MINUTE ITEM 6/23/71
NB

15. BEACHED VESSEL "SS LA JENELLE", TIDE AND SUBMERGED LANDS IN VENTURA COUNTY; BAHAMA STAR SALVAGE CORPORATION - LEASE PRC 4539.9, W 2880.31.

During consideration of Calendar Item 5 attached, Mr. Evangelos S. Aslanidis, authorized agent of the Bahama Star Salvage Corporation, appeared and explained in detail the many problems that have been encountered in handling the problem of attempting to remove the "SS La Jenelle" from the State's tide and submerged lands in Ventura County, and outlined the work that has been done to date. Mr. Ray M. Miller, Vice President of the Bahama Star Salvage Corporation, also appeared, and answered various questions raised by the Commission.

In response to a question by the Commission as to how removal would be handled if the agreement with Bahama Star Salvage Corporation was terminated, the Executive Officer explained that there were two possible alternatives: First, negotiating with some other salvage company, or, that failing, then attempting to get the U.S. Navy to use the ship as an exercise in demolition practice, for which there are precedents, as the Navy, in the past, has cooperated in removing hazardous ships and structures through demolition.

Deputy Attorney General Jerold A. Krieger reported that he had received a telephone call from Jerry Brown, Attorney for Bahama (the owners of the vessel), to report that a sale of the ship was in escrow.

Upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION EXTENDS THE TERMS AND CONDITIONS OF LEASE PRC 4539.9 WITH THE BAHAMA STAR SALVAGE CORPORATION (BAHAMA) UNTIL AUGUST 1, 1971, AND DIRECTS THE OFFICE OF THE ATTORNEY GENERAL TO DILIGENTLY PURSUE THE QUESTION OF LEGAL TITLE TO THE VESSEL "SS LA JENELLE" IN THE INTERIM, WITH THE UNDERSTANDING THAT FURTHER ACTION WILL BE TAKEN AT THE NEXT REGULAR MEETING OF THE COMMISSION.

Attachment:
Calendar Item 5 (2 pages)

A 37
S 24

CALENDAR ITEM

6/71
W 2880.31
NB

5.

AUTHORIZATION FOR ATTORNEY GENERAL TO TAKE NECESSARY LEGAL ACTION TO HAVE OWNERS OF THE VESSEL "SS LA JENELLE" REMOVE SUCH SHIP FROM STATE-OWNED TIDE AND SUBMERGED LANDS IN VENTURA COUNTY.

On April 13, 1970, the passenger ship La Jenelle broke loose from its mooring two miles offshore from Port Hueneme and washed ashore adjacent to the entrance of Port Hueneme Harbor on State-owned tide and submerged lands. The present owner of the ship, Bahama Star Salvage Corporation (Bahama), entered into a joint venture agreement with Clarita Valley Salvage, Inc. (Clarita) to remove and salvage the ship. In November 1970, the State Lands Commission entered into a lease with the joint venturers providing for the salvagers to occupy the State-owned tide and submerged lands in order to remove the vessel and to restore the beach to its original condition. On March 30, 1971, Bahama sent a "Notice of Recission" to the Board of Directors of Clarita, thereby terminating the agreement between the two companies. Before and since March 30, 1971, the joint venturers and Bahama by itself have failed to perform the acts called for in the lease with the State. These breaches of the lease agreement include:

(1) Failure to perform substantive acts to remove the vessel and to restore the beach;

(2) Failure to deposit any of the agreed rental of $500 per month to the State into an agreed bank account;

(3) Failure to keep in full force and effect specific public liability and property damage insurance for the protection of both the lessee and the State;

(4) Failure to keep accurate books of account covering the operation of the joint venture. The Division has made regular inspections of the site. All that has occurred up to and including May 10, 1971, is that the salvagers have fenced off an area of the beach and have some minor equipment on the site.

Because of the above factors, it has become necessary for the State Lands Commission to take legal action to compel the removal of the ship.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THERE HAS BEEN UNREASONABLE DELAY IN REMOVING THE VESSEL LA JENELLE, AND THAT THE TERMS AND CONDITIONS OF STATE LEASE PRC 4539.9 HAVE NOT BEEN PERFORMED AND THAT SAID LEASE SHALL NOT BE RENEWED.

2. AUTHORIZE THE EXECUTIVE OFFICER TO GIVE THE NECESSARY NOTICES TO TERMINATE ANY RIGHTS OF THE LESSEE UNDER SAID LEASE PRC 4539.9 EFFECTIVE JULY 1, 1971.

3. AUTHORIZE THE OFFICE OF THE ATTORNEY GENERAL TO TAKE ALL APPROPRIATE LEGAL ACTION, INCLUDING FILING AN ACTION IN EJECTMENT AND FOR DAMAGES AGAINST THE

LESSEES UNDER PRC 4539.9 AND FOR SECURING LEGAL TITLE TO SAID VESSEL BY ACTIONS IN FEDERAL BANKRUPTCY AND ADMIRALTY COURTS OR STATE COURTS.

4. AUTHORIZE THE EXECUTIVE OFFICER AND THE OFFICE OF THE ATTORNEY GENERAL TO TAKE ALL APPROPRIATE ACTION TO CAUSE THE VESSEL TO BE REMOVED, INCLUDING NEGOTIATIONS WITH APPROPRIATE FEDERAL AGENCIES FOR SUCH REMOVAL.