

MINUTE ITEM

10. PROPOSED MINERAL EXTRACTION LEASE, SUBMERGED LANDS, SAN FRANCISCO BAY, CITY AND COUNTY OF SAN FRANCISCO - W.O. 3028, P.R.C. 2498.1.

After consideration of Calendar Item 10 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO ISSUE A MINERAL EXTRACTION LEASE TO RHODES-JAMIESON GRAVEL, THE HIGHEST QUALIFIED BIDDER, IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, FOR THE 471-ACRE PARCEL OF SUBMERGED LANDS IN SAN FRANCISCO BAY, CITY AND COUNTY OF SAN FRANCISCO, AS DETAILED IN THE PUBLISHED NOTICE OF INTENTION UNDER WORK ORDER 3028, SUBJECT TO PAYMENT OF A ROYALTY IN ACCORDANCE WITH THE FOLLOWING SCHEDULE FOR ALL SAND EXTRACTED:

$$R = 0.04 + 0.0551 (C - 0.30) \text{ PER CUBIC YARD.}$$

A PERFORMANCE BOND IN THE PENAL SUM OF \$5,000 IS TO BE DEPOSITED BY THE LESSEE TO GUARANTEE THE FAITHFUL PERFORMANCE AND OBSERVANCE OF ALL OF THE TERMS AND CONDITIONS OF THE LEASE.

Attachment

Calendar Item 10 (1 page)

CALENDAR ITEM

10.

PROPOSED MINERAL EXTRACTION LEASE, SUBMERGED LANDS, SAN FRANCISCO BAY, CITY AND COUNTY OF SAN FRANCISCO - W.O. 3028.

On September 21, 1959, three bids were received in response to a published notice of intention of the State Lands Commission to enter into a lease for the extraction of sand from approximately 471 acres of submerged lands in San Francisco Bay, City and County of San Francisco. Publication of this offer was authorized by the Commission on June 25, 1959 (Minute Item 16, page 4943).

Moe Sand Company, the highest bidder, offered a royalty of four cents per cubic yard, plus an additional increment of 1.5 of the sales price in excess of 30 cents per cubic yard. Rhodes-Jamieson Gravel offered a royalty of four cents per cubic yard, plus an increment of 0.0551 of the sales price in excess of 30 cents per cubic yard. G.M.G. Corporation offered a royalty of four cents per cubic yard, plus an increment of 0.041 of the sales price in excess of 30 cents per cubic yard. The maximum royalty specified in the lease shall not exceed 25 per cent of the weighted average gross sales price.

Edward G. Brown, counsel for the Moe Sand Company, has requested that the bid submitted by the Moe Sand Company be disregarded and that the deposit submitted with the bid be returned. The basis for this request is that the instructions for bidding were misconstrued by his client, that the intended bid was 1.5 per cent or a bid of 0.015, rather than 150 per cent (or 1.5) which was actually submitted in the bid form. It is the opinion of the staff that lease operations under a bid factor of 1.5 would not be economically feasible and that it would be in the best interest of the State to recognize that a mistake was made and to accept the corrected bid factor of 0.015. This action would result in Rhodes-Jamieson Gravel, who submitted the bid factor of 0.0551, being the highest qualified bidder.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE A MINERAL EXTRACTION LEASE TO RHODES-JAMIESON GRAVEL, THE HIGHEST QUALIFIED BIDDER, IN ACCORDANCE WITH THE PROVISIONS OF DIVISION 6 OF THE PUBLIC RESOURCES CODE, FOR THE 471-ACRE PARCEL OF SUBMERGED LANDS IN SAN FRANCISCO BAY, CITY AND COUNTY OF SAN FRANCISCO, AS DETAILED IN THE PUBLISHED NOTICE OF INTENTION UNDER WORK ORDER 3028, SUBJECT TO PAYMENT OF A ROYALTY IN ACCORDANCE WITH THE FOLLOWING SCHEDULE FOR ALL SAND EXTRACTED:

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A PERFORMANCE BOND IN THE PENAL SUM OF \$5,000 IS TO BE DEPOSITED BY THE LESSEE TO GUARANTEE THE FAITHFUL PERFORMANCE AND OBSERVANCE OF ALL OF THE TERMS AND CONDITIONS OF THE LEASE.