17 lands already owned by Orange County and would not be provid-
18 ed as a result of this exchange. So, actually, the statistic
19 probably should read that as to the effect from the carrying
20 out of the project as outlined in the proposal there would
21 be created 2,550 private boat-berthing capacities and no
22 public additions as a result of the exchange -- although the
23 County development of the public facilities on their own
24 lands in creating the 450 capacity would be aided by the fact
25 that there were additional navigable channels that would be
26 dredged and deeper navigable channels under the project.

1 It is difficult how, under these circumstances, a
2 finding could be made that there is a fifty-fifty State-wide
3 interest contribution from the project, even though there is
4 nothing approaching that as proposed possibly even for Orange
5 County - - although the probability is that for Orange County
6 as a whole, considering the additions to the tax base, the
7 economic benefits to Orange County, et cetera, over-all there
8 could be such a rather even distribution of benefits as be-
9 tween the County of Orange and Irvine Company, but not as to
10 residents of Orange County as to additional recreational
11 facilities; and certainly a smaller percentage must be ap-
12 plied as being available for the State-wide interest.

13 GOV. ANDERSON: It couldn't be for Orange County,
14 either, because I believe the figures given to me by your
15 staff show that of 24,000 registered boats in Orange County,
16 16,000 are trailer boat class, so seventy percent of the
17 boats in Orange County are going to need a place.

18 MR. HORTIG: This is correct, Governor; but, of
19 course, it should be borne in mind that while Upper Newport
20 Bay is probably the last large water body available for
21 recreational development and is at least in part already
22 publicly used tide and submerged lands, there are other boat-
23 ing facilities being provided by the County of Orange with
24 State and Federal Government aid -- for instance, the Dana
25 Point boat harbor, which is under construction at the present
26 time.

1 **GOV. ANDERSON:** But if we are following the need of
2 Orange County itself and not even considering the State-wide
3 interest, any development probably should follow the percent-
4 age of trailer boat owners as related to the total over-all
5 boat ownership -- which would mean instead of 450 as against
6 2,500 it seems to me it should be reversed to take care of
7 the seventy percent requirement of the 16,000 in the trailer
8 boat class compared to the 24,000 in Orange County. Other-
9 wise, you are going to expect the other areas along the coast
10 to carry a much larger portion of this type of boat usage
11 than this area.

12 **MR. HORTIG:** This is correct, Governor; but, of
13 course, it must be recognized that the record title to a con-
14 siderable portion of the tidelands of Upper Newport Bay which
15 are susceptible to recreational development are privately
16 owned -- they are not State-owned lands -- that were granted
17 by the State of California by reason of the fact that the
18 State of California divested itself of these lands in a tide-
19 land pact to James Irvine in a sale in 1901.

20 Whether from hindsight this was the proper procedure
21 for the State of California, at the time it undoubtedly was;
22 but at the present time recognition must be given that in any
23 development of Upper Newport Bay to its maximum recreational
24 capability, of necessity you must consider the requirements
25 of the Irvine Company, as well as the County of Orange.

26 **MR. CRANSTON:** Are there any further questions from

1 the Commission before we hear witnesses who are with us today
2 (No response). If not, we will proceed to hear from those
3 who are here to make presentations.

4 I'd like to ask first; Who is here to represent
5 Orange County? Is Mr. Kenneth Sampson the representative for
6 Orange County?

7 MR. KUYPER: My name is Adrian Kuyper. I am County
8 Counsel for the County of Orange. I have a prepared statement.
9 I would be happy to give the Commissioners a text.

10 Mr. Chairman and Commissioners, as I say, my name
11 is Adrian Kuyper. I am County Counsel for the County of
12 Orange. With me today is Mr. Alton Allen, the Chairman of
13 our Board of Supervisors; Mr. Kenneth Sampson, our Director
14 of Harbors and Beaches; Mr. George Osborne, Chief Engineer of
15 the Orange County Flood Control District; Mr. Stanley Krause,
16 our Director of Real Property Services.

17 First, I wish to thank the staff for allowing us to
18 see its report ahead of time. We received it last Thursday.
19 Our reaction to the report, gentlemen, is one of shock and
20 disappointment. In the year and a half since we submitted
21 our application we worked closely with the staff, we furnished
22 the people on the staff extensive information, we had all
23 kinds of field trips, and they had access to all our documents;
24 and from our study of a year and a half to have a rather
25 sketchy description and vague conclusions is a shock to us.

26 This is an extremely serious, gigantic public

1 undertaking. It was only decided upon after years of serious
2 study and after the recommendation of numerous engineers and
3 others concerned with the situation as it has existed and con-
4 tinues to exist in the Upper Bay. We explored all problems
5 and this is the best plan we could develop.

6 Reports back as far as 1925 of outstanding engineers
7 have recommended that the solution of the Upper Bay problem
8 involved extensive land realignments. In 1942 the Patterson
9 preliminary report specifically recommended an exchange, and
10 other experts recommended an exchange.

11 The Upper Bay -- and we have a photograph demonstrat-
12 ing today's situation -- is surrounded by high cliffs for the
13 most part, where access is extremely difficult. The water
14 area is covered in great measure by large mud flats at low
15 tide. I do not want to take the Commission's time to repeat
16 all the details of the situation which is set forth in
17 material submitted to the staff. I have here copies to fur-
18 nish the staff and I would be happy to give the Commissioners
19 copies of this. (Copies of report distributed).

20 Now, this was the detailed study up to our hearing
21 in March 1964. Plan "C" is the plan which eventually evolved
22 and that was submitted to the staff at the time of our
23 application. I simply want to summarize that report by say-
24 ing that it is the conclusion that this is the most practical
25 and economic solution to the problem -- that is, a land ex-
26 change -- and this is the reasoning that went into the 1957

1 legislation which authorized the exchange.

2 There are several specifics I would like to point
3 out in regard to the staff report. In the first place, the
4 main channel is not 300 feet wide but an average of 800 feet
5 wide. In the second place, the independent appraisal which
6 is stated to be furnished by the County was the third apprais-
7 al made of the exchange, the first two being made by our
8 County Right-of-Way Department. This third report was only
9 undertaken after the staff said they wished to have an inde-
10 pendent appraiser. We recommended Mr. Bernard Evans of Los
11 Angeles, who was specifically approved by the staff. It was
12 his independent conclusion as to the \$8,000,000 advantage to
13 the County. We don't like to feel it is simply a County
14 appraisal.

15 Next, I wish to specifically comment on the number-
16 ed reasons on page 2. As to the first reason, which comments
17 that all the lands may be useful for navigation, commerce or
18 fishing, this is obviously based on a misunderstanding of the
19 1957 Act. It is true there are lands which are navigable.
20 They are for the most part right at the bridge to the entrance
21 of the Lower Bay. The theory of the 1957 legislation is that
22 this land be filled and no longer be useful for navigation,
23 fishing and commerce. It is not quarreling with whether or
24 not it is navigable in parts.

25 MR. CRANSTON: On that point, would there be more
26 navigable water after this than before?

1 MR. KUYPER: Excessively, yes.

2 MR. CRANSTON: On that point I think we should know
3 from the Attorney General's representative if legally, in
4 view of that fact -- that after this there would be more
5 navigable water than before -- we could meet the requirements
6 and feel that the exchange would be proper.

7 MR. SHAVELSON: In my opinion, Mr. Controller, the
8 criterion applicable to that standard is the usefulness for
9 the purposes of navigation, commerce and fisheries of the
10 lands after the filling operations have been finished.

11 As I understand the staff report, it is their opin-
12 ion that at least portions of these lands will continue to be
13 needed for purposes of proper full public use of the Upper
14 Newport Bay area. It is not their present usefulness, which
15 everyone agrees on, but their usefulness after they are filled.

16 MR. CRANSTON: If, after the exchange, there was
17 more navigable water than at the present time, would it be
18 legally proper for us to approve the exchange as far as that
19 aspect was concerned?

20 MR. SHAVELSON: Yes -- if on the lands to be given
21 up there were maintained sufficient public access to those
22 waters; in other words, not simply creation of the waters, but
23 maintenance of adequate facilities.

24 MR. CRANSTON: Then it goes to the question of the
25 public use that would be available?

26 MR. SHAVELSON: I believe so.

1 MR. KUYPER: I wanted to say, Mr. Chairman, it is
2 hard for us to come up with specifics. We had a very, very
3 vague report last Thursday ...

4 MR. CRANSTON: I understand this.

5 MR. KUYPER: ... and we would be happy to go over
6 with the staff specific problems.

7 MR. CRANSTON: We will do our best to learn what
8 we can today. We don't have to make a decision today if our
9 information is inadequate.

10 MR. KUYPER: As for reason number 2, which vaguely
11 suggests we develop otherwise, we ask: What is the alterna-
12 tive? We have studied this matter -- the County, the City of
13 Newport Beach, interested civic organizations, and experts
14 we have hired over the years -- and I reiterate this is the
15 best solution to the problem we can come up with.

16 It is my conclusion after the extensive negotiation
17 which has gone into the development of this contract for the
18 exchange that this is the absolute extent the Irvine Company
19 will go. I do not believe we can get any more land or any
20 more advantage for the County. We feel eight million dollars
21 is a sizable advantage to the County and the Irvine Company
22 is well aware of this.

23 The only alternative we can imagine is to condemn
24 the Irvine interests and develop the property without their
25 cooperation. We estimate the cost of this in the neighborhood
26 of at least twenty to twenty-five million dollars. Gentlemen,

1 we do not have that money. If we cannot exchange and we
2 cannot condemn, the Irvine Company can go on developing as it
3 is now developing its own lands. I point out to you the Dove
4 Shores development -- right there, the fingers sticking out
5 are the Irvine Company's property; the east bluff. You can
6 see the subdivision, the building that is going on around the
7 Upper Bay.

8 Now, the company can continue to do this without
9 the County's cooperation. This leads me to comment on reason
10 number 3....

11 MR. CRANSTON: On Number 2, you conceive of no
12 approach to this that would provide greater public use?

13 MR. KUYPER: Not unless we condemn.

14 MR. CRANSTON: Without condemnation?

15 MR. KUYPER: Yes.

16 GOV. ANDERSON: Have you explored that to the
17 fullest extent?

18 MR. KUYPER: Yes, before the 1957 legislation.

19 GOV. ANDERSON: Do you feel the people of Orange
20 County, if you took it to a vote, would go for a bond issue?

21 MR. KUYPER: No, sir, I do not. The people of
22 Orange County turned us down on a courthouse, which it is our
23 direct responsibility to provide; they turned us down on a
24 jail, which it is our direct responsibility to provide; they
25 turned us down on a flood control project, which is an abso-
26 lute necessity. We can hardly see them supporting this project.

1 GOV. ANDERSON: These that have been turned down
2 are different than something imaginative and constructive,
3 like the development of the upper harbor. I am thinking of
4 something like the Mission Bay development at San Diego. I
5 think they have tried to keep it so the public has access to
6 it. I am a little bit concerned about these 24,000 registered
7 boat owners in Orange County; and I would think Orange County
8 would support this kind of program, rather than turn it down.
9 I can see they could turn down a jail - -

10 MR. KUYPER: We look upon them as our civic responsi-
11 bility. We require a jail and a courthouse.

12 GOV. ANDERSON: I understand that, but something
13 like this, that is in the County's public interest and the
14 State-wide interest - -

15 MR. KUYPER: I would like to make this point, also.
16 We do not feel it is consistent to say we must provide parks
17 that provide public interest and at the same time require the
18 taxpayers of Orange County to bear the tax burden of this
19 entire development.

20 As to the Mission Bay development, the land con-
21 figuration was entirely different and I don't feel the land
22 costs to acquire land was extensive. It was mainly a low-line
23 situation. We have high bluffs.

24 MR. CRANSTON: I'd like to ask you, Frank, at this
25 point: What did you mean by "... the greater public use which
26 could be developed otherwise."?

1 MR. HORTIG: Probably precisely the same thing
2 Governor Anderson had in mind -- if there were a basis for
3 public development by Orange County to provide both the
4 larger water area and the greater public access. This has to
5 be weighed against the fact that the project as composed
6 would give a greater water area, but more limited public
7 access than is even available today.

8 MR. KUYPER: That is leading me to reason number 3,
9 which describes this development as leading to a captive
10 waterway. I say it is a captive waterway. It is physically
11 surrounded by lands owned by the Irvine Company. It is ex-
12 tremely difficult for any member of the public to get to
13 that bay. It is extremely unusable once they get there. The
14 swimming is limited to the Lower Bay, where we have dredged.
15 The boating facilities are limited and there is a great deal
16 of swampy land.

17 We are providing two major regional parks, with
18 access to the public. We are providing dredged channels,
19 where the public can go. We are providing boating facilities
20 where 1200 boats can be launched. We will be happy to guaran-
21 tee members of the public access -- it is in our project.
22 What we are doing here is tripling from 6,000 feet to 18,000
23 feet public ownership of water frontage, while private owner-
24 ship is being cut in half from 64 to 34,000 feet.

25 Reason number 4 repeats it will create a private
26 domination of the bay. I believe that there is already

1 private domination of the bay because of the land title and
2 I believe it will continue unless this exchange is approved.
3 The Company can only be expected to continue its development
4 and, in short, I don't believe time is on the public's side
5 in this matter.

6 These reasons we do not believe support the conclu-
7 sion that there is no State-wide interest. This, again, is a
8 matter of surprise to us to see this in the staff's report
9 and we would like to gather statistics to prove the potential
10 State-wide interest.

11 I can only cite the few statistics we have been
12 able to get in the few days we had. Using Newport Dunes as an
13 example, 209,000 people used that facility between May of
14 1965 and May of 1966. Of these, 48,000 were teen-age and
15 youth groups, on which we keep statistics; and seventy percent
16 of these came from out of the County. Eighty-six percent using
17 the trailer park were from out of the County; fifty percent
18 using the riverside were from Orange, San Bernardino and
19 Riverside counties.

20 MR. CRANSTON: May I ask if you can hear in the
21 back of the room?

22 MR. KUYPER: I am using Newport Dunes as an example
23 where we have kept statistics; and we can develop more sta-
24 tistics if the staff and the Commission wish us to do so.
25 These are a few we happen to have. Using our City and County
26 beaches in 1965, there were over 17,000,000 users; fifty-six

1 percent were from out of the County; using our other regional
2 parks, of over two and a half million campers, sixty-six per-
3 cent were out of County.

