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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<td>1 Call to order</td>
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<td>2 Confirmation of minutes of meeting May 26, 1966</td>
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<td>(a) General Tel. Co. of Calif.</td>
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<td>(b) Santa Cruz County Dept. of Public Works</td>
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<td>(c) County of Sacramento</td>
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<td>(d) State Dept. Parks &amp; Rec.</td>
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<td>(e) State Dept. Public Works, Div. of Highways</td>
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<td>(a) William I. Moore</td>
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<td>(b) William I. Moore</td>
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<td>(c) Jess Doud</td>
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<td>(d) Lindsey H. Spight, dba Diablo Communic. Center</td>
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<td>(e) Glenn Shoemaker</td>
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<td>(f) A. A. Mikalow</td>
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<td>5 OIL &amp; GAS AND MINERAL LEASES AND PERMITS:</td>
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<td>(a) Standard Oil Co. of Calif. Western Operations, Inc.</td>
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<td>(b) Standard Oil Co. of Calif. Western Operations, Inc.</td>
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<td>(c) Texaco Inc.</td>
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<td>(d) Union Oil Company of California</td>
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<td>(f) Authorization to offer 320 acres in Owens Lake, Inyo County (applica. Morrison &amp; Weatherly Chemical Products)</td>
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<td>(g) Issuance oil &amp; gas lease Tidewater Oil Company W.O. 5590, Ventura County</td>
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<td>(h) Decker Island Unit No. 1</td>
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<td>6 CITY OF LONG BEACH</td>
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<td>(a) Expenditure $85,000 for purchase Beach Lots 11 &amp; 12, Block 49, Resub.Part of Alamitos Bay Townsite</td>
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<td>(b) Informative re dredging portion Alamitos Bay</td>
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<td>7 LAND SALES</td>
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<td>(a) Two parcels Riverside County to Mark Armistead, Inc.</td>
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<td>8 BOUNDARY AGREEMENTS</td>
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<td>(Huntington Pacific Corporation)</td>
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<td>9 ADMINISTRATION &amp; LITIGATION</td>
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<td>(a) Agreement re 5.365 acres adjacent Bolsa Chica State Beach, Orange County - Dept. Parks &amp; Recreation</td>
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<td>(b) Termination Lease PRC 3110.1 Suisun Pacific, Ltd.</td>
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<td>11 INFORMATIVE - Litigation</td>
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<td>12 NEXT MEETING</td>
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SUPPLEMENTAL ITEMS:

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<td>13 Dredging permit Sequoia Refining Corporation, San Pablo Bay, Contra Costa Cy.</td>
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<td>14 PROPOSED OIL AND GAS LEASES:</td>
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<td>(1) Parcel 41, Santa Barbara County</td>
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<td>(2) Parcel 45, Santa Barbara County</td>
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<td>(3) Parcel 46, Santa Barbara County</td>
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<td>15 Approval of documents submitted City Long Beach by Pauley Pet. &amp; Allied Chemical</td>
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<td>16 Modification 1966 Plan of Development &amp; Operation &amp; Budget, Long Beach Unit</td>
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<td>17 Modification Cooperative Agreement Ranger Zone, Parcel L and Long Beach Unit</td>
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ADDITIONAL SUPPLEMENTAL ITEMS:

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<td>Assignment Min. Extrac. Lease PRC 1500.1 and modification of Permit PRC 3486.1, Marin County, Schultz Investment Company</td>
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(In accordance with Calendar Summary)

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<td>UNCALENDARED:</td>
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<td>Statement by Charles Baldwin re dry gas pricing</td>
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MR. CRANSTON: The meeting will please come to order. The first item is confirmation of minutes of May 26, 1966. Motion is in order to confirm.

MR. SHEEHAN: So move.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved, seconded, so ordered.

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

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

(b) Santa Cruz County Department of Public Works -- Issuance of permit to dredge approximately 20,000 cubic yards of material, at royalty of five cents a cubic yard for all material to be placed upon private property, from a 16.622-acre area near the mouth of the Pajaro River, Santa Cruz County.
(c) County of Sacramento -- Amendment of Lease P.R.C. 3405.9 (bridge easement) to provide for its issuance to the counties of Sacramento and Yolo jointly and for deleting present legal description and substituting a corrected legal description covering 3.979 acres tide and submerged lands of the Sacramento River, Sacramento and Yolo counties.

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

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

Motion is in order.

MR. SHEEHAN: So move.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved, seconded, so ordered.

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

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

(b) William I. Moore -- Assignment of Grazing Lease P.R.C. 3232.2, San Bernardino County, to T. C. Ellsworth.
(c) Jess Doud -- (1) Amendment of Lease P.R.C. 542.1 by deleting present legal description and substituting correct legal description covering 0.19 acre tide and submerged land in Napa River, Napa County; and (2) issuance of a ten-year renewal thereof at annual rental of $150 (for maintenance of pier and float).

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

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

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

Motion is in order.

GOV. ANDERSON: On this item (f), Frank, is this the normal arrangement that has been made on this type of salvaging?
MR. HORTIG: Yes, sir. This is in accordance with established policies, rules and regulations of the State Lands Commission for salvage of treasure trove and other materials from State-owned tide and submerged lands.

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

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

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

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

MR. CRANSTON: Motion is in order.

MR. SHEEHAN: I move it.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved, seconded, so ordered.

Item 5 -- Oil and gas, and mineral leases and permits issued pursuant to statutes and established policies of the Commission:

(a) Standard Oil Company of California, Western Operations, Inc. -- Approval of Dry Gas Sales Agreement dated July 1, 1959, as modified by letter dated Nov. 23, 1964, between applicant and Pacific Lighting Gas Supply Company, as basis for sale of all dry gas marketed from State Oil & Gas Leases P.R.C.s 735.1, 1343.1, 1824.1, 2199.1, 2894.1, 3095.1 and 3150.1.
(b) Standard Oil Company of California, Western Operations, Inc. -- Deferment of drilling requirements, Oil & Gas Lease P.R.C. 2199.1, Santa Barbara County, through April 14, 1967. (Applicant feels that with more time for study of all data, further development of the structure may be attempted.)

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

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

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

Motion is in order.

GOV. ANDERSON: So move.

MR. SHEEHAN: Second.

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

Item (f) Authorization for Executive Officer to
offer 320 acres State land in Owens Lake, Inyo County, for mineral extraction lease, at standard royalty rates. (Pursuant to application received from Morrison and Weatherly Chemical Products, who propose to scrape a thin crust of sodium sesquicarbonate, commonly called trona, from the dry lake surface, to be transported off and sold commercially.)

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

(h) (1) Determination that formation of Decker Island Unit No. 1 by Communitization Agreement dated March 15, 1966, and that the entering into and performance of the Operating Agreement dated March 15, 1966 (covering a portion of lands included within gas lease issued in exchange for Gas Lease Easement No. 415.1, Sacramento and Yolo counties), are in the public interest for the purpose of promoting conservation and preventing unreasonable waste; (2) approval of aforesaid Communitization Agreement and aforesaid Operating Agreement; (3) authorization for Executive Officer to execute the Joinder Agreement.

Motion is in order.

GOV. ANDERSON: So move.

MR. SHEEHAN: Second.

MR. CRANSTON: Approval moved, seconded, so ordered.
Item 6: City of Long Beach (Pursuant to Chapter 29/56, 1st E.S., and Chapter 138/64, 1st E.S.)

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

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

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

GOV. ANDERSON: So move.

MR. SHEEHAN: Second.

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

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

Motion is in order.
MR. SHEEHAN: So move.

GOV. ANDERSON: Second.

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

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

MR. HORTIG: Mr. Chairman, the staff just this morning, immediately preceding this meeting, received material questioning the staff recommendation with respect to the proposed approval before the Commission on this item (1) boundary agreement. Therefore, it is recommended that action on this item be deferred until the material received can be evaluated and a further report made to the State Lands Commission.

GOV. ANDERSON: I move it be deferred.

MR. SHEEHAN: I'll second.

