

27. DISCUSSION OF QUEEN MARY PROJECT - W 10248.

During consideration of Calendar Item 25 attached, Mr. E. N. Gladish, Executive Officer of the State Lands Commission, presented a statement relative to the Divisions review of the City of Long Beach's (February 6, 1974), rebuttal to the December report prepared by the Division on the Queen Mary Project. In this statement, Mr. Gladish submitted the Division's conclusions. A copy of the report was presented to the Commission.

Mr. Robert W. Parkin, Deputy City Attorney, City of Long Beach, appeared to state that the City had no additional comments relative to their position submitted at the February 6, 1974, meeting.

Director of Finance Verne Orr expressed his views by stating that he felt deeply that since the State had not succeeded in its negotiations with the City of Long Beach, the Division had no choice but to sue. However, rather than see the suit go on and consume hundreds of thousands of dollars over a period of years, he suggested that in addition to recommending to the Attorney General to commence suit, the Commission direct the Division to (1) advise the Legislature of the suit, advising that it is a nonproductive suit for the taxpayers as a whole; and (2) recommend alternatives to the Legislature on how to avoid this situation from reoccurring. Chairman Flournoy agreed with Mr. Orr stating that it was the only alternative left to the Commission, even though the only purpose it would serve would be in enforcing the law.

In connection with proposing preventive measures to the Legislature against such action ever recurring, Mr. Orr suggested the following alternatives be presented to the Legislature:

1. Decrease the amount of tideland revenue coming in future years to the City of Long Beach by reducing the maximum amounts payable to the City \$1 million annually.
2. Give the City of Long Beach in the future more freedom to do projects with their share of reduced revenues that they feel are in the public interest, without Commission approval.

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

THE COMMISSION:

1. DETERMINES THAT SUBSTANTIAL SUMS INCLUDED WITHIN THE \$33 MILLION TO WHICH THE STATE LANDS COMMISSION ENTERED CONDITIONAL NON-OBJECTIONS ARE FOR USES AUTHORIZED BY SECTION 6(a) OF CHAPTER 138, STATUTES OF 1964, 1ST EXTRAORDINARY SESSION.

MINUTE ITEM NO. 27. (CONTD)

2. DIRECTS THE EXECUTIVE OFFICER TO:
 - A. NOTIFY THE CITY OF LONG BEACH OF THE COMMISSION'S DETERMINATION, AND
 - B. DELIVER A COPY OF THE ATTORNEY GENERAL'S OPINION OF DECEMBER 17, 1973, TO THE CITY OF LONG BEACH.
3. AUTHORIZES THE EXECUTIVE OFFICER AND THE ATTORNEY GENERAL TO TAKE LEGAL ACTION PURSUANT TO PARAGRAPH "1" ABOVE.
4. AUTHORIZES THE EXECUTIVE OFFICER AND THE ATTORNEY GENERAL TO TAKE ANY AND ALL LEGAL ACTION NECESSARY TO RECOVER ANY AND ALL TIDELAND TRUST FUNDS IMPROPERLY EXPENDED ON THE QUEEN MARY PROJECT.

IN ADDITION, THE COMMISSION:

5. DIRECTS THE EXECUTIVE OFFICER TO FORWARD TO THE LEGISLATURE A COPY OF THE STAFF REPORT OF DECEMBER 20, 1973, IN THE REVIEW OF THE QUEEN MARY PROJECT; THE CITY REBUTTAL REPORT OF FEBRUARY 6, 1974; AND THE STAFF REPORT OF APRIL 4, 1974.
6. AUTHORIZES THE EXECUTIVE OFFICER TO RECOMMEND TO THE LEGISLATURE THAT LEGISLATION BE INTRODUCED TO REQUIRE THAT REVENUES COMING TO THE CITY OF LONG BEACH FROM THE TIDELAND TRUST FUNDS BE REDUCED \$1 MILLION ANNUALLY.
7. AUTHORIZES THE EXECUTIVE OFFICER TO RECOMMEND TO THE LEGISLATURE THAT THEY REVISE THE PRESENT STATUTORY MECHANISM FOR APPROVING TIDELAND TRUST PROJECTS AND EXPENDITURES BY THE CITY OF LONG BEACH.

Attachment:

Calendar Item 25 (1 page)

MINUTE ITEM 27, MEETING OF APRIL 4, 1974 IS RESCINDED
BY MINUTE ITEM 1, AS SET FORTH IN PARAGRAPH 4 OF THE
COMMISSION'S RESOLUTION, MEETING OF SEPTEMBER 12, 1974. *dj*

CALENDAR ITEM

25.

3/74
RSG
W 10248

DISCUSSION OF QUEEN MARY PROJECT

In the minutes of December 20, 1973, it was noted that the Executive Officer concluded the presentation on the status report on the Queen Mary project by supporting staff recommendations to the commission in two areas:

1. Correction of past actions by the City: The Attorney General has indicated that there have been substantial unauthorized tideland oil revenue expenditures made by the City of Long Beach in connection with the Queen Mary Project and that the Commission has a cause of action against the City. The Attorney General also advises that the decision of whether or not to sue the City lies within the discretion of the Commission. The staff recommendation is that suit be brought.
2. Preventive measures against such actions ever reoccurring: It is recommended that the Commission forward the staff report to the Legislature with a recommendation for remedial legislation. The present procedures are not in the public interest, and corrective legislation should be sought by the Commission.