4 As I say, we are developing two major regional
5 parks, with easy access from out of our County. We are a
6 small county. It is easily reached from Los Angeles and
7 other counties. It is a tremendously popular resort in the
8 summer. Laguna Beach and Newport Beach are well known and
9 attract thousands of visitors in the summer and will continue
10 to do so if we have boat berths and navigable channels that
11 will be provided. We can provide more statistics on this
12 point.

13 Therefore, it is our conclusion that we respect-
14 fully ask the Commission to approve the exchange; and, as I
15 say, if the Commission wants other statistics, other configu-
16 rations other than going back to the Irvine Company, we would
17 appreciate learning this so we can work on it.

18 As far as I can see from Mr. Fisher's report, which
19 I just read this morning, we will be happy to provide the pub-
20 lic access -- we provide this.

21 I just want to say these gentlemen are here from
22 our County and I will be available if you have any questions
23 at this time or at a coming time; but we would like to rebut
24 if new evidence comes up.

25 MR. CRANSTON: Certainly, you will have that
26 opportunity.

1 Is there anyone officially representing the County
2 at this time who wishes to appear? (No response). If not,
3 we would like to hear from the representative of the Irvine
4 Company. Is Mr. Mason the representative who is here?

5 MR. MASON: Mr. Chairman and other members of the
6 Commission, I want to thank you for the opportunity to appear
7 at this hearing. I am William Mason, President of the Irvine
8 Company.

9 MR. CRANSTON: Please try to speak loudly in the
10 mike, so the people in the back may hear.

11 MR. MASON: Needless to say, we and the County were
12 quite shocked at receiving the staff's report on this subject.
13 We have been contacted numerous times during the last year and
14 a half for more information, which we have gladly furnished.
15 In many cases we have gone to a great deal of effort to get
16 the information to them in as short a time as possible and in
17 most cases not over two weeks.

18 It was our indication that there was no major dis-
19 agreement with the exchange concept or with the fact that this
20 was a State-wide public project.

21 Another thing that bothers us, there was no discus-
22 sion between the staff and us during this entire year and a
23 half period regarding this matter. I think that is the rea-
24 son they have ended up with a number of misconceptions regard-
25 ing the Upper Bay project.

26 The staff reports that in the end result of the

1 exchange it would be a captive bay, or implies this. I think
2 the exact reverse is true. It is a captive bay today and
3 under the exchange plan there is provided in the County's plan
4 that there would be a total of three major parks, totaling
5 260 acres -- the Dunes, the Big Canyon Park, and the County
6 regional park at the far end, in addition to the two small
7 parks on the westerly side.

8 All three parks would have trailer-borne launching
9 facilities for the trailer-borne boats.

10 I might comment briefly on this business of public
11 or private marine berthing facilities. There are larger boats
12 in the water constantly, compared to the trailer boats. There
13 are, as I said, facilities in the County plan to launch 1,200
14 boats per day -- which is a large percentage of the total
15 boats registered. The berthing of the boats would be in dif-
16 ferent marinas. The marinas would be open to the public.
17 People who don't live in the area would berth their boats the
18 same as in other facilities -- Playa del Rey, et cetera.

19 The fact that this happens to be in private owner-
20 ship is rather academic. The point is there are boat-berthing
21 facilities being provided.

22 I think you can see from this photograph hung on
23 the wall that the surrounding area is captive at the present
24 time. I think if you will look at the plans as provided
25 there will be access in three major areas. Those areas were
26 chosen because of the access availability provided.

1 The reason the parks are on the west side is that
2 there are major arterial roads -- Jamboree Road, which in
3 turn intersects with two freeways, and there is another major
4 arterial running across the drive of the northerly park.

5 So access, not only vehicular, not only to the
6 beaches and parks, but also the actual water launching of
7 trailer-borne boats is provided. This was reported in the
8 reverse in the staff report.

9 I might give you a brief picture of the background
10 of the exchange. There were earlier reports clear back to
11 1925 on this project. The Irvine Company and the County of
12 Orange started discussions on this project in 1950 and enabling
13 legislation was passed in 1957. It took several years to find
14 out and devise a method by which the harbor and exchange could
15 take place in a planned development.

16 It finally resolved itself in 1960 to the fact that
17 the first order of importance and the objective was to create
18 a good harbor and have a good harbor design, a harbor design
19 which would provide for the use of this harbor -- because,
20 gentlemen, when you talk about tidelands, you are really talk-
21 ing about waterway. So the plan for the design of the harbor
22 was made and you will see on your map it provides for a main
23 channel the width of the north Lido channel, which gives you
24 something to put it into perspective.

25 The staff report again only pointed out there was a
26 300-foot channel, giving the implication it was a very narrow

1 channel. That was the dredging channel and the actual channe
2 is 750 feet at the narrowest point - - it narrows to 600
3 feet and it widens out to 2,600 feet or more; and the rowing
4 channel is 450 feet. That is as wide - - that is the rowing
5 course enough to accommodate Olympic crews of the University
6 of California.

7 After the harbor plan was achieved and designed, the
8 map from the County shows you numerous parcels. There has
9 been no attempt to show who owns what but to come out with
10 parcelization for an exchange to provide a good harbor. The
11 design was made regardless of values. Nobody knew the values
12 at the time the design was made or the parcelization was made.
13 The parcels to be traded were around the banks and waterways
14 and after all that we hoped it would come out favorably in
15 behalf of the County, because this is one requirement of the
16 enabling act.

17 After the planning and engineering was done, there
18 were over two years of hearings and public meetings to review
19 this exchange and plan publicly in the Newport Beach and
20 Orange County areas and agreement was reached in 1965, January.
21 It has been under study by your staff for over a year and a
22 half.

23 My next item I'd like to cover is: Why is the
24 Irvine Company interested? It is going to benefit the company,
25 we are not denying that. It is going to benefit the public
26 to the extent estimated by appraisers at eight million dollars.

1 Now, you might ask why is the Irvine Company willing
2 to give up eight million dollars in this. Lest people misin-
3 terpret our motives, let me assure you the Irvine Company is
4 a very publicly-minded organization. This is evidenced by
5 one of the major parks, Irvine Park, which receives tremendous
6 use by the public every year. The University of California
7 campus was given one thousand acres. We give parks with each
8 elementary school in Newport Beach as part of the park pro-
9 gram. We have given road easements to the County of Orange
10 when they haven't had the funds to acquire them in the reloca-
11 tion of the Orange County Airport. We gave a navigation ease-
12 ment to make sure that the airport would not be jeopardized
13 in the future.

14 I could go on to many other items, but I want to
15 bring out the fact we are public-minded. We are interested
16 in having this developed in the public interest. If it is
17 done that way, we think it will benefit us in the long run.

18 The alternatives have been mentioned by the County.
19 These have been well known; they have been discussed many
20 times by the people in the public hearings, and it seems they
21 are very simple. It is either let us develop as it is, be-
22 cause by the staff's admission we own the property; the other
23 is to condemn, and I can attest the County's bond issues have
24 lost, not only these but many school issues.

25 Therefore, you come to the conclusion that an ex-
26 change such as proposed here seems to be the only third

1 alternative, which seems practical.
2 I might try and summarize the exchange
3 simple terms for you and divide the Upper Bay into
4 the part from the narrows, from a point here down, and
5 here up. (Demonstrating on map).
6

7 Keep in mind, gentlemen, that the reason for
8 change, if you want to look at it a different way, is the
9 arrangement of land ownership to create a harbor. Keep
10 in mind as I go through this.

11 In the lower end there is the removal of the island
12 to the shoreline to create a central navigable channel, vary-
13 ing in width from 750 to a thousand feet. Also, it is an
14 attempt to straighten the channel out for better tidal move-
15 ment in and out of that Upper Bay.

16 The Company now has 115 acres in that lower portion,
17 95 acres will result after the trade. In other words, there
18 is a loss to the Company in the creation of a new, wider and
19 better located channel of twenty acres, or a decrease of our
20 property of 17%, to put the channel in more navigable condi-
21 tion and in the center of the area between these high bluffs.
22 Let us now go to the upper end. As mentioned by
23 the staff, there are 243 acres of patent area lands. In the
24 proposed exchange more than half of this land will be convert-
25 ed to water, 54 acres will be in park; 59 acres we are asking
26 the easement gives us a clear title to only 24% of the total

1 patent area which we presently have -- or, we are exchanging
2 three acres for one.

3 Based on that alone, I think that is a fair re-
4 arrangement of land. However, in addition, we are giving a
5 total of 120 additional acres of land for parks to back up
6 these areas that are back of the waterfront.

7 Now, I am putting it in perspective also. There
8 are 342 acres of water up there now. Under the new plan there
9 will be 496 acres, so the harbor or waterway areas will be
10 about 50% larger than they are now.

11 In conclusion, I'd like to sum up, making three
12 main points. After being negotiated three times by local
13 public agencies -- and in this regard we were responsible to
14 do this since the County of Orange holds the grant from the
15 State -- it is not our intention to open this matter for
16 further change. Based on today's values, I would not recom-
17 mend any additional economic benefit to be made.

18 MR. CRANSTON: Did you say it was not your intention
19 to open this for further change?

20 MR. MASON: Yes.

21 MR. CRANSTON: You mean the plan is final as far as
22 you are concerned?

23 MR. MASON: That's correct. Second, I'd like to
24 make it clear that if this is disapproved it will be my recom-
25 mendation to move ahead immediately with plans we have on our
26 lands as they presently exist. I don't mean this to sound

1 like a threat. It isn't meant that way at all. If you
2 gentlemen look at that map, you can see the westerly side of
3 that bay is completely urbanized. The eastern side is becoming
4 that way rapidly. The Orange County airport lies to the
5 north and there is tremendous industrial development in that
6 area. McDonald Aircraft intends to make a large facility.
7 In addition to that, in the upper right hand corner is the
8 University of California location, developing very rapidly;
9 and urban pressures are going to force the early development
10 of this bay.

11 My third point -- It has been an extremely long time.
12 We have been trying to work with public agencies for fifteen
13 years to arrive at this hearing and we request that your Com-
14 mission either approve or disapprove without delay, so the
15 project can move ahead one way or the other.

16 GOV. ANDERSON: Just one clarification -- At the out-
17 set, you said there have been no staff discussions between our
18 staff and the staff of the County of Orange. Now, I was led
19 to believe there had been discussions.

20 MR. MASON: I said between the Company and the staff.
21 MR. CRANSTON: That's what he said.

22 MR. MASON: Only asking for information.

23 GOV. ANDERSON: I think that should be made very
24 clear. I understood that our staff has been down there and
25 studied and studied this for a long time.

26 Have you never discussed this with the Irvine Company

1 or has all your discussion been with the County?

2 MR. HORTIG: No, sir. As Mr. Mason indicated, the
3 Irvine Company has been completely cooperative -- answering
4 questions, furnishing data, et cetera, in order to answer ques-
5 tions raised both by staff and by reason of requests for in-
6 formation from the Office of the Attorney General. Obviously,
7 there have been discussions with the Irvine Company staff on
8 the facts of the situation, on the interpretation of the pro-
9 gram -- both with the staff of the Irvine Company and the
10 County of Orange.

11 There was no discussion or reconsideration of the
12 staff recommendation reported to the Irvine Company before
13 the agenda item that was prepared for the Commission was com-
14 pleted, and a copy was mailed to the Irvine Company and to the
15 County of Orange on the same day it was mailed to you gentle-
16 men on the Commission.

17 GOV. ANDERSON: But there has been discussion by the
18 staff with the staff of the County of Orange and the Company?

19 MR. HORTIG: Yes, sir.

20 GOV. ANDERSON: I evidently misunderstood your
21 comment.

22 MR. MASON: I think you have to interpret what you
23 mean by discussions. I think the discussions or conversations
24 were matters of asking questions, but not a matter of discuss-
25 ing the merits of other alternatives or anything like that. I
26 want to make that clear. It was in the realm of "answer this

1 question," "answer that question;" there was this or that
2 information, but as for a true discussion of the plan and so
3 forth -- I think this is obvious from the implications that
4 there is no launching facilities or the public is not provided
5 access.

6 MR. CRANSTON: Did you seek any further discussions?

7 MR. MASON: No. We figured anything that was needed - -
8 in fact, we did not know this was coming to a hearing until
9 just a few weeks ago.

10 MR. CRANSTON: You also said one other thing; you
11 said something like you had no inkling there would be a staff
12 recommendation against approval at this time.

13 MR. MASON: That's right.

14 MR. CRANSTON: I am sure you had no inkling there
15 would be a recommendation of approval, either.

16 MR. MASON: No, that's correct.

17 GOV. ANDERSON: You also made a comment that the
18 difference between a private or public berth -- the usage of
19 it, the ownership of it, whether private or public -- is
20 academic. Could you tell me what that means in your language,
21 because in mind there is a great deal of difference.

22 MR. MASON: If you have a marina such as Dana Point
23 or, take another one in Newport Bay, the Balboa Marina in
24 Newport Bay and then take, say, Richardson's Landing in New-
25 port Beach -- in one it is developed from a private frontage,
26 a marina where boats can berth, people rent slips and use

1 them -- it is the same exactly as the one on a public tide-
2 land, say the Balboa Marina, which is run by a lessee of the
3 City government and he in turn rents to people to berth their
4 boats. The only academic thing I meant was that as far as
5 anybody renting a slip or using a slip, the cost to him is
6 exactly the same whether it is under private or public owner-
7 ship. The difference is who gets the revenue, I agree, but
8 I would not guess, as in the fourth reason given by the staff,
9 that the Government is in the business of going out and con-
10 demning land to build a marina and in turn leasing it to
11 another private person to operate it. Private enterprise can
12 operate the marina.

13 The public's interest in this matter and the reason
14 it came about, they wanted to be sure there would be berthing
15 facilities in the Upper Bay to accommodate people who desired
16 to have larger boats berthed. This is the reason for the
17 plan. The number of boats came about from a study of the
18 Chamber of Commerce committee -- I forget the exact name of
19 it -- who made a study of the boat requirements in the Upper
20 Bay and the basis of that resulted in the preliminary plan
21 for the number of berths that were needed up there.