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

Item 9 -- Administration and Litigation: (a) Authorization for Executive Officer to execute an agreement transferring control and possession for park purposes, but reserving mineral rights, from the State Lands Commission to the Department of Parks and Recreation, Division of Beaches and Parks, of 5.365 acres tide and submerged lands of the Pacific Ocean
adjacent to Bolsa Chica State Beach in Orange County.

Motion is in order on that item.

MR. SHEEHAN: So move.

GOV. ANDERSON: Second.

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

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

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

While this has been the procedure for over a year, and it is because of the fact that nothing has been accomplished in the year heretofore, the staff recommended this termination -- in view of this latest representation it is recommended that the Commission defer action on the
cancellation for a period of sixty days; but with the firm announcement that there will be no further deferment granted. If the project is made whole and the delinquent rentals are paid to the State and the problem is resolved, then -- excellent; otherwise, sixty days hence the action being recommended today would again be recommended.

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

MR. SHEEHAN: I'll second it.

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

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

Is there anything to report, Frank?

MR. HORTIG: I am sorry --

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

MR. HORTIG: No, sir. These are again the routine renewals of geological and geophysical exploration permits, and other authorizations previously approved by the Lands Commission pursuant to rules and regulations and administrative policy.

MR. CRANSTON: Item 11 -- Informative only. No Commission action required. (a) Report on status of major litigation. Anything to report on major litigation?
MR. HORTIG: The Office of the Attorney General, our legal counsel, has a supplemental report.

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

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

MR. CRANSTON: We now go to supplemental items.

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

Motion is in order.

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

MR. SHEEHAN: I'll move it.

GOV. ANDERSON: Second it.
MR. CRANSTON: Approval is moved, seconded, and so ordered unanimously.

Item 14 -- Proposed Oil and Gas Leases. At the suggestion of staff, we will pass over item (1), which may consume more time than the other items. We will take that up at the end of today's session.

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

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

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

Motion is in order.

MR. HORTIG: Mr. Chairman, the Office of the Attorney General has also advised that the Commission may properly
approve the documents as submitted; and the recommendation as it appears on page 57 of your agenda, the last paragraph, was written on the premise and conditionally dependent upon submission of additional requisite documentation -- which was received, in fact, on Friday.

Therefore, the last paragraph should read:

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

MR. CRANSTON: Motion is in order on the recommendation as revised by Frank Hortig.

MR. SHEEHAN: I'll so move.

GOV. ANDERSON: Second.

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

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

Frank, what is that?

MR. HORTIG: As the Commission knows, from having full economic control under the budget with respect to operations and conduct of development of the Long Beach Unit, in connection with the approval of the original budget for 1966 wells to be drilled (the locations thereof) were all approved; and it is now found to be desirable from physical, geologic and geographic considerations to change the surface location of a proposed well. In order to accomplish this authorization
or modification, approval by the Commission is necessary.

GOV. ANDERSON: I'll so move.

MR. SHEEHAN: Second.

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

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

The same?

MR. HORTIG: Same requirement.

MR. CRANSTON: Motion is in order.

MR. SHEEHAN: I'll move.

GOV. ANDERSON: Second.

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

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

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

The County of Marin has investigated and today brought in a letter-agreement by an existent State lessee, Schultz Investment Company, agreeable to assigning operating authorization to the County of Marin to operate under the
existing State Lands Commission lease.

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

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

MR. SHEEHAN: I'll so move.

GOV. ANDERSON: Second.

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

Jack, do you want to bring up that matter?
MR. SHEEHAN: The Department of Finance Exempt Pay
Section, through its Exempt Pay Memo No. 10-9, has revised the
salary range for the position of Executive Officer, State
Lands Commission, from $1642-1901 to $1709-1979, effective
July 1, 1966.

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

I'll so move.

MR. CRANSTON: Approval is moved; seconded?

GOV. ANDERSON: Does Frank have any objection?

MR. HORTIG: No, sir.

GOV. ANDERSON: I'll second it.

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

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

MR. SHEEHAN: In Los Angeles?

GOV. ANDERSON: Whatever was agreed upon. I don't
carry it around with me, but I know it was cleared with the
office and we are building on whatever you recommended.

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

MR. HORTIG: We will verify that.

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

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

MR. CRANSTON: Mr. Baldwin.

MR. BALDWIN: Members of the Commission, the Joint Legislative Committee on Tidelands has been studying dry gas lease matters in the City of Long Beach pursuant to its mandate from the Legislature this year, and we have been negotiating with the Commission staff and with the people in Long Beach over a dispute in pricing at Long Beach. This dispute has been one of long standing, specifically since 1962.

I believe that the City and the State have come to substantial agreement on how to price the gas during the period which is under study. As an outcome of those meetings, it was agreed to by the staff and by the City to consider a
long-term policy of pricing gas on a less complicated method. Heretofore, the gas has been priced on a cubic foot basis and both the Commission staff and the City's staff have agreed that they would look into the possibility of pricing it on a BTU basis in the future.

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

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

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

MR. CRANSTON: Frank?

MR. HORTIG: The situation, as Mr. Baldwin has said, is an extremely complex one. Additionally, probably the crux
of the matter is that the contract under which discussions have been held with the City of Long Beach -- being a net profits contract and one in which the State is in a position to negotiate and is authorized by statute to see that the gas is priced in accordance with criteria established by the Legislature -- is an entirely different thing than consideration of approval of an independent contract made at arms length, negotiated with a third party, in which the State is not a party.

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

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

MR. HORTIG: Yes.

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

MR. BALDWIN: No. I just wish to call to your attention that Pacific Lighting seems to be developing the
policy where they will pay for the gas on a BTU basis. These lessees may in the future desire to renegotiate their contract and the Commission may be in a position to either approve or disapprove the contract, plus they are dealing directly with the City of Long Beach; and because of the complexity of pricing dry gas in Long Beach, the staff has indicated they have been willing to give consideration to a long-range policy particularly in the new development on the new basis -- particularly in view of Pacific Lighting's switch, if they make it in the future.

MR. CRANSTON: No formal action is required?

MR. HORTIG: No.

MR. CRANSTON: Thank you very much.

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

Frank, do you have anything to discuss on this?

MR. HORTIG: Yes, Mr. Chairman. As the Commission will recall -- and the following comments are equally applicable to subdivisions (1), (2) and (3) of Item 14 -- at the last meeting of the Commission where these lease offers were considered, the Commission directed the staff to proceed with further evaluation and determination of the full position of
the interested agencies -- particularly California State Department of Fish and Game, the National Park Service, the U. S. Department of the Interior, and to determine the status of potential legislation which would tend to lead to the establishment of a national park in the Santa Barbara island chain, which national park concept might also include a buffer zone of the surrounding tide and submerged lands.

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

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

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

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

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 deleterious to a very significant element in the
"wildlife resources of the State."

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

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

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

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

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

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

Continuing with Mr. Moore's letter:

"All of these bills would include in the proposed national park the islands of Anacapa, Santa Barbara, San Miguel, Santa Cruz, and Santa Rosa...."
and I quote specifically:

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

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

This recommendation -- and if there were developments under these circumstances -- would meet completely the criteria which have been advocated by everyone who has appeared before the Commission in objection to the existent lease offers.

GOV. ANDERSON: I'll so move. I would like to inquire about the rigidity of the one-mile figure. I notice one there said one thousand yards. Is there a variance in the application of the one mile? Now, I can see one mile off of the shore, the Continental Shelf going out more gradually; where as you go out to the islands I can see it dropping sharply. Maybe I am wrong, but are we limited to 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
of there. How rigid are we on the one mile? How rigid is that as far as the park program is concerned? I know you mentioned one mile several times.

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

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

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

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

MR. SHAVELSON: Governor, to my knowledge, no.
This action was taken in 1949 after the Supreme Court had established that the United States had paramount rights in the area below low tide and before 1953, when the Submerged Lands Act conferred title in the State. I wouldn't say categorically "no," but I am almost positive.

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

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

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

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

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

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

MR. CRANSTON: If we take this action, it would not preclude underwater drilling?
MR. HORTIG: We would propose that it would include underwater drilling if mechanically feasible.