22 MR. CRANSTON: Is it your opinion or the Irvine
23 Company's opinion that there is no plan that can be developed --
24 that can be developed with the Irvine Company -- that provides
25 for any greater public access and use than the present plan?

26 MR. MASON: I think not, to answer your question

1 directly; but let me elaborate on it. If this was an open
2 front bay area, such as Mission Bay - - Incidentally, Mission
3 Bay was all tidelands, so there was no problem such as this - -
4 If it was open like that and you could get access to all parts
5 of it equally, there would be no question that you could get
6 a plan whereby there would be access all the way around; but
7 as you can see from the photographs, the western side is com-
8 pletely developed. Once you get them down the bluff, I don't
9 know how they would be able to use the area when they got
10 there. This is the reason for locating the two parks. One
11 is in the Big Canyon at the lower level, and the other one at
12 the northerly end.

13 GOV. ANDERSON: This one at the canyon -- this is
14 presently Irvine property?

15 MR. MASON: That's right.

16 GOV. ANDERSON: If this was not used for a park,
17 what could Irvine use it for? It is my understanding it is
18 restricted for use because it is below the reservoir anyway,
19 so you are giving us something....

20 MR. MASON: It is below the reservoir, but the
21 channel needed would only take a small portion of the area
22 there. It could be handled by a diversion channel and there
23 would have to be an open channel developed there.

24 GOV. ANDERSON: I understand there are restrictions
25 against it because it is below the reservoir.

26 MR. MASON: There are not.

1 GOV. ANDERSON: Not even in the zoning and planning?

2 MR. MASON: There are not.

3 MR. CRANSTON: You stated you would recommend pro-
4 ceeding with the Irvine plan of development if this plan were
5 rejected. Can you give us in capsule form what that plan is?

6 MR. MASON: Obviously, the thing that would be
7 developed would be marinas; there would be homes, apartments,
8 commercial activities. Boat repair is being crowded out of
9 the Lower Bay. We have been asked and have been working with
10 the Chamber to provide some area in the Upper Bay for boat
11 repair facilities to be located, because this industry is
12 gradually being squeezed out of the Lower Bay and it is needed
13 because of the number of boats that are launched. This kind
14 of facility is badly needed. It would be a very general multi-
15 use type of project.

16 MR. SHEEHAN: Mainly on the west side?

17 MR. MASON: Well, west and Upper Bay. .

18 MR. CRANSTON: What would be the relative merits
19 from the public's point of view compared to this plan?

20 MR. MASON: I think it would be negative.

21 MR. CRANSTON: Why?

22 MR. MASON: Because there would be no access. The
23 water frontage, as pointed out by Mr. Kuyper, is increased
24 considerably under this plan -- both as to vehicular access
25 and access by boat. This is one of the major items in the
26 plan -- to be sure people can get to the Bay. If you compare

1 this with Huntington Harbor, which was an exchange between the
2 State and a private company, there the public access is very
3 limited. Here you have three major launching areas and parks.

4 MR. CRANSTON: Thank you very, very much.

5 I'd like to call at this time upon Charles Baldwin,
6 who is the Consultant for the Joint Legislative Committee on
7 Tidelands, who has stated he wishes to make a statement.

8 MR. BALDWIN: My name is Charles Baldwin. I am
9 Committee Consultant for the Joint Legislative Committee on
10 Tidelands.

11 The Committee undertook a study of the Upper Newport
12 Bay exchange last year, spent quite considerable time studying
13 the problem and all the issues, many of which have been raised
14 today. The Committee recommended at that time, on analyzing
15 the data that were provided, that the exchange would not be
16 in the public interest and recommended to the Commission --
17 I believe you have that correspondence -- that denial of the
18 exchange be considered.

19 At that time we did not question whether there would
20 be any benefit from the exchange; in fact, we stated that
21 there would be a benefit from the exchange. It seems to me
22 the real important question, however, and one which should be
23 of concern here, is whether there is sufficient benefit to
24 take place from the exchange to justify it -- to actually take
25 lands out of the public domain and put them into private hands.

26 On the question of studies, just reviewing our

1 findings, we could find no studies on the development of
2 marine biology, the development of the content of the water
3 in the Bay. It gets quite salty at the upper area, is what
4 might be the deadest water in the Bay -- and what would be
5 the effect of the channel, would it have a detrimental effect
6 there?

7 In summing up, we could not find any specific bene-
8 fit in a master plan which this Commission could study and
9 pass on in the public interest.

10 As to the question of facilities, if the County
11 chose to develop the same channel as proposed, they would have
12 by virtue of the lands granted in trust 32,000 feet of water
13 frontage. If this exchange is consummated, they would end up
14 with only 13,000 lineal feet; certainly additional park land,
15 but this would not be access to the water.

16 The Patterson Report of 1950 in that plan had called
17 for 1,600 boat berths and at this time these were to be lo-
18 cated at all points of the Bay. This plan calls for only 450
19 at one point of the Bay and this in spite of the fact that
20 we have had an enormous explosion, if you will, of boat owners,
21 particularly since 1950.

22 We could find no consideration given to public fish-
23 ing facilities in the Upper Bay.

24 Other considerations which concerned us in the dis-
25 cussions with the Attorney General's Office and the State
26 Lands Division were whether or not the regional parks proposed

1 on the one side of the development would be in violation of
2 the gift clause of the Constitution. We have discovered that
3 no firm boundaries have been established for two of the three
4 islands in the channel. What are we getting? We have no
5 clear definition of the existence of these lands.

6 Further, there are patent lands in the Upper Newport
7 Bay which the County can open up for fishing, commerce and
8 navigation in spite of the fact that the ownership is in the
9 Irvine Company.

10 As to the question of money, we can find no evidence
11 on the part of the County to explore other alternatives. We
12 can find no evidence that they opened up negotiations with
13 the Federal Government or that they asked for oil revenues as
14 an offset. As you gentlemen are aware, there are considerable
15 oil revenues and much of that is used for Huntington Beach.
16 No effort was made to explore that possibility.

17 A bond issue was not explored with the public, nor
18 could we find any public polls or other endeavors by the
19 County to try to test this concept of bonding. Further, on
20 the issue of bonding, this Bay provides unique ability in
21 making available boating and swimming facilities which are
22 revenue-producing and a bond issue would be amortized from
23 the revenue of the project and maintained for the public.

24 In sum and to repeat, our findings and recommenda-
25 tions were largely predicated on the fact we could find no
26 specific master plan, no alternatives that were explored;

1 and our recommendation to the Commission would be to ask the
2 County to explore these alternatives and attempt to arrive at
3 other solutions to the problem than the one narrow alternative
4 which has been proposed here and which seems to have taken a
5 long time to arrive at in spite of the fact no other alterna-
6 tives have been made available.

7 MR. CRANSTON: Any questions? (No response).

8 Thank you very much.

9 Assemblyman Robert Badham from Orange County is
10 here and has asked to appear.

11 ASSEMBLYMAN BADHAM: Gentlemen, I am Assemblyman
12 Robert E. Badham from the California State Legislature, 71st
13 District, which district is wholly within Orange County and
14 is roughly the eastern three-quarters of the County including
15 the coastline from the Santa Ana River south to the San Diego
16 County line and all of Newport Beach, Costa Mesa and other
17 cities.

18 I would speak to you today as a representative of
19 this district, which includes the Upper Newport Bay and as a
20 resident of the City of Newport Beach in the vicinity of the
21 Upper Bay and as one who has lived in and about the harbor area,
22 with some absences, since 1939.

23 I have examined the proposed exchange of land in
24 this area between the Irvine Company and the County of Orange
25 and I would like to say that I strongly favor approval of
26 this exchange by the State Lands Commission.

1 For many years progressive citizens of the Harbor
2 Area have envisioned development of this area to its highest
3 potential as a boon to the State's recreation opportunities
4 as well as a boon to the County and the City of Newport Beach.

5 There is, of course, no doubt that the proposal be-
6 fore you more than meets the statutory requirement for equal-
7 ity or advantage of value to the public interest, in this case
8 the County of Orange.

9 Three points are made in the staff work-up which are
10 used to draw a negative recommendation to this Commission. I
11 feel that these three points do not truly bear to the situa-
12 tion at hand and, therefore, I find myself in opposition to
13 these three points. It is obvious to the most casual observer
14 of the area that the existence of the islands in the Upper
15 Bay limit navigation and commerce to the degree that the Upper
16 Bay is presently useless for any traffic other than the small-
17 est pleasure craft, and that merely for transit to and from
18 a water ski area of questionable value.

19 As far as fishing is concerned, I feel that there
20 is practically nothing that can be done that would make this
21 area a suitable location for fishing.

22 On the second point, it seems inconceivable to me
23 that serious consideration could be given to the thought that
24 removal of the islands and dredging could diminish greater
25 public use of the Upper Bay.

26 On the third point, I think reasonable examination

1 of the Upper Bay will show that no matter what is done by
2 private or public development, there is limited potential for
3 use without ridiculous overcrowding.

4 As the main Bay increases in traffic there must, of
5 course, be more area for boating made available if at all pos-
6 sible. Obviously, the only area for this added development
7 is the Upper Bay. It is limited by natural boundaries, cliffs,
8 et cetera.

9 The plan put forth by the County and the Irvine
10 Company in my judgment best provides for all potential users
11 of these projected facilities regardless of their geographic
12 origin, keeping in mind efficient use and maintenance of
13 safety without overcrowding.

14 If I may say a word about the Irvine Company, as a
15 long-time resident of Orange County: The Irvine Company has
16 aided greatly in the development of Orange County. It is com-
17 mon knowledge in the County, but perhaps not elsewhere, that
18 the Irvine Company as a rule donates a ten-acre park site
19 adjacent to land purchased for school purposes. The Irvine
20 Company has been criticized for holding and developing the
21 land adjacent to the University of California at Irvine. Such
22 criticism seems to me entirely unwarranted, particularly on
23 the basis that they donated the land for the University in
24 the first place. The Irvine Company, to be sure, will bene-
25 fit from the development of their private land around the Bay.
26 I think this is proper.

1 I think the public benefit will be enhanced by this
2 exchange in view of the fact that there has been no plan for
3 development of this area put forward in the past.

4 Furthermore, if an equitable exchange cannot be
5 made, the Irvine Company could develop their lands on their
6 own. The County has indicated that it would not be able to
7 develop its lands on its own and if this were to happen, we
8 would have a most difficult situation with minimal traffic
9 flow and lack of useful waterways.

10 As a representative of this District, I have been
11 contacted by only one private person in opposition to this
12 exchange. On the other hand, I have been contacted by every
13 public entity involved in this exchange and I have received
14 numerous communications from private citizens throughout my
15 District who look toward this exchange as something that
16 would be of great advantage to all the people.

17 If I could briefly comment on the salty water men-
18 tioned by Mr. Baldwin in the upper parts of the Bay, the
19 water is indeed salty; salt does collect there for commercial
20 purposes. When the Bay is developed this will have a lot to
21 do with straightening the channel, et cetera, et cetera.

22 On the conflicting statements which have been made
23 by the staff to you -- I think primarily the one that said
24 this would be of benefit only to the people of Orange County
25 if it is of benefit to the people of Orange County and there
26 is only limited access, anybody who can get to Orange County

1 can get there.

2 I would very earnestly solicit your approval of
3 this plan.

4 MR. CRANSTON: Mr. L. E. Cox, University of
5 California.

6 MR. COX: Mr. Chairman, L. E. Cox, Vice Chancellor,
7 Business and Finance, University of California, Irvine.

8 I only have a brief statement. The Irvine campus
9 has a direct interest in what happens to the Back Bay of New-
10 port Beach since the campus is located immediately adjacent
11 thereto and in order to perhaps orient you, if I might just
12 take one second to point out the location of the campus to the
13 Back Bay, the Irvine campus is here. (Demonstrating on map).
14 We now have title to some 1500.8 acres of land in that
15 location.

16 I have a letter that I'd like to read to you from
17 our Chancellor, which I believe summarizes the Irvine campus's
18 position in this matter. It is addressed to the State Lands
19 Commission:

20 "Gentlemen:

21 In July 1960 the Irvine Company offered the
22 University as a gift 1,000 acres on which to
23 build a campus. The Regents accepted the gift
24 and a deed was signed and recorded on January 20,
25 1961. Provisions were included in the accompany-
26 ing contract to allow for land trades in estab-
lishing final boundaries acceptable to both the
Regents and the Irvine Company, which provided
for flexibility in planning.

1 " At the present time boundaries for 990.8
2 acres of the 1,000-acre gift have been estab-
3 lished. Those for the remaining 9.2 acres are
4 still to be fixed and are contingent upon settle-
ment of the land exchanges between the Irvine Com-
pany and the County of Orange in the Upper Newport
Bay, the matter before you today.

5 Development in Upper Newport Bay of University
6 instructional and research facilities for Marine
7 Biology and Physical Education and for recreational,
8 intramural, and intercollegiate athletics has been
9 delayed, pending settlement of the land exchanges.
In view of these needs, which are made increasing-
ly critical with expanding enrollments, I urge your
action on the land exchange as expeditiously as
possible. Thank you for your consideration.

10 (signed)

11 Daniel D. Aldrich, Jr. "

12 I'd like to add one thing. We opened the Irvine
13 campus last year with 1,589 students. This coming fall we
14 enrolled 2,300. In so doing, we had to turn away several
15 hundred qualified applicants and ask them to select other
16 campuses of the University because we could not take care of
17 them.

18 This matter is a serious one to us. We feel the
19 development of the Back Bay will aid us in developing our
20 land.

21 GOV. ANDERSON: I'd like to say this to Mr. Cox,
22 (as a Regent and with another hat on, who wants to see the
23 development of this area as quickly as possible). I want to
24 make it clear the recommendation of the staff here today is
25 to withhold approval and to urge the County to explore alter-
26 native methods of developing this natural resource in the

1 spirit of its trust in a manner to maximize the public use and
2 benefit. That is what we have before us today.

3 I, for one, want to see this channel developed.
4 I want to see it, perhaps, as much as anyone; but I am a
5 little bit concerned with the lack of use by the public and
6 in the direction of our statute of 1957 and in our directions
7 to our own staff.

8 I don't see that any implication should be given
9 that the University wants us to take this when we are trying
10 to get a better way to have more maximum use and benefit.