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

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

You are well aware of the issues here before us today. Before you take some action I would like you to consider several points, which the industry would like you to weigh before you make a final judgment.

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

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

The industry is concerned. As you know, the cards are on the table. A great deal of money has been spent in
evaluating the project. The secret information, the bid, has been laid out before the public. Now we have the possibility of rejection and I wonder if you can consider how much interest this land or any land around the islands is going to have now for the bidding groups.

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

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

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

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

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

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

"There are other problems, such as lack of fresh water supply on the islands, the cost of adequate breakwaters, et cetera, which must be resolved before this should qualify as a desirable and practical proposition."

We would like to go into the area -- that is, the bidding groups would -- and explore for oil. If there is oil, the State is protected by a substantial royalty provision. If you turn these leases down, you are turning your back on $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
read by Mr. Hortig, we find that the sea lions off San Miguel
the sea elephants, do three things: They bask in the sun,
eat the fish, and they make love. There is one thing the oil
industry is in favor of and that is love, and we have no
interest in preventing the sea elephants from making love.

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

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

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

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

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

Thank you.

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

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

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

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

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

MR. WRIGHT: I am glad you recognize the principle and I appreciate you are not enjoying what you are about to do. I can't speak for this bidding group as to what their reaction would be if these parcels were re-offered. Actually,
the rookery, per se, is on Parcel 46 -- not 41 and 45. On
46, unfortunately the rookery is onshore.

MR. CRANSTON: May I comment on this situation?

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

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

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

I regret deeply that we were not fully informed at
the time we offered these bids of this aspect of the situa-
tion; and for that I think a number of people are responsible.
The conservationists' group did not bring this to our atten-
tion until a late date and the staff did not bring to us the
interest of the conservationists, and I blame myself as
Chairman for not being aware of this.
I think if we do reject it now, I think we should give consideration to the timing. Possibly we should wait until the Federal leases are offered.

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

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

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

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

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

MR. CRANSTON: Consider what?
MR. WRIGHT: Sitting down and working this out at this time.

MR. CRANSTON: I gather from comments you made and others have made, that as to that procedure it is more abhorrent to the industry that we change the specifications than if we reject the bids outright.

MR. WRIGHT: It is.

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

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

MR. CRANSTON: I want to say on that point I think we have all been impressed with the way you have presented this case and we appreciate your understanding of the difficulties we have in this matter.

Is there anyone else who wishes to be heard?

(No response)

There was a motion that was not seconded so far.

GOV. ANDERSON: I move it.

MR. SHEEHAN: I will reluctantly second it.
MR. CRANSTON: The motion to reject the bids has been moved and seconded. Is there any further discussion? If not, I join in voting for the motion and the action is unanimous.

I think that completes the agenda for today.

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

GOV. ANDERSON: I'll move it.

MR. SHEEHAN: Second.

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

ADJOURNED 11:15 A.M.

*******
CERTIFICATE OF REPORTER

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. Lilloco
Reporter, Office of Administrative Procedure
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
APPEARANCES: (continued)

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

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

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

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

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

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

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

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

Miss Janice Boer, Santa Ana

Mr. John H. Cummings
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

continued
APPEARANCES: (continued)

Mr. Larry Bacon, Costa Mesa

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

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(In accordance with Calendar Summary)

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

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

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

Motion is in order.

GOV. ANDERSON: So move.

MR. SHEEHAN: Second.

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

Item 3 -- Oil and gas and mineral leases and permits issued pursuant to statutes and established policies of the Commission:

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

(b) Phillips Petroleum Company and Pauley Petroleum Inc. -- Deferment of drilling requirements, Oil & Gas Lease P.R.C. 2933.1, Santa Barbara County, through April 24, '1967.
Operator plans to continue geological, geophysical, and reservoir studies to determine the feasibility of further development.

Motion is in order.

MR. SHEEHAN: So move.

GOV. ANDERSON: Second.

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

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

GOV. ANDERSON: So move.

MR. SHEEHAN: Second.

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

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

GOV. ANDERSON: So move.
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.
I'd like to call upon Frank Hortig, the Executive
Officer of the State Lands Commission, to make an opening
statement on this matter.

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

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

By statute of May 29, 1929 the Legislature approved
an amendment to the grant and title to the uplands surround-
ing Upper Newport Bay and three islands in the Bay and an area
identified as Tideland Patent 204, covering two hundred forty-
three acres, was vested in the Irvine Company -- the exact
location of the lines to this patent having been adjudicated
in the Superior Court of the County of Orange by judgment
dated May 6, 1926, as properly reflecting that title to
these lands has been in the ownership of the company since
1901, and as described more specifically in the decree of
1926.
By Statutes of 1957, specifically Chapter 2044, the Legislature authorized the County to negotiate an exchange of certain of its granted tidelands for lands of the adjoining upland owner, in this case the Irvine Company, subject to approval of the proposed exchange on findings and approval by the State Lands Commission that the proposed exchange meets the criteria as specified in the Statutes of 1957, and as required by the original trust conditions of the legislative grant to the County of Orange.

It might be well to read Section 3 of the authorizing statute, pursuant to which an application has been filed and is before the Commission today. It is required in Section 3 of this State:

"That any and all of said portions of said lands hereinbefore referred to, which have been or which shall hereafter be improved, filled, and reclaimed, as hereinbefore provided, if and when so improved, filled, and reclaimed, may be irrevocably alienated and conveyed free of the public uses and trusts in said acts, by the said County of Orange, with the approval and concurrence of the State Lands Commission, to the owner or respective owners of the uplands lying contiguous thereto in exchange for lands of such owner or owners necessary or desirable for the improvement, development 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 fishing, 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."
By Resolution No. 65-44, dated January 13, 1965, the Orange County Board of Supervisors approved an agreement with the Irvine Company to exchange portions of the granted public tidelands in Upper Newport Bay for privately owned islands and uplands.

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

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

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

An independent appraisal report furnished by the County indicates an apparent dollar advantage to the County
in that the total appraised value of the Irvine parcels proposed to be exchanged is $19,466,000. Total value of the County parcels to be exchanged to Irvine is $11,453,500.

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

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

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

2. Realignment and relocation of the public waterways as proposed would diminish the greater public use which could be or might be developed otherwise.

3. Removing the burden of easement and enlarging the Irvine lands into usable private areas would be a purely local benefit which would convert public waterways into a captive waterway primarily for the use of the private residential boat owners who would occupy the created area and dominate the bay.

4. The project would create commercial areas
completely privately controlled, which could add to the
preponderant private domination of the bay.

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

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

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

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

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

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

(1) That the general public be guaranteed
vehicular and boating access at all
times without exclusive restrictions;

(2) That the three proposals mentioned or
similar and as approved by this Agency
for maintaining and enhancing unique
ecological features in the Back Bay
be included in the plan."

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

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

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

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

In summary, therefore, the State Lands Division has reached the conclusions which we read to you in the light of the review -- with the recognition that, absent a requirement in the statute for devoting all exchanged lands received by the County of Orange to a State-wide interest, if the project could be considered by Orange County and the Irvine Company only within the context of what is good for
Orange County, there is no question whatsoever that the project would be an excellent one of benefit both to the Irvine Company and to the County of Orange and to the residents of the County of Orange.

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

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

Therefore, as I stated and in summary, in view of the criteria established by the statute for the findings to be recommended to the State Lands Commission -- the determination to be made by the State Lands Commission that the area to be exchanged will in fact be utilized by Orange County for
purposes of State-wide interest -- and the finding that
there is less than a majority opportunity for devoting such
exchanged lands to projects of State-wide interest, it is
recommended that the State Lands Commission withhold its
approval on the request by Orange County at this time and
urge the County to explore alternative methods of developing
this natural resource in the spirit of its trust in a manner
to maximize the public use and benefit.

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

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

Now, are you talking just about the residents who
would have, to use your term "captive use of the bay" -- or
all the residents there? I don't see how it can be a captive
benefit to the residents there and yet be of benefit to all
the people of Orange County.
MR. HORTIG: Correct. The intent is not that it could be of benefit to all of Orange County. It would be limited to those people in Orange County that could have access to the comparatively limited public facilities which it is proposed would be established after the exchange took place.

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

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

It must be stressed these 450 would be developed on lands already owned by Orange County and would not be provided as a result of this exchange. So, actually, the statistic probably should read that as to the effect from the carrying out of the project as outlined in the proposal there would be created 2,550 private boat-berthing capacities and no public additions as a result of the exchange -- although the County development of the public facilities on their own lands in creating the 450 capacity would be aided by the fact that there were additional navigable channels that would be dredged and deeper navigable channels under the project.
It is difficult how, under these circumstances, a finding could be made that there is a fifty-fifty State-wide interest contribution from the project, even though there is nothing approaching that as proposed possibly even for Orange County -- although the probability is that for Orange County as a whole, considering the additions to the tax base, the economic benefits to Orange County, et cetera, over-all there could be such a rather even distribution of benefits as between the County of Orange and Irvine Company, but not as to residents of Orange County as to additional recreational facilities; and certainly a smaller percentage must be applied as being available for the State-wide interest.

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

MR. HORTIG: This is correct, Governor; but, of course, it should be borne in mind that while Upper Newport Bay is probably the last large water body available for recreational development and is at least in part already publicly used tide and submerged lands, there are other boating facilities being provided by the County of Orange with State and Federal Government aid -- for instance, the Dana Point boat harbor, which is under construction at the present time.
GOV. ANDERSON: But if we are following the need of Orange County itself and not even considering the State-wide interest, any development probably should follow the percentage of trailer boat owners as related to the total over-all boat ownership -- which would mean instead of 450 as against 2,500 it seems to me it should be reversed to take care of the seventy percent requirement of the 16,000 in the trailer boat class compared to the 24,000 in Orange County. Otherwise, you are going to expect the other areas along the coast to carry a much larger portion of this type of boat usage than this area.

MR. HORTIG: This is correct, Governor; but, of course, it must be recognized that the record title to a considerable portion of the tidelands of Upper Newport Bay which are susceptible to recreational development are privately owned -- they are not State-owned lands -- that were granted by the State of California by reason of the fact that the State of California divested itself of these lands in a tideland pact to James Irvine in a sale in 1901.

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

MR. CRANSTON: Are there any further questions from
the Commission before we hear witnesses who are with us today
(No response). If not, we will proceed to hear from those
who are here to make presentations.

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

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

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

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

This is an extremely serious, gigantic public
undertaking. It was only decided upon after years of serious study and after the recommendation of numerous engineers and others concerned with the situation as it has existed and continues to exist in the Upper Bay. We explored all problems and this is the best plan we could develop.

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

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

Now, this was the detailed study up to our hearing in March 1964. Plan "C" is the plan which eventually evolved and that was submitted to the staff at the time of our application. I simply want to summarize that report by saying that it is the conclusion that this is the most practical and economic solution to the problem -- that is, a land exchange -- and this is the reasoning that went into the 1957
legislation which authorized the exchange.

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

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

MR. CRANSTON: On that point, would there be more navigable water after this than before?
MR. KUYPER: Excessively, yes.

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

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

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

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

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

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

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

MR. CRANSTON: I understand this.

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

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

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

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

The only alternative we can imagine is to condemn the Irvine interests and develop the property without their cooperation. We estimate the cost of this in the neighborhood of at least twenty to twenty-five million dollars. Gentlemen,
we do not have that money. If we cannot exchange and we
cannot condemn, the Irvine Company can go on developing as it
is now developing its own lands. I point out to you the Dover
Shores development -- right there, the fingers sticking out
are the Irvine Company's property; the east bluff. You can
see the subdivision, the building that is going on around the
Upper Bay.

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

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

MR. KUYPER: Not unless we condemn.

MR. CRANSTON: Without condemnation?

MR. KUYPER: Yes.

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

MR. KUYPER: Yes, before the 1957 legislation.

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

MR. KUYPER: No, sir, I do not. The people of
Orange County turned us down on a courthouse, which it is our
direct responsibility to provide; they turned us down on a
jail, which it is our direct responsibility to provide; they
turned us down on a flood control project, which is an abso-
lute necessity. We can hardly see them supporting this project.
GOV. ANDERSON: These that have been turned down are different than something imaginative and constructive, like the development of the upper harbor. I am thinking of something like the Mission Bay development at San Diego. I think they have tried to keep it so the public has access to it. I am a little bit concerned about these 24,000 registered boat owners in Orange County; and I would think Orange County would support this kind of program, rather than turn it down. I can see they could turn down a jail --

MR. KUYPER: We look upon them as our civic responsibility. We require a jail and a courthouse.

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

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

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

MR. CRANSTON: I'd like to ask you, Frank, at this point: What did you mean by "... the greater public use which could be developed otherwise."?
MR. HORTIG: Probably precisely the same thing Governor Anderson had in mind -- if there were a basis for public development by Orange County to provide both the larger water area and the greater public access. This has to be weighed against the fact that the project as composed would give a greater water area, but more limited public access than is even available today.

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

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

Reason number 4 repeats it will create a private domination of the bay. I believe that there is already
private domination of the bay because of the land title and
I believe it will continue unless this exchange is approved.
The Company can only be expected to continue its development
and, in short, I don't believe time is on the public's side
in this matter.

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

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

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

MR. KUYPER: I am using Newport Dunes as an example
where we have kept statistics; and we can develop more sta-
tistics if the staff and the Commission wish us to do so.
These are a few we happen to have. Using our City and County
beaches in 1965, there were over 17,000,000 users; fifty-six
percent were from out of the County; using our other regional
parks, of over two and a half million campers, sixty-six per-
cent were out of County.

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

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

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

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

MR. CRANSTON: Certainly, you will have that
opportunity.
Is there anyone officially representing the County at this time who wishes to appear? (No response). If not, we would like to hear from the representative of the Irvine Company. Is Mr. Mason the representative who is here?

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

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

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

It was our indication that there was no major disagreement with the exchange concept or with the fact that this was a State-wide public project.

Another thing that bothers us, there was no discussion between the staff and us during this entire year and a half period regarding this matter. I think that is the reason they have ended up with a number of misconceptions regarding the Upper Bay project.

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

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

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

The fact that this happens to be in private ownership is rather academic. The point is there are boat-berthing facilities being provided.

I think you can see from this photograph hung on the wall that the surrounding area is captive at the present time. I think if you will look at the plans as provided there will be access in three major areas. Those areas were chosen because of the access availability provided.
The reason the parks are on the west side is that there are major arterial roads -- Jamboree Road, which in turn intersects with two freeways, and there is another major arterial running across the drive of the northerly park.

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

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

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

The staff report again only pointed out there was a 300-foot channel, giving the implication it was a very narrow
channel. That was the dredging channel and the actual channel is 750 feet at the narrowest point -- it narrows to 600 feet and it widens out to 2,600 feet or more; and the rowing channel is 450 feet. That is as wide -- that is the rowing course enough to accommodate Olympic crews of the University of California.

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

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

My next item I'd like to cover is: Why is the Irvine Company interested? It is going to benefit the company, we are not denying that. It is going to benefit the public to the extent estimated by appraisers at eight million dollars.
Now, you might ask why is the Irvine Company willing to give up eight million dollars in this. Lest people misinterpret our motives, let me assure you the Irvine Company is a very publicly-minded organization. This is evidenced by one of the major parks, Irvine Park, which receives tremendous use by the public every year. The University of California campus was given one thousand acres. We give parks with each elementary school in Newport Beach as part of the park program. We have given road easements to the County of Orange when they haven't had the funds to acquire them in the relocation of the Orange County Airport. We gave a navigation easement to make sure that the airport would not be jeopardized in the future.

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

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

Therefore, you come to the conclusion that an exchange such as proposed here seems to be the only third
alternative, which seems practical.

I might try and summarize the exchange in simple terms for you and divide the Upper Bay into the part from the narrows, from a point here down, and here up. (Demonstrating on map).

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

In the lower end there is the removal of the islanding in width from 750 to a thousand feet. Also, it is an attempt to straighten the channel out for better tidal movement in and out of that Upper Bay.