11 I want to make myself clear, so I don't find myself
12 voting against myself as a Regent.

13 MR. COX: May I clarify? We have made no judgment
14 as far as the benefits of this land exchange are concerned.
15 We have made a judgment on the plan of the Back Bay but we
16 have no direct interest nor have we made any judgment about
17 the exchange itself.

18 GOV. ANDERSON: By the "Back Bay" you are talking
19 about the area which would probably be in relation to the
20 rowing course?

21 MR. COX: That is right.

22 GOV. ANDERSON: But on the matter of land usage
23 and public or private use of the rest of the channel ...

24 MR. COX: .. we are strictly neutral on that point,
25 and have made no judgment.

26 MR. CRANSTON: I believe the Mayor of Newport Beach

1 is here and wishes to speak.

2 MAYOR GRUBER: 'Mr. Chairman, members of the Commis-
3 sion, I am Paul J. Gruber, Mayor of the City of Newport Beach,
4 and I appreciate this opportunity of appearing before you
5 today to speak on this matter.

6 At this time I would like to introduce to you mem-
7 bers of our official family that are present here in these
8 chambers: Councilmen Doreen Marshall and Robert Shelton,
9 City Manager Harvey L. Hurlburt, Public Works Director Joseph
10 Devlin, City Attorney Tully Seymour; and also I'd like to
11 point to R. L. Patterson, the author of the Patterson Report,
12 civil engineer and tidelands and marine engineering expert
13 and consultant.

14 At this time, with the indulgence of the Commission
15 I would like to read into the record Resolution 6436 passed
16 by the City Council of Newport Beach on the 22nd day of
17 August, 1966:

18 "A Resolution of the City Council of the City
19 of Newport Beach expressing the support of the
20 City Council for the proposed land exchange in
21 Upper Newport Bay:

22 WHEREAS, the State Lands Commission will
23 soon consider a proposed agreement for the ex-
24 change of lands in Upper Newport Bay between
25 the County of Orange and the Irvine Company; and

26 WHEREAS, the City of Newport Beach is vitally
interested in the proposed land exchange agreement
because all of the property proposed to be ex-
changed lies within the corporate limits of the
City; and

WHEREAS, the City Council has closely followed

1 "the progress of the negotiations which preceded
2 the formulation of the proposed agreement and is
3 convinced that said agreement represents an
4 equitable balance between private and public
5 ownership and that it is the only feasible method
6 for development of the Upper Newport Bay in the
7 foreseeable future; and

8 WHEREAS, completion of the proposed land
9 exchange will provide badly needed recreational
10 facilities of both local and statewide benefit;

11 NOW, THEREFORE, BE IT RESOLVED by the City
12 Council of the City of Newport Beach that this
13 City Council expresses its strong support for
14 the proposed land exchange in the Upper Newport
15 Bay.

16 BE IT FURTHER RESOLVED that this City
17 Council urges the State Lands Commission to act
18 affirmatively to approve the proposed land ex-
19 change agreement at the earliest possible time.

20 ADOPTED this 22nd day of August, 1966.

21 (signed) Paul J. Gruber, Mayor

22 Attested to by City Clerk. "

23 I might say at this time, in commenting on several
24 things that have been said during the course of this hearing
25 so far, in the Newport Harbor as of March 1, 1965 there were
26 7,204 boats. The capacity for boats in the harbor that would
be provided for by opening the Upper Bay as described would,
I believe, if I remember the figures, add some 3,000 to this.

The boat count in and out of the jetties in August
1965 were 19,833 outboards, 25,810 power boats, 17,087 sail
boats -- a total of 62,730 vessels going in and out of the
harbor entrance. So this speaks for a lot of traffic and
speaks for what Newport Beach does to serve the recreational
needs of the people of the City of Newport Beach, the County

1 of Orange, the State of California, and all others who visit
2 our shores.

3 MR. CRANSTON: Do you have any estimate of what the
4 count would be in those three categories if this plan was to
5 be put into effect? Has anybody sought to analyze that?

6 MAYOR GRUBER: I don't believe so. We know this
7 mixture stays pretty much what it is.

8 MR. CRANSTON: I mean in terms of the increase in
9 growth.

10 MAYOR GRUBER: I really couldn't say. All of these
11 craft are widely used in the Bay and it is about the same all
12 the time. I would think offhand that you may have a slight
13 increase in power boats, but at the same time outboards are
14 so prevalent and so much used by so many people....

15 MR. CRANSTON: I didn't mean in terms of each
16 category, but would there be an increase of vessels in and
17 out of the harbor.

18 MAYOR GRUBER: I would think so.

19 MR. CRANSTON: There is no study?

20 MAYOR GRUBER: There certainly would be more in
21 the Upper Bay because of access. Insufficient depth affects
22 use of the Upper Bay.

23 With reference to Mr. Baldwin's remarks with regard
24 to oil possibilities, let me say that present legislation
25 forbids oil production from the Santa Ana River jetty from
26 our border to Baja California; and oil production in the City

1 of Newport Beach is limited solely to production which exists
2 at the time any annexation comes into the City. There is no
3 drilling in the City of Newport Beach and no production taken
4 except what already exists at the time that any annexed area
5 comes into the City.

6 If the Commission would permit me, I would like to
7 read into the record from the Daily Pilot-News Press dated
8 August 24, 1966:

9 "DAILY PILOT EDITORIAL PAGE

10 MAJOR TEST FOR SWAP

11 The proposed Upper Newport Bay tidelands
12 trade between Orange County and the Irvine Com-
13 pany will face its first major test in Los Angeles
14 tomorrow. The State Lands Commission will conduct
15 a public hearing on the complex and controversial
16 subject in the new State Building.

17 Under the plan, the land trade between the
18 County and the Company would set in motion a
19 multi-million dollar development of a second
20 harbor in the Back Bay. The Irvine Company would
21 allow three tidal islands to be dredged out of the
22 middle of the Bay to allow development of a
23 navigable channel.

24 Irvine would dedicate land to the public to
25 allow development of large parks at Big Canyon
26 and the extreme rear of the Bay and two smaller
parks on the West Bluff. In return, Irvine
would receive exclusive rights to the balance of
the Upper Bay water frontage.

Independent appraisals have set the advantage
to the public in the trade as high as \$8 million.
This is in contrast to an estimated cost to tax-
payers of \$27.6 million to condemn Irvine lands
just to develop parks and recreational areas as
now proposed. Under terms of the swap, develop-
ment reportedly will cost the public only \$3.5
million.

1 " The proposed development program is not
2 without its critics. Charles Baldwin, chief
3 tidelands consultant for Assembly Speaker Jesse
4 M. Unruh, is opposed to the swap. So are some
5 people closer to home who fear that anything
6 favoring the Irvine Company automatically is not
7 favoring the residents and taxpayers of Orange
8 County.

9 But the plan has drawn the endorsement of
10 our Board of Supervisors, of the Orange County
11 Grand Jury, the Newport Beach City Council and
12 a substantial number of Southern Californians
13 who could hardly be accused of opposing the
14 public's interest.

15 It is a complex proposal, so complex that
16 it undoubtedly has weaknesses. Still, its rejec-
17 tion summarily would bring us face to face with
18 the immediate question: Will anything ever be
19 done in the public's interest in Upper Newport
20 Bay?

21 Various alternative suggestions have been
22 unrealistic. One calls for a County bond issue.
23 The County has too many other pressing needs to
24 vote bonds now in the amount needed to condemn
25 and develop the Upper Bay.

26 The same is true of State money. The State
still hasn't made good on the proposed park in
the Santa Monica Mountains for which bond moneys
supposedly were voted in 1962. The State, too,
has too many other pressing needs.

So this puts development back in the realm
of some such combined public agency and private
enterprise program as that involved in the County-
Company trade. There may be areas for improvement
in the plan the Lands Commission has before it,
but merely saying this is not enough for opposi-
tion to the basic plan. Someone must come up
with specifics on how and where alleged improve-
ments can be produced.

The Commission's decision will determine
whether the Upper Bay will be developed for pub-
lic recreational purposes in the foreseeable
future. Development will require some years
even under an immediate favorable decision.
But if the Commission turns down the swap it's

1 "conceivable that development of the public
2 portion of this tremendous physical asset could
3 be delayed for decades.

4 The Upper Bay is a tremendous asset. It
5 should be handled properly. But this is no ex-
6 cuse for doing nothing.

7 Orange County residents in general, and
8 Orange Coast families in particular, stand to
9 gain substantially from the plan worked out over
10 a period of years by County officials and Irvine
11 management.

12 On the basis of the information available
13 at this point, State Lands Commission approval
14 of the general concept of this trade -- if not
15 all of the details -- appears to be in order."

16 This newspaper is published by the Orange Coast
17 Publishing Company and to our best information this newspaper
18 is owned by the Times-Mirror Corporation of the Los Angeles
19 Times.

20 MR. CRANSTON: I'd like to ask you about two items
21 in that editorial. What was that figure of \$27 million in
22 relation to the condemnation cost? That was put in relation
23 to some plan now proposed. What plan is that referring to?

24 MAYOR GRUBER: Well, of course, I can only take this
25 in the general context. It refers to analyzing on the part
26 of the newspaper -- comparisons of what it would cost the
County or even the State, if the State did so, to condemn
lands and develop these lands.

MR. CRANSTON: Is there some such plan? Where it
said "plan now proposed," does that refer to this plan or
some plan for condemnation?

1 MAYOR GRUBER: I think this is just a thought of a
2 possible plan. There is no such plan that I know of.

3 MR. CRANSTON: Secondly, the editorial listed certain
4 bodies that were in favor of this. It mentioned the Grand
5 Jury. What does the Grand Jury have to do with it?

6 MAYOR GRUBER: All I know is the Grand Jury did take
7 action, and according to the members they did forward their
8 findings and their approval to the State Lands Commission.

9 MR. CRANSTON: Do we have a communication from them?

10 MR. HORTIG: Not to my knowledge.

11 MAYOR GRUBER: It was in the paper the day before
12 yesterday and I think there are people who could attest to
13 this.

14 MR. CRANSTON: Any questions?

15 GOV. ANDERSON: Yes. Mr. Mayor, I am just seeking
16 information here. I have before me a copy of a letter from
17 the Mayor of the City of Newport Beach in March 1964, through
18 the Board of Supervisors. I realize there has been a change
19 in administration since that time, but you listed in your com-
20 munication that the City and County continue to have reserva-
21 tion about the trade because of the transfer of tidelands to
22 public ownership.

23 Then you go on to list the five parcels legally
24 described and you say it is essential that the control, devel-
25 opment and administration of these five parcels be vested ex-
26 clusively in the City in perpetuity and that the details of

1 this can be worked out so that public access to these loca-
2 tions would be better served.

3 Have you changed your position in regard to this at
4 this time?

5 MR. CRANSTON: It is the same City, but a different
6 Mayor.

7 MAYOR GRUBER: Since this time there has been con-
8 siderable work done which has brought the City and the County
9 Board of Supervisors into much closer relationship in connec-
10 tion with this trade.

11 GOV. ANDERSON: When they said at that time that
12 it is essential that the control, development and administra-
13 tion of these five parcels be vested exclusively in the City
14 in perpetuity, have you worked out something with the Super-
15 visors that you are going to do this?

16 MAYOR GRUBER: We have not; but in the initial
17 trade as brought forth by the Irvine Company we were not satis-
18 fied that sufficient access was available to the public; and
19 as a result of discussions with the Board of Supervisors, Ken
20 Sampson of the Harbor District and our City Manager and my-
21 self entered into discussions that eventually led - - at that
22 time I was Councilman and on the committee, and the committee
23 together with Mr. Sampson and our City Manager and the Irvine
24 Company worked out what was a second proposal, which bettered
25 the benefits to the County of Orange by some \$1,400,000.

26 GOV. ANDERSON: What about the public access to the

1 Bay? How was that better?

2 MAYOR GRUBER: In the second proposal that was
3 brought forward?

4 GOV. ANDERSON: Yes.

5 MAYOR GRUBER: The Big Canyon, which did not exist
6 in the first trade, was offered by the Irvine Company in the
7 second proposal, which meant a great deal to the public access.
8 The mouth of the canyon itself, as I remember, is some twelve
9 hundred feet wide and this would provide a beach area which
10 was not provided in the original proposal.

11 Also, as a result of these discussions, the two
12 neighborhood beach areas on the westerly side of the Bay --
13 one in the vicinity of Dover Shores and the other off 22nd
14 Street, both off on the tidelands -- would be developed.

15 The Board of Supervisors have felt the development
16 of this area is essential; but as far as control is concerned
17 and what agreements might be made between the City of Newport
18 Beach and the County, they would have, as I see it now, to
19 actually await the trade if approved.

20 GOV. ANDERSON: I am getting back to this Big Can-
21 yon you said was added. I was of the understanding that you
22 already had that in public ownership and this is marked on
23 my map -- that all of the front of that is presently in
24 public ownership.

25 MAYOR GRUBER: No -- the Big Canyon is property of
26 the Irvine Company. This is roughly a 65-acre parcel. There

1 are several parcels.

2 GOV. ANDERSON: I am not talking about the canyon.
3 I am talking about the frontage on the harbor.

4 MAYOR GRUBER: The channel is in public ownership.
5 The land itself, as I remember, is Irvine land.

6 MR. CRANSTON: Any further questions?

7 MR. MITROVICH: Since the time of the letter of
8 1964 have any additional offers been made, so as to change the
9 proposal that was under the City Council's consideration which
10 they viewed with reservation at that time?

11 MAYOR GRUBER: In time it is hard for me to place
12 whether this letter was written just after the second proposal
13 was received by the Board of Supervisors, which included the
14 Big Canyon and the change in the land at the upper end of the
15 Bay and when the two west beach areas were to be provided;
16 but I can say this: There has been a number of discussions
17 and we feel that the City and the County would come to some
18 agreement in some manner, where all of these areas would be
19 available for public use.

20 The exact formula would be something that would
21 have to be worked out, but we feel confident that good public
22 access is had in these areas and that in the Big Canyon it-
23 self that the waterfront poses a real good area for beach
24 recreation, that there is sufficient parking space behind.

25 There has been some planning of this by our staff
26 and that of the harbor district which has had this assigned

1 to them to do; and the marina design in the area in the
2 present form would provide for the mooring of boats for people
3 who desire to use the waters of the Upper Bay and the Lower
4 Bay and the ocean beyond, and would increase the capacity;
5 and would permit this park to be developed, according to
6 present estimates that we have, in a consistent manner and
7 would provide revenues that could be used to develop the
8 balance of the Big Canyon for the use of all the people.

9 As I understand it, if this trade became effective
10 the Big Canyon would be classified as tidelands and, there-
11 fore, would have to be available for the use of all people.

12 MR. CRANSTON: Any further questions? (No response)

13 Thank you.

14 In response to my question re the Grand Jury, a
15 gentleman stood up and said "Yes" back there. Who was that?

16 MR. KILLEFER: Gentlemen, I am John Killefer from
17 Corona del Mar, Chairman of Committee Number 3 of the Orange
18 Grand Jury, Committee Number 3 dealing with special matters
19 concerning lands owned by the County.

20 I am sorry if our resolution of August 18th has
21 not reached you. The Jury in unanimous action passed this
22 resolution:

23 "BE IT RESOLVED that the Orange County Grand Jury
24 recommends the proposal for the exchange of land
25 in the Upper Newport Bay area between the County
26 of Orange and the Irvine Company be approved by
the State Lands Commission."

Among the reasons considered by the Grand Jury in

1 passing this resolution -- which we felt was in the realm of
2 our activity as watchdogs, or whatever you may call the Grand
3 Jury, dealing with lands owned by the County -- we felt that
4 the benefits which would result to the County have been ably
5 delineated by our County officials:

6 The opportunity to grasp Back Bay -- Orange County
7 is sadly in need of additional facilities and this addition
8 would greatly add to the pleasure and welfare of its inhabi-
9 tants.

10 The County would benefit from added taxes which are
11 sure to accrue in the wake of this development, and there are
12 provisions in the agreement for conservation and general es-
13 thetic values -- which may not have monetary value but which
14 have all too often been ignored in the wake of the population
15 increase.

16 Finally, we find that although the Irvine Company
17 certainly stands to benefit as well as the County in this
18 exchange, the Company's previous history of generosity in
19 respect to parks and other donations should be respected and
20 encouraged.

21 I would give you this copy, as passed by the Grand
22 Jury on August 18th.

23 MR. CRANSTON: Thank you very, very much.

24 Among many others who have asked to testify, there
25 is a letter dated August 22nd from J. Frank Robinson, who
26 indicated he wished to speak in opposition. Would you please

1 come forward?

2 MR. ROBINSON: Mr. Cranston, gentlemen

3 MR. CRANSTON: May I ask one thing? We received
4 several other names of people who wish to appear, perhaps in
5 connection with your appearance. I hope, as much as possible,
6 you can summarize what they might say, so there may not be
7 unnecessary repetition and perhaps it will not be necessary
8 for all to speak.

9 MR. ROBINSON: My name is Frank Robinson and I
10 reside in Newport Beach. I have been interested in this for
11 the last three years and have followed it in detail, and I
12 would like to read a letter we have written to you and follow
13 it with some comments on the pro-swap positions.

14 This is to Mr. Cranston, Chairman of the State Lands
15 Commission:

16 "Subject: Proposed tidelands exchange in the
17 Upper Newport Bay, between the
Irvine Company and the County of Orange.

18 The intention of the State of California to
19 guarantee in perpetuity for its citizens access
to the tidelands of the Upper Newport Bay seems
very clearly expressed.

20 The act of 1919 which granted certain tide-
21 lands and submerged lands of the State of Cali-
22 fornia to the County of Orange was contingent
upon certain trusts and conditions, one of which
23 stated that 'said county or its successors shall
not at any time grant, convey, give or alien
24 said lands or any part thereof to any individual,
firm, or corporation for any purposes whatever...'

25 Moreover, the Constitution of California,
26 Article XV, Section 3, states 'All tidelands
within two miles of any incorporated city or
town in this State, and fronting on the waters

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"of any harbor, estuary, bay, or inlet used for the purposes of navigation, shall be withheld from grant or sale to private persons, partnerships, or corporations."

It is our opinion that the Enabling Act of 1957 which would make it permissible to trade the tidelands of the Upper Newport Bay to a corporation is an effort to void the trust and to deprive the people of their continued use of these priceless and irreplaceable tidelands, for the purposes of commerce, navigation, and fishing.

The Orange County Board of Supervisors, in recommending this proposed trade, has continually stated that it is necessary because the County cannot afford to develop the Bay properly.

One cannot help but wonder why the Supervisors have made no attempt to obtain either State or Federal funds to develop this Bay which has such vast recreational and scientific potential.

Both State and Federal funds have been pledged to implement the County's planned \$100 million parks program. Among the facilities which will share in the funds to be provided by the State and Federal governments are the harbor at Dana Point (now under construction) and the Sunset Bay marina.

Not only will the County accept \$4.8 million from the Federal Government for the harbor construction at Dana Point, but the County will match the Federal appropriation with \$4.7 million of funds from the Orange County Harbor District, funds which have already been placed in a depository for withdrawal as needed.

Our question is "If the County Board of Supervisors can manage to accumulate \$4.7 million in cash for the construction of a smaller and far less choice harbor, why haven't they ever made an attempt to acquire funds for the development of magnificent, natural Upper Newport Bay? Further, why do they persist in refusing to request State and Federal funds in order to develop this bay for the people in accordance with the trust, without the need for surrendering the tidelands?"

Federal money was used in the development of the Lower Bay.

1 " Another question concerns access. We are
2 informed that unless the County exercises the
3 right of eminent domain, there is no access to
4 the tidelands of Upper Bay across the Irvine-
5 owned uplands. Access for the harbor at Dana
6 Point was acquired by the County's exercising
7 the right of eminent domain in condemning the land
8 of Mr. Capron. Since the Supervisors have estab-
9 lished this precedent at Dana Point, why do they
10 refuse to consider the same action for Upper
11 Newport Bay?

12 May we humbly request that the State Lands
13 Commission reject this trade, in the hope that
14 the Orange County Board of Supervisors will be
15 inspired to meet the challenge of the development
16 of Upper Newport Bay, using as their criterion
17 not expediency, but the preservation of the trust?

18 Respectfully,

19 J. Frank Robinson, Chairman
20 Citizens for Conservation of
21 Public Tidelands

22 MR. CRANSTON: Any questions?

23 MR. ROBINSON: May I make one other comment?

24 MR. CRANSTON: Yes.

25 MR. ROBINSON: Much has been said about the in-
26 ability to raise bond issues in the development of the Upper
Bay. It is interesting to observe how the Lower Newport Bay
was developed -- roughly one million in Federal funds and a
million and a quarter bond issue was raised. These were
approximately in the early 1930's. This turned out to be
roughly \$30 per resident of the County. That was in 1932
dollars. Today, if \$30 was raised, it would more than wipe
out this problem; but the people of Orange County would have
to be assured that this Bay would be developed for the bene-
fit of all, rather than for access for a minimum amount of

1 users.

2 MR. CRANSTON: Thank you.

3 I'd like to stop just a moment to consider our
4 procedure, it being twelve-fifteen. Before this hearing ends,
5 I think we would want to give the County an opportunity to
6 comment and rebut any statements made. I think we would be
7 particularly interested in hearing their reaction on what Mr.
8 Baldwin said about alternate approaches.

9 We want to give others a chance to comment if necess-
10 ary and we want to give anyone who wishes to express their
11 comments the opportunity to do so. On the other hand, we don't
12 want to overlap. A number of names have indicated they wish
13 to testify. Perhaps they won't wish to in view of what has
14 been said, but if any new thoughts are to be expressed we
15 would be glad to hear from them.

16 (Recess 12:20-12:30 p.m.)

17 MR. CRANSTON: The meeting will please come to
18 order.

19 We will now proceed and we would like to urge that
20 those who now testify do so in as short a time as possible,
21 so that we can bring this hearing to a close.

22 I believe the Mayor of Costa Mesa is here and
23 would like to testify.

24 MAYOR JORDAN: Thank you, Mr. Chairman. Gentlemen
25 of the Commission, the City of Costa Mesa lies westerly of
26 the Bay. As indicated on the map

1 MR. CRANSTON: Would you please identify yourself
2 for the record?

3 MAYOR JORDAN: Mayor Willard T. Jordan, Costa Mesa.

4 Some of our land in our community lies bordering
5 some of the land under consideration for the exchange today.

6 I would like to just take a moment of your time to
7 read into the record a letter authorized for my signature,
8 the contents being authorized by our City Council:

9 "Gentlemen:

10 The City of Costa Mesa wishes to go on
11 record as approving the so-called Upper Newport
12 Bay land exchange involving the County of Orange
and the Irvine Company.

13 We make this statement based on the follow-
14 ing benefits that will occur not only to the
citizens of Costa Mesa but to all residents of
Orange County.

15 The need for recreational facilities is
16 very great, and this addition will be of immeasur-
17 able benefit in providing the area for additional
18 activities. The development of the property will
greatly improve the esthetic qualities of the
entire area.

19 The entire area, including the City of
20 Costa Mesa, will benefit from heightened land
21 values and, finally, we feel that with the rapid
development of Orange County that the opportunity
as being presented at this time may not be avail-
able at a later date.

22 Respectfully submitted,

23 (signed) Willard T. Jordan
Mayor Willard T. Jordan "

24 Gentlemen, it gives me a great deal of pleasure to
25 go on record with the City of Newport Beach and the County
26

1 of Orange to approve this land trade.

2 MR. CRANSTON: Thank you for your testimony and
3 thank you for being so brief.

4 Who would like to appear next?

5 MR. BERGH: Mr. Chairman, members of the Commission
6 I am Harry E. Bergh, 704 Orchid Avenue, in Corona Del Mar,
7 Orange County.

8 I am here representing the Orange County Coast Asso-
9 ciation, representing their Tidelands Committee. I have a
10 resolution which contains a very choice number of "whereases"
11 which have been alluded to and I won't go into those.

12 I would like to say the Coast Association has been
13 established for fifty-four years and is an organization de-
14 voted to the welfare and the development of the Orange County
15 coastline. That is the standpoint from which they present
16 this resolution. I will merely summarize their resolving
17 paragraph. (Full resolution below:)

18 " ORANGE COUNTY COAST ASSOCIATION - RESOLUTION

19 WHEREAS, the Irvine Company owns the three
20 islands and all of the area surrounding the Upper
21 Newport Bay, with the exception of The Dunes and
the small, rocky mound island adjacent to The
Dunes, and

22 WHEREAS, the County of Orange holds the water
23 area (tidelands) in trust for the State of Cali-
24 fornia, who, in turn, holds it in trust for the
Federal Government, and

24 WHEREAS, an agreement between The Irvine
25 Company and the County of Orange for the exchange
of lands has been proposed, and

26

1 " WHEREAS, through the exchange the County
2 does not expend any actual dollars for acquiring
3 additional waterway areas or park areas, and has
4 a financial advantage of eight million dollars
5 over its present situation, and

6 WHEREAS, the County has approximately 26,000
7 additional lineal feet adjacent to the water,
8 approximately 150 acres more of water area and
9 approximately 200 acres in additional park areas.
10 and

11 WHEREAS, if the Irvine Company is allowed to
12 develop the Upper Bay as it presently exists,
13 access to the bay would be through street ends
14 and the present Dunes area, and

15 WHEREAS, if the County condemns the land
16 necessary for the channel and park areas, it will
17 be necessary for them to raise approximately
18 twenty million dollars for this condemnation.
19 This would necessitate a bond issue and it is ex-
20 tremely doubtful that it would be passed by the
21 Orange County citizens, and

22 WHEREAS, the County of Orange is not losing
23 any tidelands through the exchange. It is merely
24 the relocation of the waterway area to create a
25 central channel of sufficient width to allow for
26 good boating and use of the waterway area, and
the relocation of the Irvine Company islands and
uplands to the edges of the channel adjacent to the
presently owned upland areas. In this exchange the
County is gaining two acres for one, and

 WHEREAS, a totally public park in the Upper
Bay for its entire length as suggested by the
Tidelands Legislative Committee is impractical
since the accessibility between The Dunes and
the rowing course is very limited due to the high
bluffs, and small amount of area at the channel
level, and

 WHEREAS, the lower Newport Bay harbor is a
great harbor because it mixes a number of differ-
ent uses adjacent to the channel waterway areas.
The Upper Bay solves the one shortcoming of the
Lower Bay by providing accessibility to the major
park areas in three locations: lower, the Harry
Welch Memorial Park; central, Big Canyon; upper,
the regional park with the marina and rowing
course.

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" NOW, THEREFORE, the Orange County Coast Association, Inc. does hereby support the exchange of lands as presently proposed as the best alternative for the development of the Upper Bay. We believe this exchange provides the best opportunity financially to accomplish access to the bay area, and a splendid harbor and recreational center for the citizens of California.

(signed) James W. Decker,
President

Attested by: Dale L. Dunn, Secretary-Treasurer"

MR. CRANSTON: Thank you.

MR. MARKEL: Mr. Chairman and members of the Commission, my name is J. Ogden Markel. I am a general contractor and citizen and property owner of Santa Ana. I have lived in Santa Ana for forty-four years. I am a member of the City Council of the City of Santa Ana.

I am going to cut this very short. Before I proceed, I am going to present to you a letter submitted to me from Councilman Herrin of the City of Santa Ana, and one from George E. Robinson of the South Main Improvement Association. (These letters reproduced at end of Mr. Markel's testimony).

MR. CRANSTON: We will consider those as part of the record.

MR. MARKEL: I am inalterably opposed to the swap of the land. The area that is proposed to be exchanged means so much to the potential area, to the people of Orange County, to justify any way whatsoever a swap of interest. I will conclude here because a lot of it would be repetitious.

I am sure this body is much concerned with the

1 deliberations taking place here today. I am sure you will
2 weigh the evidence submitted and will trust that your judgment
3 and verdict will not destroy one of our fine examples of the
4 Master's handwork, but you will lend wisdom, knowledge and
5 guidance in developing the area in one of California's
6 wonderland.

7 GOV. ANDERSON: Councilman, I was interested in the
8 comment that people of the great County of Orange would not
9 support a bond issue or any other method of financing it,
10 even if an alternative plan could be developed that would
11 bring greater maximum public benefit.