The Company now has 115 acres in that lower portion. 95 acres will result after the trade. In other words, there is a loss to the Company in the creation of a new, wider and better located channel of twenty acres, or a decrease of our property of 17%, to put the channel in more navigable condition and in the center of the area between these high bluffs.

Let us now go to the upper end. As mentioned by the staff, there are 243 acres of patent area lands. In the proposed exchange more than half of this land will be converted to water, 54 acres will be in park; 59 acres we are asking will not be filled or part of the waterway. The release of the easement gives us a clear title to only 24% of the total
patent area which we presently have -- or, we are exchanging three acres for one.

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

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

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

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

MR. MASON: Yes.

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

MR. MASON: That's correct. Second, I'd like to make it clear that if this is disapproved it will be my recommendation to move ahead immediately with plans we have on our lands as they presently exist. I don't mean this to sound
like a threat. It isn't meant that way at all. If you gentlemen look at that map, you can see the westerly side of that bay is completely urbanized. The eastern side is becoming that way rapidly. The Orange County airport lies to the north and there is tremendous industrial development in that area. McDonald Aircraft intends to make a large facility. In addition to that, in the upper right hand corner is the University of California location, developing very rapidly; and urban pressures are going to force the early development of this bay.

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

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

MR. MASON: I said between the Company and the staff.

MR. CRANSTON: That's what he said.

MR. MASON: Only asking for information.

GOV. ANDERSON: I think that should be made very clear. I understood that our staff has been down there and studied and studied this for a long time. Have you never discussed this with the Irvine Company?
or has all your discussion been with the County?

MR. HORTIG: No, sir. As Mr. Mason indicated, the Irvine Company has been completely cooperative -- answering questions, furnishing data, et cetera, in order to answer questions raised both by staff and by reason of requests for information from the Office of the Attorney General. Obviously, there have been discussions with the Irvine Company staff on the facts of the situation, on the interpretation of the program -- both with the staff of the Irvine Company and the County of Orange.

There was no discussion or preconsideration of the staff recommendation reported to the Irvine Company before the agenda item that was prepared for the Commission was completed, and a copy was mailed to the Irvine Company and to the County of Orange on the same day it was mailed to you gentlemen on the Commission.

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

MR. HORTIG: Yes, sir.

GOV. ANDERSON: I evidently misunderstood your comment.

MR. MASON: I think you have to interpret what you mean by discussions. I think the discussions or conversations were matters of asking questions, but not a matter of discussing the merits of other alternatives or anything like that. I want to make that clear. It was in the realm of "answer this
question," "answer that question;" there was this or that information, but as for a true discussion of the plan and so forth -- I think this is obvious from the implications that there is no launching facilities or the public is not provided access.

MR. CRANSTON: Did you seek any further discussions?

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

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

MR. MASON: That's right.

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

MR. MASON: No, that's correct.

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

MR. MASON: If you have a marina such as Dana Point or, take another one in Newport Bay, the Balboa Marina in Newport Bay and then take, say, Richardson's Landing in Newport Beach -- in one it is developed from a private frontage, a marina where boats can berth, people rent slips and use
them -- it is the same exactly as the one on a public tide-
land, say the Balboa Marina, which is run by a lessee of the
City government and he in turn rents to people to berth their
boats. The only academic thing I meant was that as far as
anybody renting a slip or using a slip, the cost to him is
exactly the same whether it is under private or public owner-
ship. The difference is who gets the revenue, I agree, but
I would not guess, as in the fourth reason given by the staff,
that the Government is in the business of going out and con-
demning land to build a marina and in turn leasing it to
another private person to operate it. Private enterprise can
operate the marina.

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

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

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

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

MR. MASON: That's right.

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

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

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

MR. MASON: There are not.
GOV. ANDERSON: Not even in the zoning and planning?

MR. MASON: There are not.

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

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

MR. SHEEHAN: Mainly on the west side?

MR. MASON: Well, west and Upper Bay.

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

MR. MASON: I think it would be negative.

MR. CRANSTON: Why?

MR. MASON: Because there would be no access. The water frontage, as pointed out by Mr. Kuyper, is increased considerably under this plan -- both as to vehicular access and access by boat. This is one of the major items in the plan -- to be sure people can get to the Bay. If you compare
this with Huntington Harbor, which was an exchange between the State and a private company, there the public access is very limited. Here you have three major launching areas and parks.

MR. CRANSTON: Thank you very, very much.

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

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

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

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

On the question of studies, just reviewing our
findings, we could find no studies on the development of marine biology, the development of the content of the water in the Bay. It gets quite salty at the upper area, is what might be the deadliest water in the Bay -- and what would be the effect of the channel, would it have a detrimental effect there?

In summing up, we could not find any specific benefit in a master plan which this Commission could study and pass on in the public interest.

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

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

We could find no consideration given to public fishing facilities in the Upper Bay.

Other considerations which concerned us in the discussions with the Attorney General's Office and the State Lands Division were whether or not the regional parks proposed
on the one side of the development would be in violation of the gift clause of the Constitution. We have discovered that no firm boundaries have been established for two of the three islands in the channel. What are we getting? We have no clear definition of the existence of these lands.

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

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

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

In sum and to repeat, our findings and recommendations were largely predicated on the fact we could find no specific master plan, no alternatives that were explored;
and our recommendation to the Commission would be to ask the County to explore these alternatives and attempt to arrive at other solutions to the problem than the one narrow alternative which has been proposed here and which seems to have taken a long time to arrive at in spite of the fact no other alternatives have been made available.

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

Thank you very much.

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

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

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

I have examined the proposed exchange of land in this area between the Irvine Company and the County of Orange, and I would like to say that I strongly favor approval of this exchange by the State Lands Commission.
For many years progressive citizens of the Harbor Area have envisioned development of this area to its highest potential as a boon to the State's recreation opportunities as well as a boon to the County and the City of Newport Beach.

There is, of course, no doubt that the proposal before you more than meets the statutory requirement for equality or advantage of value to the public interest, in this case the County of Orange.

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

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

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

On the third point, I think reasonable examination
of the Upper Bay will show that no matter what is done by private or public development, there is limited potential for use without ridiculous overcrowding.

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

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

If I may say a word about the Irvine Company, as a long-time resident of Orange County: The Irvine Company has aided greatly in the development of Orange County. It is common knowledge in the County, but perhaps not elsewhere, that the Irvine Company as a rule donates a ten-acre park site adjacent to land purchased for school purposes. The Irvine Company has been criticized for holding and developing the land adjacent to the University of California at Irvine. Such criticism seems to me entirely unwarranted, particularly on the basis that they donated the land for the University in the first place. The Irvine Company, to be sure, will benefit from the development of their private land around the Bay. I think this is proper.
I think the public benefit will be enhanced by this exchange in view of the fact that there has been no plan for development of this area put forward in the past.

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

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

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

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

I would very earnestly solicit your approval of this plan.

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

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

I only have a brief statement. The Irvine campus has a direct interest in what happens to the Back Bay of Newport Beach since the campus is located immediately adjacent thereto and in order to perhaps orient you, if I might just take one second to point out the location of the campus to the Back Bay, the Irvine campus is here. (Demonstrating on map).

We now have title to some 1500.8 acres of land in that location.

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

"Gentlemen:

In July 1960 the Irvine Company offered the University as a gift 1,000 acres on which to build a campus. The Regents accepted the gift and a deed was signed and recorded on January 20, 1961. Provisions were included in the accompanying contract to allow for land trades in establishing final boundaries acceptable to both the Regents and the Irvine Company, which provided for flexibility in planning."
"At the present time boundaries for 990.8 acres of the 1,000-acre gift have been established. Those for the remaining 9.2 acres are still to be fixed and are contingent upon settlement of the land exchanges between the Irvine Company and the County of Orange in the Upper Newport Bay, the matter before you today.

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

(signed)

Daniel D. Aldrich, Jr. "

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

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

GOV. ANDERSON: I'd like to say this to Mr. Cox, (as a Regent and with another hat on, who wants to see the development of this area as quickly as possible). I want to make it clear the recommendation of the staff here today is to withhold approval and to urge the County to explore alternative methods of developing this natural resource in the
spirit of its trust in a manner to maximize the public use and benefit. That is what we have before us today.