12 Has there been any attempt to find out what the
13 public sentiment of people in Orange County would be? Do you
14 feel we have to take this attitude of gloom, that they would
15 never approve a good plan?

16 MR. MARKEL: I don't think so, Mr. Anderson. I
17 might state as an individual I believe some of the miscar-
18 riages of judgment, some of the miscarriages of judgment in
19 construction that have taken place under my observation in the
20 County of Orange I think might warrant some looking at these
21 things twice.

22 I don't stand alone in this. Some week and a half
23 or two weeks ago a bond sales was conducted by bid for the
24 construction of some \$24 million of improvements in Orange
25 County and the highest rate that has ever been submitted in
26 Orange County, one of the finest and richest counties in the

1 State, was some 4.77%. So I think maybe your answer would be
2 such that we haven't been able to get what we think is the
3 best results for our efforts, and some of the trust that we
4 have possibly has evaporated.

5 MR. CRANSTON: Thank you.

6 (Letters submitted by Mr. Markel follow:)

7 " CITY OF SANTA ANA

8 State Lands Commission Hearing
9 Los Angeles, California

10 Gentlemen:

11 This is to inform you that I am opposed to
12 the proposed land exchange between Orange County
13 and the Irvine Company, involving Upper Newport
14 Bay.

15 It is my opinion this waterfront property
16 can serve the best interests of all the people
17 of Orange County if held and developed to be
18 used by the general public, rather than devel-
19 oped as housing, as no doubt it would be by the
20 Irvine Company.

21 Sincerely yours,

22 (signed) Wade Herrin
23 Councilman"

24 ***

25 " SOUTH MAIN IMPROVEMENT ASSOCIATION
26 Santa Ana

State Lands Commission
State of California
Los Angeles, California

Gentlemen:

At its meeting of August 24th, 1966, the
members of the Board of Directors of the South
Main Improvement Association discussed at some
length the proposed land trade between the

1 "County of Orange and the Irvine Company now
2 pending before your Commission.

3 The Board of Directors have directed me to
4 notify your Commission of its position in this
5 matter. We are not in favor of any alteration
6 or exchange that would in any way impair present
7 public water recreational facilities. Recrea-
8 tional water facilities such as offered in this
9 natural harbor are very limited, and the need
10 is growing for additional facilities. Therefore
11 any program whereby lands are being diverted to
12 other uses would not be in the best interests
13 of the general public.

14 Very truly yours,

15 (signed) George E. Robinson
16 Secretary "

17 ***

18 MR. CRANSTON: The gentleman down here is next.

19 MR. HARRISON: My name is Jim Harrison. I am
20 appearing here as President of the Orange County Marine
21 Dealers' Association and I am also speaking for the Southern
22 California Marine Association.

23 I'd like to be real brief, but there were some
24 points brought out this morning that are sort of left open,
25 so if I may I would like to read this prepared statement. I
26 will give you some copies.

Our organization's basic contention is that we are
not opposed to any beneficial land exchange that is truly
beneficial. We are, however, opposed to the Master Plan for
the development of Upper Newport Bay as now outlined and
accepted by the County of Orange and the Irvine Company.

We are for the development of Upper Newport Bay,

1 but we feel that the development of any body of water as im-
2 portant as Upper Newport Bay should primarily consider the
3 general public and then private interests.

4 We also have a Master Plan for the development of
5 Upper Newport Bay. Although it has not been committed for
6 engineering studies, we feel that it has far more merit than
7 the proposed development plan. The following proposals best
8 present our master plan:

9 1. It would consist of the dredging of the Upper Bay
10 in such a manner as to provide public beach on the major por-
11 tion of shoreline.

12 2. The dredging would be accomplished in such a man-
13 ner as to leave islands, as was done in the development of Mis-
14 sion Bay in San Diego -- and we don't feel it is too narrow to
15 leave some islands.

16 3. The dredging would also be done in such a manner
17 that some mud flats would be retained to support the biological
18 needs that are of so much importance for marine growth. This
19 point has very well been taken by the Isaac Walton League,
20 University of California at Irvine Biological Department, and
21 the California Institute of Technology; a fact which I am sure
22 this committee is very much aware.

23 4. We feel that new marinas are needed and could
24 very well be incorporated into this plan in such a way that
25 channel wave action would have little effect on berthing of
26 yachts.

1 5. The majority of boat owners in Orange County and
2 in the State of California has been almost completely over-
3 looked in the present proposed plan of development. We feel
4 a ski area and a speed area should be of primary concern.

5 The main point that is always brought out by our
6 opposition in opposition to our contention that the remainder
7 of the Bay should be developed for the public is one of a
8 monetary nature. If money, or a favorable exchange, is the
9 only reason for this development, then why shouldn't the State
10 sell all of its parks? The timber in the Redwoods would cer-
11 tainly bring in a great deal of revenue as would the leasing
12 of Yosemite.

13 This monetary basis, which the County feels would
14 create the utmost revenue, is not necessarily a true assump-
15 tion. No one can deny the fact that a hundred thousand dol-
16 lar house with a fifty thousand dollar yacht parked in front
17 in a private slip would create more tax revenue than a launch-
18 ing ramp in the same location. But what of the homes located
19 from one to five blocks from the water? There is certainly
20 no doubt that the direct access to a near public beach would
21 increase their value. Is development at any cost a good rea-
22 son for development? It may be for raw land, but development
23 of a great natural resource as we are discussing would seem
24 to be a very poor premise on which to make a decision.

25 This entire matter of the development of Upper Bay
26 is supposed to be a much investigated and much discussed plan

1 There is one very strange thing about this fact: In all of
 2 the discussions, none of the organizations which I represent
 3 was ever invited to any hearing to express its views. We
 4 have never been contacted by the County of Orange Board of
 5 Supervisors, the County of Orange Harbor District, or, for
 6 that matter, any city, county committee or commission of any
 7 kind.

8 We, as marine dealers, suppliers, and boating users
 9 and enthusiasts, are concerned primarily with the intended
 10 manner of the development and the proposed usage as shown on
 11 the Harbor District's Master Plan for the development of
 12 Upper Newport Bay. The small boater or trailer boater has,
 13 without exception, always been considered a minority group in
 14 any and all plans in the development of Newport Bay.

15 The Newport Harbor District states that there are
 16 approximately 22,000 boats registered within the County of
 17 Orange; best estimates from the Division of Small Crafts and
 18 Harbors, State of California, puts this estimate at nearer
 19 24,000, and by both estimates only 8,000 of these boats are
 20 registered at Newport Beach.

21 In other words, there are twice as many boats
 22 registered throughout the County as there are in Newport
 23 Beach proper. Of the 8,000 boats in Newport Harbor, it is
 24 safe to say that at least 2,000 are under 19 feet and capable
 25 of speeds in excess of five miles per hour. Not only are the
 26 small or portable boaters in the numerical majority, but they

1 use their boats more often, at least in Newport Bay. The
2 Enforcement Division of the Newport Beach Harbor Patrol has
3 made this statement before many service clubs: "Approximately
4 80% of the boats on the water in Newport Bay are trailer-
5 borne craft."

6 Under the proposed development plan there would be
7 no speed area in the entire Newport Bay. In other words, at
8 no time would two out of every three boat owners be able to
9 use their boats at the designed speeds in the area of Newport
10 Beach. There is, however, one exception proposed to this
11 five-mile-per-hour limit; this is shown on the plan as a
12 "sometimes ski area" known as a marine stadium, which will
13 accommodate a maximum of only 40 boats at one time. This
14 figure is based on the best estimates of our industry, taking
15 into account that there would be an island centered in this
16 stadium to divide traffic.

17 I may add that at this time, regardless of the re-
18 assurances we have had from the Harbor District, no such
19 island appears, and that without an island, the capacity
20 would be 20 boats in this area at any given time. There is
21 approximately 16,000 boats now in the County.

22 Taking these facts into account, if the stadium was
23 set up on a reservation basis and used every cold rainy winter
24 day, you would be able to water ski in Orange County every
25 two and one-half years, even though it might be Christmas Day,
26 that is, if the County would stop growing and allow no more

1 boats to be sold or used in Orange County.

2 The Harbor Department has stated that if the pro-
3 posed plan is adopted, the two new launching ramps will
4 provide launching for approximately 1,200 boats per day.
5 This figure takes into account that the two existing launching
6 ramps will launch at least 600 boats each per day. Now,
7 these figures have both been heard at open meetings and these
8 are the figures we use. This premise we feel is in no way
9 justified, as the largest number of boats launched in any one
10 day at any one of the existing ramps was slightly over 300.
11 Boaters had to be turned away that day. Of the two existing
12 commercially run launching ramps capable of handling any
13 appreciable volume of boats per day, the Bayside ramp, located
14 adjacent to the Coast Highway Bay Bridge, will cease to exist
15 within a short period of time when the highway becomes a
16 freeway and a new bridge is built. Facilities capable of
17 launching 2,000 boats per day are needed but will not be
18 provided.

19 In conclusion, we would like to say that we, as
20 boat manufacturers, marine distributors, boat dealers, and
21 boat club members, all feel that the development of Upper New-
22 port Bay should truly be for the majority and not for private
23 gain.

24 MR. CRANSTON: Thank you very, very much.

25 MR. MITROVICH: You made a reference to Mission Bay
26 in San Diego. Is it within your knowledge that the amount of

1 dredging in Upper Newport Bay would be more or less than that
2 in Mission Bay?

3 MR. HARRISON: The proposed plan for development
4 shifts a lot of land -- the one that is now proposed. I would
5 say it would still be less. In fact, I know the Upper Newport
6 Bay is considerably less. For example, they have unlimited
7 hydroplane races sponsored by the City. So Mission Bay is a
8 much larger development.

9 Thank you.

10 MR. CRANSTON: Thank you. The lady here was next
11 in order.

12 MISS BOER: I'll be very brief. My name is Janice
13 Boer, Santa Ana.

14 At the request of the Mayor of Santa Ana approxi-
15 mately nine months ago I conducted an investigation and un-
16 covered a lot of material, which I will not go into now.

17 I did want to correct one impression you may be
18 under, which is completely erroneous. The Orange County
19 budget for 1966 states that there are 21,082 boaters assessed
20 in Orange County. The correct figure is 15,962 as of July 1,
21 1966, according to a letter which I will submit to you, signed
22 by Gary Cattrell, Administrative Services Officer of the
23 County of Orange. I will also submit another document.

24 Gentlemen, our County is still growing, as you well
25 know, the fastest in the State. Tourists don't need boat
26 slips -- they need beaches. Every time we build a boat slip

1 we destroy another ten or twelve feet of beach. Our people
2 need beaches. In any development of those lands with fancy
3 boat slips at their doors, sure, we increase the assessed
4 valuation, but it doesn't lower our taxes. In 1962, the
5 Harbor District assessed us 2½% per hundred valuation; in
6 1965, the tax is \$10.96 per hundred.

7 Only one percent of the people in Orange County own
8 boats. The remainder of those people have no need for any
9 boating facilities. They need beaches.

10 It seems to me that our main problem here is that
11 the aims of the State and the aims of Orange County are dia-
12 metrically opposed. At a hearing before the State Tidelands
13 Commission in Sacramento a spokesman for Orange County stated
14 that the County of Orange intended to develop all of their
15 beaches to the ultimate as revenue-producing sources for the
16 County. When we were deeded these tidelands in trust, it said
17 they were to be developed for the benefit of the people in
18 Orange County and, gentlemen, they are not being developed for
19 the benefit of the people in Orange County.

20 I would like to have you see something that appeared
21 on the front page of yesterday's Santa Ana Register - "County
22 to Curb Beach 'Fun'." It is typical of the attitude toward
23 the general beach-going public by our Board of Supervisors.

24 The people who have appeared here today are money
25 people, people working for government, people with an ax to
26 grind. Gentlemen, I am speaking only for myself. I have been

1 in Santa Ana since 1928. I have watched our beaches being
 2 destroyed foot by foot. This applies to three County beaches
 3 taken care of by County tax funds, one of which has an armed
 4 guard at the gate. The public has no access. That is quite
 5 typical of Orange County today.

6 There has never been a test of public opinion, as
 7 Mr. Anderson asked -- never. I have followed this quite
 8 faithfully. I agree until six years ago I didn't follow pub-
 9 lic affairs as closely as I should have, but to my knowledge
 10 they have never asked the people, "What do you want to do?"
 11 The people you have listened to today are people from the
 12 government, people from money -- not people like me.

13 I would urge you to please turn down this develop-
 14 ment and explore other avenues of developing our beaches.

15 MR. CRANSTON: Thank you.

16 MR. CUMMINGS: My name is John Cummings. I am a
 17 resident of Newport Beach. I am chairman of the Committee
 18 for the Protection of the Back Bay.

19 Rather than go into some discussion which would be
 20 repetitious, I would like to present to the Commission a
 21 sampling of a petition of one hundred twenty-five names, who
 22 live in Newport Beach and most predominantly in the Back Bay
 23 area of Newport Beach, who oppose the Back Bay trade as it
 24 stands today.

25 That's all I have to say.

26 (Petition referred to by Mr. Cummings is as follows:)*

* (original on file at State Lands Commission Office, Los Angeles)

1 "In the opinion of the Committee the proposed
2 land trade between Orange County and the Irvine
3 Ranch in the Newport Beach Back Bay is inequit-
4 able, indefensible, and not in the public inter-
5 est. We believe that a joint study by State,
6 County and City agencies of alternate proposals
7 should be undertaken."

8 ****

9 MR. WATSON: My name is Roger Watson. I am a
10 retired industrial engineer, Newport Beach, and I was author-
11 ized by the Directors of the Bay Area Citizens Council at
12 their meeting on the 18th of August to read the following
13 letter. In view of the shortness of time, I feel that it is
14 not desirable to read the entire letter, and I will read just
15 one paragraph. (Entire letter is reproduced below, although
16 Mr. Watson read only second paragraph).

17 "Dear Mr. Cranston:

18 We of the Bay Area Citizens Council, which
19 represents all of the Homeowners Associations
20 encompassing the Upper Bay as well as many others
21 in this coastal area, are writing the State Lands
22 Commission with regard to the exchange of lands
23 between the Irvine Company and Orange County
24 proposed for the Upper Newport Bay Area. We
25 urge as strongly as we can that the legislative
26 bodies of the State of California continue to
study the possibilities of developing the Upper
Bay, keeping in mind the original intent of the
Tideland Trust, the interests of the local citi-
zens and adequate control by local governing
bodies. Any plan for development should recog-
nize that Southern California is changing more
rapidly than any other area in the United States
and even now is faced with a dearth of wilderness
and recreational areas. Such a plan should ideally
include conservation of natural resources, preser-
vation of our wildlife and marine life, natural
parks, and recreation facilities.

We suggest that a plan might be imagined

1 "similar to the highly successful one through
2 which Corona Del Mar State Beach has been
3 developed: A joint venture undertaken by the
4 State along with Newport Beach -- and admini-
5 stered by the City -- in which the Upper Bay
6 would be developed in accordance with need and
7 as funds become available. Such a plan would
8 make possible the kind of local control which
9 many citizens of Newport Beach feel is necessary
10 in order to insure that the Upper Bay be properly
11 policed, kept clean, appropriately beautified,
12 and provide continued free access for the citizens
13 in the immediate neighborhood as well as for
14 those from more distant communities.

15 We ask once more then that the State continue
16 to study the matter of Upper Newport Bay in search
17 of a plan which will provide the sort of benefits
18 we have tried to indicate, and that the land not
19 be disproportionately turned over to private
20 enterprise in what we feel is not the broadest and
21 best use of the last and largest undeveloped in-
22 land bay in California. We shall be most grateful
23 to the State Lands Commission for considering this
24 letter as seriously as it can.

25 Respectfully submitted,

26 Jack Garnaus (signed)
27 Bay Area Citizens Council "

28 No one is studying the State Beach at Corona Del Mar.
29 We feel you should consider that development in the Upper Bay.
30 I will submit this letter as part of the record.

31 If I may for just a moment, as an engineer I'd like
32 to point to one thing that hasn't been brought out: The
33 bottleneck of this entire Bay is the Bay Bridge. You can see
34 it on the map down at the bottom, a little horseshoe, and
35 that Upper Bay bridge is controlled by the State Highway Com-
36 mission; and a freeway is now under consideration and has been
37 adopted, but there has been considerable controversy with
38 regard to the route.

1 I believe that Upper Bay bridge would give a clear-
2 ance of possibly 35 or 40 feet at high tidewater, to go in and
3 out of the Upper Bay. This is the key to the entire situation.
4 The present bridge is inadequate. However, I do not believe
5 the State will replace the present bridge, which only has a
6 height of approximately six to ten feet at high water point.

7 Therefore, I'd say the development of the Back Bay
8 has to wait on the freeway and the bridge.

9 If the Irvine Company plans to develop the Back Bay --
10 as Mr. Mason said they did, if you did not approve this par-
11 ticular trade -- they will develop it with boat slips. Now,
12 what are these boats going to do in the Upper Bay? Are they
13 just going to cruise back and forth and not go out to sea?
14 They can't with the present bridge situation.

15 I can't see how they can develop into boat slips
16 unless they have small boats, and the small boats are on
17 trailers usually. I happen to be a former boat-owner of a
18 larger boat, and I know I could never approach that bridge
19 because of the currents and the height of the bridge; so, as
20 far as I am concerned, the entire development of Back Bay will
21 await the decision of the State freeway.

22 MR. CRANSTON: Thank you.

23 Is there anything further from witnesses?

24 MR. BARTON: Mr. Chairman, my name is Don Barton.
25 I, too, am a director of the Citizens Council and President of
26 Marina Park, Incorporated, an association of home owners in

1 Newport Beach.

2 We would like to submit this letter for the record.
3 (Mr. Barton then paraphrased portions of the letter, which is
4 reproduced in its entirety below):

5 "Our association of homeowners in the Upper
6 Newport Bay area, Marina Park, Incorporated,
7 is sending you this letter to ask that the
8 State of California, through appropriate legis-
9 lative committees, conduct a study of the Upper
10 Newport Bay area with a view to coming up with
11 a plan for its development which takes into
12 account the original intention of the Tidelands
13 Trust, and does not turn the land over to pri-
14 vate enterprise in a way contrary to the best
15 interests of the citizens of the State of
16 California.

17 "Any plan for development should pay great
18 attention to the conservation of what is, after
19 all, the last undeveloped bay in Southern Cali-
20 fornia. Particular regard should be had for
21 the protection of marine and wild life in the
22 area, for once destroyed they can never be
23 restored. And the most imaginative considera-
24 tion should be given to the ways in which the
25 area may be beautified and recreational areas
26 established without sacrificing its dignity as
a natural resource.

"We respectfully suggest that the possibilities
be explored for some kind of joint development
of the Upper Bay area by Newport Beach acting
in concert with the State of California. The
success of such a plan is evidenced by Corona
del Mar State Beach. State funded and city
administered, this beach provides an excellent
example of thoughtful development and adequate
local control. We feel that such a plan would
insure that the Upper Bay be appropriately
beautified in keeping with marine and wildlife
conservation and the natural beauty of the area;
be properly policed and maintained, and provide
free access for all.

"We urge again that the State's legislative
committees continue to study the development of
the Upper Bay in search of a plan which is in

1 "harmony with the true spirit of the Tidelands
2 Trust. For the Tidelands around the bay are
3 held in trust for the people of California.
4 Thus, in whatever plan is finally created, their
5 interests must be regarded as paramount. We ask
6 that you give our views all the consideration
7 you think appropriate as you make your decision
8 in this important matter.

9 Respectfully submitted,

10 (signed) Don C. Barton, President
11 Marine Park, Incorporated "

12 ****

13 MR. STEPHENS: Mr. Chairman, I am Grover Stephens,
14 Professor, Biological Science, University of California at
15 Irvine. I am also a resident of the area and a home-owner in
16 the area.

17 I have a letter opposing the land trade signed by
18 twenty-two other residents of the area, that I think makes no
19 major new points. I would pass it into the record, if I may.

20 If I may comment, some of the signatures include the
21 Professor and Chairman of Biology, Professor of Business, and
22 so forth. However, I want to make it perfectly clear that
23 obviously the University position has been presented in the
24 letter presented by Vice-Chancellor Cox.

25 MR. CRANSTON: Thank you very much.

26 (Letter submitted by Mr. Stephens is shown below.
Original on file at State Lands Commission office,
Los Angeles, contains total of 23 signatures)

"Dear Mr. Cranston:

We are addressing you in your role as Chair-
man of the State Lands Commission in hopes that
the Commission will be able to see its way clear

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"to opposing the exchange of land in the Upper Newport Bay area presently proposed between Orange County and the Irvine Company. We write as relative newcomers in the area and cannot pretend to any special knowledge in this affair. But reliable facts seem hard to come by, given the widely varying appraisals of the land values involved in the exchange and the debates about the legality of the exchange.

To us, three facts stand out:

1) As has been said repeatedly, the Upper Newport Bay area is a priceless natural resource, the only undeveloped bay left between San Diego and San Francisco; as such, its future is a matter of crucial importance and deserves the gravest consideration of the State Lands Commission.

2) The Orange County Board of Supervisors has not explored seriously and fully the possibility of developing this bay area with the help of State or Federal funds (instead of through the exchange with the Irvine Company) -- though surely it is not inappropriate for State or Federal funds to be used in connection with the development of a natural resource.

3) What seems clearest about the proposed swap is that the Irvine Company stands to realize a substantial profit on the land that it will receive; it is by no means equally clear that the people of California stand to profit comparably from the acreage and footage -- well back in the Bay -- that Orange County would receive by the exchange.

Thus we hope that the Commission will decide to veto the swap as presently proposed. The Newport Bay area is so precious a resource and the communities surrounding it are even now changing so rapidly that we feel the whole matter of the Bay's future needs to be thought out again. It will be a task requiring high conscientiousness and great imagination."

MR. BERKSHIRE: My name is Jim Berkshire -- and I am President of the Chamber of Commerce in Newport Beach.

1 I'd like to bring to your attention at this time that the
2 business community in Newport Beach represented by the Chamber
3 of Commerce encompassing over 800 companies are on record as
4 favoring the proposed development in Upper Bay and you have in
5 your files a resolution to that effect.

6 MR. BACON: Mr. Chairman and members of the Commis-
7 sion, my name is Larry Bacon. I am a resident of Costa Mesa.

8 A funny thing happened to me on the way to the Bay.
9 While launching a 1250-pound sailboat, I was given a citation
10 for launching this boat over a public street end and public
11 beach. I feel this is in violation of the tidelands trust,
12 also in violation of Article XV, Section 2 of the Constitution
13 of the State of California.

14 The City of Newport Beach and the County of Orange
15 have taken the position of restricting the public access to
16 the Bay and the beaches. I'd like to cite some of the past
17 examples of this. The waterfront property is quite extensive
18 that is owned by the City and County. It has been leased to
19 private interests, to private civic associations, and prac-
20 tically cutting off access to the Bay, that is, the Lower New-
21 port Bay, to the people of the County and California. Prob-
22 ably 75 or 80%, possibly more, of the public land fronting on
23 the Bay is leased to private individuals.

24 The people of the City of Newport Beach were quite
25 aware that this land was being taken away from them in 1955
26 when they went to the polls and got the Constitution changed

1 to forever make the 18th Street beach open to the public.
2 They went to the polls and did this because they saw that the
3 land was being taken.

4 If the swap goes into effect, or whatever plan is
5 finally adopted for the Upper Bay, I would like to be assured
6 that the City of Newport Beach and the County of Orange is
7 not permitted to restrict any further the access of the people
8 of the County and of the State to the waters of Newport Bay.

9 Thank you.

10 MR. CRANSTON: Thank you very much.

11 Does that conclude the list of those who wish to
12 appear?

13 MR. KUYPER: First of all, I'd like to introduce
14 two of the motions of the Orange County Chamber of Commerce,
15 favoring this exchange; and, believe me, they began with
16 reservations:

17 "TO: Executive Committee/ Board of Directors
18 FROM: Environmental Planning and Land
19 Use Committee
20 SUBJECT: Upper Newport Bay Development

21 RESOLUTION

22 WHEREAS, the Board of Directors of the Orange
23 County Chamber of Commerce (then the Orange County
24 Associated Chambers of Commerce) went on record
25 April 13, 1964, approving the transfer of property
26 between the Irvine Company and the County of Orange
in the Upper Newport Bay Area as a means of expedit-
ing development of the area, and

WHEREAS, the said transfer and plans for
development of the Upper Newport Bay was approved
by Orange County Board of Supervisors May 6, 1964
and transmitted to the State Lands Commission for

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"study and approval in accordance with State law, and

WHEREAS, this matter has been under study by the State Commission since 1964 and has not been acted upon, and

WHEREAS, this delay by the State Commission has caused a postponement of the planning and development of this area,

NOW, THEREFORE, BE IT RESOLVED that the Orange County Chamber of Commerce reaffirms its approval of the land transfer between the Irvine Company and the County of Orange and the expediting of the Upper Newport Bay Development.

BE IT FURTHER RESOLVED that copies of this resolution be forwarded to Mr. Alan Cranston, Chairman, and members of the State Lands Commission; Senator John Schmitz; Assemblymen James Whetmore, Robert Badham and William Dannemeyer; Governor Edmund G. Brown; Congressman Richard T. Hanna and James B. Utt; Senators Thomas Kuchel and George Murphy; Supervisor Alton E. Allen; U. S. Army Corps of Engineers; and to the chambers of commerce in all Orange County cities.

BE IT FURTHER RESOLVED that the city chambers of commerce in Orange County be specifically requested to pass a similar resolution and forward it to the same people.

BE IT FURTHER RESOLVED that the Environmental Planning and Land Use Committee or a special committee be asked to report within a month or two with other possible alternatives to bring a solution and results in this situation.

Adopted by the Board of Directors May 10, 1966"

" ORANGE COUNTY ASSOCIATED CHAMBERS OF COMMERCE

TO: Board of Directors
From: Planning and Land Use Committee
Subject: Transfer of property between Irvine Company and Orange County in Upper Newport Bay

1 "BACKGROUND: Mr. Wm. R. Mason, Chief Engineer
2 of the Irvine Company, on Tuesday, March 17,
3 brought our committee up to date on the revised
4 agreement proposed by the Irvine Company following
5 meetings with the City of Newport Beach committee
6 and the Harbor District -- the proposal now being
7 before the County Board of Supervisors.

8 "RECOMMENDATION: The Planning and Land Use Com-
9 mittee recommends to the Executive Committee and
10 the Board of Directors that Orange County Asso-
11 ciated Chambers of Commerce go on record as
12 approving a transfer of property between the
13 Irvine Company and the County of Orange in the
14 Upper Newport Bay Area as a means of expediting
15 development of the area, but recommends to the
16 Orange County Board of Supervisors that an
17 opinion on the optimum usage and development
18 of the area be obtained from the County Planning
19 Department prior to finalization of any such
20 transfer.

21 "OCACC No. 64-7 Adopted by the Board of Directors
22 of Orange County Associated Chambers of Commerce,
23 April 13, 1964."

24 ****

25 MR. KUYPER: (continuing) My second point is just
26 briefly in rebuttal.

27 Mr. Baldwin mentioned extensively about the patent
28 lands. In the first place, I believe it should be understood
29 these are, in the upper end of the Bay. To get to them and
30 provide the proper flushing action would mean extensive work.

31 In the second place, the \$8 million advantage to
32 the County was on the assumption that the patent lands had
33 value. Mr. Evans assumed they had no value and still came
34 out with a \$6 million advantage to the County.

35 The other point is simply in summation. What you
36 have heard today is what the Board of Supervisors have heard

1 over the past six or seven years in considering this matter
2 at numerous public hearings. There are people who are inter-
3 ested in marine biology; there are boat dealers who want more
4 boat facilities; there are people who go to beaches, who want
5 more beaches; there are residents who want access.

6 We have tried to provide the best harbor develop-
7 ment for the people of the State of California as a whole,
8 for those people who come down on their vacations and weekends,
9 and balance it between beach users, park users, boat users.
10 We cannot satisfy everybody. We have done the best we can to
11 satisfy the people of the State of California as a whole.