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

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

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

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

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

MR. COX: That is right.

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

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

MR. CRANSTON: I believe the Mayor of Newport Beach
is here and wishes to speak.

MAYOR GRUBER: Mr. Chairman, members of the Commission, I am Paul J. Gruber, Mayor of the City of Newport Beach, and I appreciate this opportunity of appearing before you today to speak on this matter.

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

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

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

WHEREAS, the State Lands Commission will soon consider a proposed agreement for the exchange of lands in Upper Newport Bay between the County of Orange and the Irvine Company; and

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

WHEREAS, the City Council has closely followed
"the progress of the negotiations which preceded the formulation of the proposed agreement and is convinced that said agreement represents an equitable balance between private and public ownership and that it is the only feasible method for development of the Upper Newport Bay in the foreseeable future; and

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

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

BE IT FURTHER RESOLVED that this City Council urges the State Lands Commission to act affirmatively to approve the proposed land exchange agreement at the earliest possible time.

ADOPTED this 22nd day of August, 1966.

(signed) Paul J. Gruber, Mayor

Attested to by City Clerk."

I might say at this time, in commenting on several things that have been said during the course of this hearing so far, in the Newport Harbor as of March 1, 1965 there were 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
of Orange, the State of California, and all others who visit our shores.

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

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

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

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

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

MAYOR GRUBER: I would think so.

MR. CRANSTON: There is no study?

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

With reference to Mr. Baldwin's remarks with regard to oil possibilities, let me say that present legislation forbids oil production from the Santa Ana River jetty from our border to Baja California; and oil production in the City
of Newport Beach is limited solely to production which exists at the time any annexation comes into the City. There is no drilling in the City of Newport Beach and no production taken except what already exists at the time that any annexed area comes into the City.

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

"DAILY PILOT EDITORIAL PAGE

MAJOR TEST FOR SWAP

The proposed Upper Newport Bay tidelands trade between Orange County and the Irvine Company will face its first major test in Los Angeles tomorrow. The State Lands Commission will conduct a public hearing on the complex and controversial subject in the new State Building.

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

Irvine would dedicate land to the public to allow development of large parks at Big Canyon 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 waterfront.

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 taxpayers of $27.6 million to condemn Irvine lands just to develop parks and recreational areas as now proposed. Under terms of the swap, development reportedly will cost the public only $3.5 million."
The proposed development program is not without its critics. Charles Baldwin, chief tidelands consultant for Assembly Speaker Jesse M. Unruh, is opposed to the swap. So are some people closer to home who fear that anything favoring the Irvine Company automatically is not favoring the residents and taxpayers of Orange County.

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

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

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

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 opposition to the basic plan. Someone must come up with specifics on how and where alleged improvements can be produced.

The Commission's decision will determine whether the Upper Bay will be developed for public 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
"conceivable that development of the public portion of this tremendous physical asset could be delayed for decades.

The Upper Bay is a tremendous asset. It should be handled properly. But this is no excuse for doing nothing.

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

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

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

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

MAYOR GRUBER: Well, of course, I can only take this in the general context. It refers to analyzing on the part 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?
MAYOR GRUBER: I think this is just a thought of a possible plan. There is no such plan that I know of.

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

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

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

MR. HORTIG: Not to my knowledge.

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

MR. CRANSTON: Any questions?

GOV. ANDERSON: Yes. Mr. Mayor, I am just seeking information here. I have before me a copy of a letter from the Mayor of the City of Newport Beach in March 1964, through the Board of Supervisors. I realize there has been a change in administration since that time, but you listed in your communication that the City and County continue to have reservation about the trade because of the transfer of tidelands to public ownership.

Then you go on to list the five parcels legally described and you say it is essential that the control, development and administration of these five parcels be vested exclusively in the City in perpetuity and that the details of
this can be worked out so that public access to these loca-
tions would be better served.

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

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

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

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

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

GOV. ANDERSON: What about the public access to the
Bay? How was that better?

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

GOV. ANDERSON: Yes.

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

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

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

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

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

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

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

MR. CRANSTON: Any further questions?

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

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

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

There has been some planning of this by our staff and that of the harbor district which has had this assigned
to them to do; and the marina design in the area in the present form would provide for the mooring of boats for people who desire to use the waters of the Upper Bay and the Lower Bay and the ocean beyond, and would increase the capacity; and would permit this park to be developed, according to present estimates that we have, in a consistent manner and would provide revenues that could be used to develop the balance of the Big Canyon for the use of all the people.

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

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

Thank you.

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

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

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

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

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

The opportunity to grasp Back Bay -- Orange County is sadly in need of additional facilities and this addition would greatly add to the pleasure and welfare of its inhabitants.

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

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

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

MR. CRANSTON: Thank you very, very much.

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

MR. ROBINSON:  Mr. Cranston, gentlemen ....

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

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

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

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

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

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

Moreover, the Constitution of California, Article XV, Section 3, states 'All tidelands within two miles of any incorporated city or town in this State, and fronting on the waters
"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.
"Another question concerns access. We are informed that unless the County exercises the right of eminent domain, there is no access to the tidelands of Upper Bay across the Irvine-owned uplands. Access for the harbor at Dana Point was acquired by the County's exercising the right of eminent domain in condemning the land of Mr. Capron. Since the Supervisors have established this precedent at Dana Point, why do they refuse to consider the same action for Upper Newport Bay?

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

Respectfully,

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

MR. CRANSTON: Any questions?

MR. ROBINSON: May I make one other comment?

MR. CRANSTON: Yes.

MR. ROBINSON: Much has been said about the inability 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 benefit of all, rather than for access for a minimum amount of
MR. CRANSTON: Thank you.

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

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

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

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

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

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

MAYOR JORDAN: Thank you, Mr. Chairman. Gentlemen of the Commission, the City of Costa Mesa lies westerly of the Bay. As indicated on the map ....
MR. CRANSTON: Would you please identify yourself for the record?

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

Some of our land in our community lies bordering some of the land under consideration for the exchange today. I would like to just take a moment of your time to read into the record a letter authorized for my signature, the contents being authorized by our City Council:

"Gentlemen:

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

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

The need for recreational facilities is very great, and this addition will be of immeasurable benefit in providing the area for additional activities. The development of the property will greatly improve the esthetic qualities of the entire area.

The entire area, including the City of Costa Mesa, will benefit from heightened land 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 available at a later date.

Respectfully submitted,

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

Gentlemen, it gives me a great deal of pleasure to go on record with the City of Newport Beach and the County
of Orange to approve this land trade.

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

Who would like to appear next?

MR. BERGH: Mr. Chairman, members of the Commission I am Harry E. Bergh, 704 Orchid Avenue, in Corona Del Mar, Orange County, I am here representing the Orange County Coast Association, representing their Tidelands Committee. I have a resolution which contains a very choice number of "whereases" which have been alluded to and I won't go into those.

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

" ORANGE COUNTY COAST ASSOCIATION - RESOLUTION

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

WHEREAS, the County of Orange holds the water area (tidelands) in trust for the State of California, who, in turn, holds it in trust for the Federal Government, and

WHEREAS, an agreement between The Irvine Company and the County of Orange for the exchange of lands has been proposed, and
WHEREAS, through the exchange the County does not expend any actual dollars for acquiring additional waterway areas or park areas, and has a financial advantage of eight million dollars over its present situation, and

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

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

WHEREAS, if the County condemns the land necessary for the channel and park areas, it will be necessary for them to raise approximately twenty million dollars for this condemnation. This would necessitate a bond issue and it is extremely doubtful that it would be passed by the Orange County citizens, and

WHEREAS, the County of Orange is not losing any tidelands through the exchange. It is merely the relocation of the waterway area to create a central channel of sufficient width to allow for 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 different 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.
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
deliberations taking place here today. I am sure you will weigh the evidence submitted and will trust that your judgment and verdict will not destroy one of our fine examples of the Master's handwork, but you will lend wisdom, knowledge and guidance in developing the area in one of California's wonderland.

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

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

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

I don't stand alone in this. Some week and a half or two weeks ago a bond sales was conducted by bid for the construction of some $24 million of improvements in Orange County and the highest rate that has ever been submitted in Orange County, one of the finest and richest counties in the
State, was some 4.7%. So I think maybe your answer would be such that we haven't been able to get what we think is the best results for our efforts, and some of the trust that we have possibly has evaporated.

MR. CRANSTON: Thank you.

(Letters submitted by Mr. Markel follow:)

"CITY OF SANTA ANA

State Lands Commission Hearing
Los Angeles, California

Gentlemen:

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

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

Sincerely yours,

(signed) Wade Herrin
Councilman"

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"SOUTH MAIN IMPROVEMENT ASSOCIATION
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
"County of Orange and the Irvine Company now pending before your Commission.

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

Very truly yours,

(signed) George E. Robinson
Secretary

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MR. CRANSTON: The gentleman down here is next.

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

I'd like to be real brief, but there were some points brought out this morning that are sort of left open, so if I may I would like to read this prepared statement. I 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,
but we feel that the development of any body of water as important as Upper Newport Bay should primarily consider the general public and then private interests.

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

1. It would consist of the dredging of the Upper Bay in such a manner as to provide public beach on the major portion of shoreline.

2. The dredging would be accomplished in such a manner as to leave islands, as was done in the development of Mission Bay in San Diego -- and we don't feel it is too narrow to leave some islands.

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

4. We feel that new marinas are needed and could very well be incorporated into this plan in such a way that channel wave action would have little effect on berthing of yachts.
5. The majority of boat owners in Orange County and in the State of California has been almost completely overlooked in the present proposed plan of development. We feel a ski area and a speed area should be of primary concern.

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

This monetary basis, which the County feels would create the utmost revenue, is not necessarily a true assumption. No one can deny the fact that a hundred thousand dollar house with a fifty thousand dollar yacht parked in front in a private slip would create more tax revenue than a launching ramp in the same location. But what of the homes located from one to five blocks from the water? There is certainly no doubt that the direct access to a near public beach would increase their value. Is development at any cost a good reason for development? It may be for raw land, but development of a great natural resource as we are discussing would seem to be a very poor premise on which to make a decision.

This entire matter of the development of Upper Bay is supposed to be a much investigated and much discussed plan.
There is one very strange thing about this fact: In all of
the discussions, none of the organizations which I represent
was ever invited to any hearing to express its views. We
have never been contacted by the County of Orange Board of
Supervisors, the County of Orange Harbor District, or, for
that matter, any city, county committee or commission of any
kind.

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

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

In other words, there are twice as many boats
registered throughout the County as there are in Newport
Beach proper. Of the 8,000 boats in Newport Harbor, it is
safe to say that at least 2,000 are under 19 feet and capable
of speeds in excess of five miles per hour. Not only are the
small or portable boaters in the numerical majority, but they
use their boats more often, at least in Newport Bay. The Enforcement Division of the Newport Beach Harbor Patrol has made this statement before many service clubs: "Approximately 80% of the boats on the water in Newport Bay are trailer-borne craft."

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

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

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

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

In conclusion, we would like to say that we, as boat manufacturers, marine distributors, boat dealers, and boat club members, all feel that the development of Upper Newport Bay should truly be for the majority and not for private gain.

MR. CRANSTON: Thank you very, very much.

MR. MITROVICH: You made a reference to Mission Bay in San Diego. Is it within your knowledge that the amount of
dredging in Upper Newport Bay would be more or less than that in Mission Bay?

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

Thank you.

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

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

At the request of the Mayor of Santa Ana approximately nine months ago I conducted an investigation and uncovered a lot of material, which I will not go into now.

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

Gentlemen, our County is still growing, as you well know, the fastest in the State. Tourists don't need boat slips -- they need beaches. Every time we build a boat slip
we destroy another ten or twelve feet of beach. Our people need beaches. In any development of those lands with fancy boat slips at their doors, sure, we increase the assessed valuation, but it doesn't lower our taxes. In 1962, the Harbor District assessed us 2½% per hundred valuation; in 1965, the tax is $10.96 per hundred.

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

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

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

The people who have appeared here today are money people, people working for government, people with an ax to grind. Gentlemen, I am speaking only for myself. I have been
in Santa Ana since 1928. I have watched our beaches being
destroyed foot by foot. This applies to three County beaches
taken care of by County tax funds, one of which has an armed
guard at the gate. The public has no access. That is quite
typical of Orange County today.

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

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

MR. CRANSTON: Thank you.

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

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

That's all I have to say.

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

*(original on file at State Lands Commission Office, Los Angeles)
"In the opinion of the Committee the proposed land trade between Orange County and the Irvine Ranch in the Newport Beach Back Bay is inequitable, indefensible, and not in the public interest. We believe that a joint study by State, County and City agencies of alternate proposals should be undertaken."

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

"Dear Mr. Cranston:

We of the Bay Area Citizens Council, which represents all of the Homeowners Associations encompassing the Upper Bay as well as many others in this coastal area, are writing the State Lands Commission with regard to the exchange of lands between the Irvine Company and Orange County proposed for the Upper Newport Bay Area. We urge as strongly as we can that the legislative 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 citizens and adequate control by local governing bodies. Any plan for development should recognize 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, preservation of our wildlife and marine life, natural parks, and recreation facilities.

We suggest that a plan might be imagined
"similar to the highly successful one through which Corona Del Mar State Beach has been developed: A joint venture undertaken by the State along with Newport Beach -- and administered by the City -- in which the Upper Bay would be developed in accordance with need and as funds become available. Such a plan would make possible the kind of local control which many citizens of Newport Beach feel is necessary in order to insure that the Upper Bay be properly policed, kept clean, appropriately beautified, and provide continued free access for the citizens in the immediate neighborhood as well as for those from more distant communities.

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

Respectfully submitted,

Jack Garanaus (signed)
Bay Area Citizens Council

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

If I may for just a moment, as an engineer I'd like to point to one thing that hasn't been brought out: The bottleneck of this entire Bay is the Bay Bridge. You can see it on the map down at the bottom, a little horseshoe, and that Upper Bay bridge is controlled by the State Highway Commission; and a freeway is now under consideration and has been adopted, but there has been considerable controversy with regard to the route.
I believe that Upper Bay bridge would give a clearance of possibly 35 or 40 feet at high tidewater, to go in and out of the Upper Bay. This is the key to the entire situation. The present bridge is inadequate. However, I do not believe the State will replace the present bridge, which only has a height of approximately six to ten feet at high water point. Therefore, I'd say the development of the Back Bay has to wait on the freeway and the bridge.

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

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

MR. CRANSTON: Thank you.

Is there anything further from witnesses?

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

We would like to submit this letter for the record.

(Mr. Barton then paraphrased portions of the letter, which is reproduced in its entirety below):

"Our association of homeowners in the Upper Newport Bay area, Marina Park, Incorporated, is sending you this letter to ask that the State of California, through appropriate legislative committees, conduct a study of the Upper Newport Bay area with a view to coming up with a plan for its development which takes into account the original intention of the Tidelands Trust, and does not turn the land over to private enterprise in a way contrary to the best interests of the citizens of the State of California.

"Any plan for development should pay great attention to the conservation of what is, after all, the last undeveloped bay in Southern California. Particular regard should be had for the protection of marine and wildlife in the area, for once destroyed they can never be restored. And the most imaginative consideration should be given to the ways in which the area may be beautified and recreational areas 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
"harmony with the true spirit of the Tidelands Trust. For the Tidelands around the bay are held in trust for the people of California. Thus, in whatever plan is finally created, their interests must be regarded as paramount. We ask that you give our views all the consideration you think appropriate as you make your decision in this important matter.

Respectfully submitted,

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

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

I have a letter opposing the land trade signed by twenty-two other residents of the area, that I think makes no major new points. I would pass it into the record, if I may. If I may comment, some of the signatures include the Professor and Chairman of Biology, Professor of Business, and so forth. However, I want to make it perfectly clear that obviously the University position has been presented in the letter presented by Vice-Chancellor Cox.