12 I believe the Commission might have specific ques-
13 tions about the alleged other funds which people have alluded
14 to as being available, and I would like Mr. Sampson to comment
15 on the unavailability of other funds.

16 MR. SAMPSON: Mr. Chairman, members of the Commis-
17 sion, I am Kenneth Sampson, Director of Harbors, Beaches and
18 Parks for the County of Orange.

19 Statements have been made by Mr. Baldwin, Mr.
20 Robinson and others that there are State funds available.

21 These State funds that are available to the County
22 of Orange are the State Park bond funds which are not necess-
23 arily State funds. They were funds voted by the public and
24 based upon our population we are entitled to two and three-
25 quarter million of these funds. They go to the County for
26 regional park purposes and I assume some of them will be used

1 for the regional parks in this Bay. However, we could not
2 use any State funds, per se, for the development of the Upper
3 Bay because under our Trust it says we are obligated to
4 develop it for a harbor for navigation, fishing and commerce
5 without expense to the State. So that would eliminate the
6 use of State funds, because we would be in violation of our
7 Trust.

8 As far as Federal funds are concerned, you are
9 familiar with the Federal navigation projects of the Corps
10 of Engineers. These, of course, are not for land acquisition.
11 These are for development and we have a study authorization
12 from Congress for this purpose. So the acquisition of the
13 land comes down to the matter of the twenty to twenty-five
14 million dollars, not the development.

15 Technically, there is no approved plan for the
16 development of the Upper Bay. It only shows the harbor
17 lines that are to be in the Upper Bay and we have been working
18 with biologists from the University and so on, and we antici-
19 pate when we do develop the plan we will have islands for
20 research in this field.

21 Also, on this matter of speed that was brought up - -
22 I am getting a little away from the matter of funds - - the
23 State law sets the speed limit within 200 feet of every dock
24 or swimmer of where the boat is moored. So if you have a
25 channel only 400 feet wide, you have no place where you could
26 go over five miles an hour if there were a dock or swimmer.

1 We have no jurisdiction over that. We can estab-
2 lish speed limits in the Upper Bay and anticipate doing it.

3 There was a matter of assessed boats, registered
4 boats. Not all registered boats are assessed because the
5 cost of collection would be more than the tax receipt.

6 There was also a great deal of testimony given con-
7 cerning the regulations on our beaches. Incidentally, the
8 regulations that were adopted by our Board of Supervisors for
9 beach uses as of this week are comparable to those on the
10 State beaches, done by administrative order of your State
11 Beaches and Parks Commission. So we are trying to bring
12 things into uniformity.

13 My closing remark would be this: Sure, there is a
14 preponderance of small craft in Orange County and in the
15 State of California that are trailer borne and they go every-
16 where; and if you had traveled with me to Fort Bragg, you
17 would have seen many of them going to Southern California and
18 vice versa. We want to accommodate these. It is our desire
19 to provide for the trailer-borne craft and not only from
20 Orange County but throughout the State.

21 GOV. ANDERSON: Mr. Sampson, in your reference to
22 seeking outside funds, I realize it is never easy to get
23 funds from someplace else -- but I was interested in your
24 reference to Federal funds. You did get Federal money for
25 Dana Point?

26 MR. SAMPSON: Yes, for the navigation features only.

1 GOV. ANDERSON: Have you applied for Federal funds
2 for the navigation features in this plan?

3 MR. SAMPSON: We have an authorized study. Until
4 that study is completed we cannot apply, and it would be only
5 for the navigation features.

6 GOV. ANDERSON: You could apply for that. What
7 about the open space provisions?

8 MR. SAMPSON: I am glad you brought that up,
9 Governor, because we have applied for the land and water con-
10 servation funds administered by the State. We applied for a
11 million dollars last year. We got \$165,000 for Sycamore Park.
12 We have made application for several other parks, which will
13 be before your board.

14 GOV. ANDERSON: Have you applied for funds on this?

15 MR. SAMPSON: No -- because we don't know what our
16 barometer is.

17 GOV. ANDERSON: So there is possibility of getting
18 money from the open space program for part of this and there
19 is also possibility of getting Federal money for the naviga-
20 tion part of the channel, and so forth.

21 MR. SAMPSON: That's correct, and we expect to use
22 this money. The money coming in, the pilot money, is for
23 filling the lands exchanged.

24 MR. SHEEHAN: Will you share this three million cost
25 fifty-fifty?

26 MR. SAMPSON: I suppose so.

1 MR. SHEEHAN: What about the park development?

2 MR. SAMPSON: No. That's at the County's expense.

3 MR. SHEEHAN: Are any of these parks part of your
4 master plan?

5 MR. SAMPSON: Yes.

6 MR. SHEEHAN: All of them?

7 MR. SAMPSON: No -- the community parks are not.

8 MR. SHEEHAN: But on this one deal, the reservoir
9 is part of your master plan?

10 MR. SAMPSON: The Big Canyon? It is not a part of
11 the master plan.

12 MR. MITROVICH: Is it true that the County under the
13 present proposal would fill in a certain area along the north-
14 western end of the Bay at a cost in excess of one million and
15 a half dollars and then would turn that development over to
16 the Irvine Company?

17 MR. SAMPSON: I don't get your question, sir.

18 MR. MITROVICH: With regards to this area in here,
19 would the County bear the expense of filling this in and
20 then in fact deed that property to the Irvine Company?

21 MR. SAMPSON: That's correct. That is an obliga-
22 tion under the 1957 legislation.

23 MR. MITROVICH: If that much money were spent to
24 fill this in, why wouldn't the County keep it under its own
25 control?

26 MR. SAMPSON: Because if we do not exchange these

1 lands and take the islands out of the center, we will not
2 have enough channel to make it available for recreation.

3 MR. CRANSTON: Thank you.

4 I believe that concludes the testimony.

5 MISS BOER: I just want to add one point of informa-
6 tion. The 1957 amendment to the Harbor and Navigation Code
7 which made this trade possible was, to the best of my know-
8 ledge and by newspaper report, written by the County Counsel
9 of Orange County, carried to the Legislature by the Orange
10 County legislator, passed without any opposition, because we
11 are the only harbor district in the State of California
12 formed under Section 8, Division 2 of the Harbor and Naviga-
13 tion Code. This was tailor-made for a tailor-made project.

14 Thank you.

15 GOV. ANDERSON: I want to just make a very, very
16 brief statement on this.

17 I first want to commend the many public officials
18 of the City of Newport Beach and the other cities in the
19 area, and the officials of the County of Orange, for a tre-
20 mendous amount of work which they put forward in trying to
21 bring forth this agreement that has been proposed to us today.

22 But I personally believe that further efforts are
23 required before at least I could vote for this exchange.

24 I want to see the Upper Newport Bay developed. As
25 I stated earlier in my capacity as a Regent for the University,
26 we would want to see it developed for that reason; but I want

1 to see this developed as a tremendous potential not only for
2 the immediate area of Orange County but the State of Cali-
3 fornia as a whole.

4 I am going to support the staff's recommendation,
5 which is that we not reject this but that we withhold approval
6 and we urge the County to explore alternative methods of
7 developing this natural resource in the spirit of its trust
8 in a manner to maximize the public use and benefit.

9 I am thinking a little bit about the future -- I
10 hope I am -- and I am impressed about the tremendous growth
11 in our State, the need for both additional public beach
12 facilities as well as public boating facilities; and I want
13 to see these all brought in to any plan that is going to be
14 proposed.

15 Now, we were told earlier that there were, perhaps,
16 three alternatives. One was -- and I think Mr. Mason said it
17 was not a threat, but the statement was if we didn't accept
18 this today that the Company would have to go on developing.
19 In other words, we better take this right now or we are going
20 to be faced with more and more development to come to what we
21 all want, I believe, in eventuality.

22 The second one was a prediction, a kind of a gloomy
23 prediction, that the people of Orange County would not take
24 the alternative of some other proposal that might be submitted
25 to them in the form of a county-wide bonding program, even
26 though it would bring about a maximum use and benefit.

1 I don't think we have to take these alternatives.
 2 I think the County of Orange, the people of that great
 3 county, would support a program that would be presented for
 4 the ultimate best use of the majority of people of that
 5 County and I don't think the Irvine Company would proceed if
 6 they knew we were going to proceed in this direction -- at
 7 least, I would hope they would not, because I think they would
 8 want the best thing for this great County.

9 Therefore, I am going to support the recommendation
 10 that we withhold approval today and we urge the County to
 11 explore alternative methods of developing this natural resource
 12 in the spirit of its trust so we can have maximum benefit.
 13 That is the reason I am going to do this.

14 MR. CRANSTON: Do you make a motion?

15 GOV. ANDERSON: I would so move that we take the
 16 recommendation of the State Lands Division that we withhold
 17 the approval on the request by Orange County at this time and
 18 urge the County to explore alternative methods of developing
 19 this natural resource in the spirit of its trust in a manner
 20 to maximize the public use and benefit.

21 MR. SHEEHAN: Would you accept an amendment to that
 22 motion that we hold another hearing in sixty or ninety days
 23 and see if they come back with an alternate proposal?

24 GOV. ANDERSON: We are not precluding that. I
 25 think the present motion is that as of today we withhold the
 26 approval and urge the County to explore other methods, and I

1 assume work it out with our staff, with the staff of the
2 County, with the staff of the City of Newport Beach; and when
3 ever they come up with something that would be more in the
4 direction of greater public benefit, it would come before us
5 whether in one month, two months.

6 MR. CRANSTON: Let us have it so we will seek to
7 schedule it in another sixty or ninety days, and we hope it
8 will be possible during that time to develop other approaches
9 or amendments to this plan that we can consider.

10 MR. SHEEHAN: I'll second the motion.

11 MR. KUYPER: May I just ask the Commission: What
12 does the Commission have in mind? Is it to accommodate boat-
13 ing interests?

14 GOV. ANDERSON: My feeling is that you don't have
15 it so the people in Orange County can get the best use of
16 this, the boating facilities and the beaches. I think we
17 have to balance them. It seems to me our beaches are getting
18 more crowded every time I get to one, and I am told of the
19 tremendous growth in the boating industry; and I am told that
20 80% of the boats in California are of the trailer type and
21 the trend is in this direction. I understand the boating
22 industry is anticipating an enormous growth in the number of
23 boats.

24 We have to think in terms of this, and Orange County
25 has a tremendous number of boats. I don't think under the
26 present plan Orange County is getting the broadest use it

1 should receive; and I am interested in other people in Cali-
2 fornia. A lot of people from Los Angeles and other parts of
3 the State want to use your facilities.

4 MR. CRANSTON: Assemblyman Badham wants to be
5 recognized.

6 ASSEMBLYMAN BADHAM: Governor, if I may address
7 myself to your last statement, if my ears serve me correctly
8 is it not true that you were suggesting that the people of
9 the County of Orange bond themselves to provide recreation
10 for the balance of the citizenry of the State of California?

11 GOV. ANDERSON: Of Orange County, the people of
12 Orange County. We are all aware, as was testified earlier,
13 Orange County is one of the fastest-growing counties in the
14 State and I don't think this present plan gives these people
15 all the facilities I believe they are entitled to and I am
16 sure you would like to see them entitled to.

17 It has been stated the people of Orange County
18 would not support any kind of bond issue, even if it were a
19 good one, and I have more confidence in the people of your
20 County that if a good proposal were submitted to them that
21 would mean a development of this resource so that all of
22 your people could use it more beneficially than presented by
23 this plan, they would support it. I could be wrong, but my
24 understanding is there hasn't been any testing or sampling
25 as to whether they would support such a bond issue. There
26 have been examples held up of bond issues in the past.

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2 ASSEMBLYMAN BADHAM: Governor, I do get around
3 quite politically, and so forth. It would seem to me in-
4 conceivable -- in fact, I would predict the overwhelming
5 failure of a bond issue. Your staff has criticized that
6 there is not State-wide use for this Bay. For the people of
7 Orange County to bond themselves is wrong.

8 GOV. ANDERSON: I am saying the people of Orange
9 County. I think people outside of Orange County, as well as
10 other people, use the beaches, but I am interested in the
11 tremendous number of people in Orange County. I don't think
12 as many get in under these circumstances.

13 ASSEMBLYMAN BADHAM: I think we disagree.

14 MR. CRANSTON: I'd like to speak for a moment my-
15 self. First thing, I want to thank each of you who have
16 participated, whether you have spoken or not, in a rather
17 town-hall-like discussion of this program. Those of you who
18 have testified have been very clear and very brief, and I
19 thank you for that. I also thank those of you who came to
20 testify, who didn't do so because their thoughts were ex-
21 pressed by others. Apparently, though, we had a full ex-
22 pression here -- which apparently did not occur earlier.
23 I would like to go one step further than Glenn
24 stated. I feel that the State, through the State Lands Com-
25 mission, through the Commissioners themselves and other
26 parties, should participate in the exploration and see if we
can find an approach that does permit maximum public use and

1 greatest public access to this harbor. I feel the plan in
2 many ways is a fine one, but I do feel that we have the
3 responsibility here to see that there is maximum public use.
4 We are thinking of people in Orange County themselves, but
5 also people down or near there who could come in under a
6 broader plan, have greater benefit.

7 I am sure the representative of the Irvine Company
8 who said the State was not fully involved in a discussion
9 with them prior to this time must recognize we cannot make a
10 final decision on a matter when a decision once made -- once
11 this plan is approved -- is very hard to reverse and the
12 public will or will not be served in that Bay. I think there
13 must be ways to increase and guarantee public access to those
14 waters and I hope very much the exploration that will follow
15 will guarantee that and I hope we will have a further hearing
16 in sixty or ninety days. With that said, I join in the motion.

17 The next meeting of the State Lands Commission will
18 be September 26th, ten a.m., here in Los Angeles.

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20 ADJOURNED 1:45 P.M.

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CERTIFICATE OF REPORTER

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3 I, LOUISE H. LILLICO, reporter for the Office of
4 Administrative Procedure, hereby certify that the foregoing
5 one hundred pages contain a full, true and accurate transcript
6 of the shorthand notes taken by me, as well as the documents
7 submitted for the record, in the meeting of the STATE LANDS
8 COMMISSION held in Los Angeles, California, on August 25,
9 1966.

10 Dated: Los Angeles, California, September 14, 1966.

11 Louise H. Lillico
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