MR. CRANSTON: Thank you very much.

(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 Chairman of the State Lands Commission in hopes that the Commission will be able to see its way clear
"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."

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MR. BERKSHIRE: My name is Jim Berkshire -- and I am President of the Chamber of Commerce in Newport Beach.
I'd like to bring to your attention at this time that the business community in Newport Beach represented by the Chamber of Commerce encompassing over 800 companies are on record as favoring the proposed development in Upper Bay and you have in your files a resolution to that effect.

MR. BACON: Mr. Chairman and members of the Commission, my name is Larry Bacon. I am a resident of Costa Mesa.

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

The City of Newport Beach and the County of Orange have taken the position of restricting the public access to the Bay and the beaches. I'd like to cite some of the past examples of this. The waterfront property is quite extensive that is owned by the City and County. It has been leased to private interests, to private civic associations, and practically cutting off access to the Bay, that is, the Lower Newport Bay, to the people of the County and California. Probably 75 or 80%, possibly more, of the public land fronting on the Bay is leased to private individuals.

The people of the City of Newport Beach were quite aware that this land was being taken away from then in 1955 when they went to the polls and got the Constitution changed
to forever make the 18th Street beach open to the public.
They went to the polls and did this because they saw that the land was being taken.

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

Thank you.

MR. CRANSTON: Thank you very much.

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

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

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

RESOLUTION

WHEREAS, the Board of Directors of the Orange County Chamber of Commerce (then the Orange County Associated Chambers of Commerce) went on record April 13, 1964, approving the transfer of property between the Irvine Company and the County of Orange in the Upper Newport Bay Area as a means of expediting 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
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

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

"RECOMMENDATION: The Planning and Land Use Committee recommends to the Executive Committee and the Board of Directors that Orange County Associated Chambers of Commerce go on record as approving a transfer of property between the Irvine Company and the County of Orange in the Upper Newport Bay Area as a means of expediting development of the area, but recommends to the Orange County Board of Supervisors that an opinion on the optimum usage and development of the area be obtained from the County Planning Department prior to finalization of any such transfer.

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

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

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

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

The other point is simply in summation. What you have heard today is what the Board of Supervisors have heard
over the past six or seven years in considering this matter at numerous public hearings. There are people who are interested in marine biology; there are boat dealers who want more boat facilities; there are people who go to beaches, who want more beaches; there are residents who want access.

We have tried to provide the best harbor development for the people of the State of California as a whole, for whose people who come down on their vacations and weekends, and balance it between beach users, park users, boat users.

We cannot satisfy everybody. We have done the best we can to satisfy the people of the State of California as a whole.

I believe the Commission might have specific questions about the alleged other funds which people have alluded to as being available, and I would like Mr. Sampson to comment on the unavailability of other funds.

MR. SAMPSON: Mr. Chairman, members of the Commission, I am Kenneth Sampson, Director of Harbors, Beaches and Parks for the County of Orange.

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

These State funds that are available to the County of Orange are the State Park bond funds which are not necessarily State funds. They were funds voted by the public and based upon our population we are entitled to two and three-quarter million of these funds. They go to the County for regional park purposes and I assume some of them will be used
for the regional parks in this Bay. However, we could not use any State funds, per se, for the development of the Upper Bay because under our Trust it says we are obligated to develop it for a harbor for navigation, fishing and commerce without expense to the State. So that would eliminate the use of State funds, because we would be in violation of our Trust.

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

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

Also, on this matter of speed that was brought up - - I am getting a little away from the matter of funds - - the State law sets the speed limit within 200 feet of every dock or swimmer of where the boat is moored. So if you have a channel only 400 feet wide, you have no place where you could go over five miles an hour if there were a dock or swimmer.
We have no jurisdiction over that. We can establish speed limits in the Upper Bay and anticipate doing it.

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

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

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

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

MR. SAMPSON: Yes, for the navigation features only.
GOV. ANDERSON: Have you applied for Federal funds for the navigation features in this plan?

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

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

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

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

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

GOV. ANDERSON: So there is possibility of getting money from the open space program for part of this and there is also possibility of getting Federal money for the navigation part of the channel, and so forth.

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

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

MR. SAMPSON: I suppose so.
MR. SHEEHAN: What about the park development?

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

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

MR. SAMPSON: Yes.

MR. SHEEHAN: All of them?

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

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

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

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

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

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

MR. SAMPSON: That's correct. That is an obligation under the 1957 legislation.

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

MR. SAMPSON: Because if we do not exchange these
lands and take the islands out of the center, we will not have enough channel to make it available for recreation.

MR. CRANSTON: Thank you.

I believe that concludes the testimony.

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

Thank you.

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

I first want to commend the many public officials of the City of Newport Beach and the other cities in the area, and the officials of the County of Orange, for a tremendous amount of work which they put forward in trying to bring forth this agreement that has been proposed to us today. But I personally believe that further efforts are required before at least I could vote for this exchange.

I want to see the Upper Newport Bay developed. As I stated earlier in my capacity as a Regent for the University, we would want to see it developed for that reason; but I want
to see this developed as a tremendous potential not only for the immediate area of Orange County but the State of California as a whole.

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

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

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

The second one was a prediction, a kind of a gloomy prediction, that the people of Orange County would not take the alternative of some other proposal that might be submitted to them in the form of a county-wide bonding program, even though it would bring about a maximum use and benefit.
I don't think we have to take these alternatives. I think the County of Orange, the people of that great county, would support a program that would be presented for the ultimate best use of the majority of people of that County and I don't think the Irvine Company would proceed if they knew we were going to proceed in this direction -- at least, I would hope they would not, because I think they would want the best thing for this great County.

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

Mr. Cranston: Do you make a motion?

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

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

Gov. Anderson: We are not precluding that. I think the present motion is that as of today we withhold the approval and urge the County to explore other methods, and I
assume work it out with our staff, with the staff of the
County, with the staff of the City of Newport Beach; and when-
ever they come up with something that would be more in the
direction of greater public benefit, it would come before us
whether in one month, two months.

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

MR. SHEEHAN: I'll second the motion.

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

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

We have to think in terms of this, and Orange County
has a tremendous number of boats. I don't think under the
present plan Orange County is getting the broadest use it
should receive; and I am interested in other people in California. A lot of people from Los Angeles and other parts of the State want to use your facilities.

MR. CRANSTON: Assemblyman Badham wants to be recognized.

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

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

It has been stated the people of Orange County would not support any kind of bond issue, even if it were a good one, and I have more confidence in the people of your County that if a good proposal were submitted to them that would mean a development of this resource so that all of your people could use it more beneficially than presented by this plan, they would support it. I could be wrong, but my understanding is there hasn't been any testing or sampling as to whether they would support such a bond issue. There have been examples held up of bond issues in the past.
ASSEMBLYMAN BADHAM: Governor, I do get around quite politically, and so forth. It would seem to me inconceivable -- in fact, I would predict the overwhelming failure of a bond issue. Your staff has criticized that there is not State-wide use for this Bay. For the people of Orange County to bond themselves is wrong.

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

ASSEMBLYMAN BADHAM: I think we disagree.

MR. CRANSTON: I'd like to speak for a moment myself. First thing, I want to thank each of you who have participated, whether you have spoken or not, in a rather town-hall-like discussion of this program. Those of you who have testified have been very clear and very brief, and I thank you for that. I also thank those of you who came to testify, who didn't do so because their thoughts were expressed by others. Apparently, though, we had a full expression here -- which apparently did not occur earlier.

I would like to go one step further than Glenn stated. I feel that the State, through the State Lands Commission, through the Commissioners themselves and other parties, should participate in the exploration and see if we can find an approach that does permit maximum public use and
greatest public access to this harbor. I feel the plan in
many ways is a fine one, but I do feel that we have the
responsibility here to see that there is maximum public use.
We are thinking of people in Orange County themselves, but
also people down or near there who could come in under a
broader plan, have greater benefit.

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

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

ADJOURNED 1:45 P.M.

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CERTIFICATE OF REPORTER

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

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

Louise H. Lillico