

MINUTE ITEM

This Calendar Item No. 32
was approved as Minute Item
No. 32 by the State Lands
Commission by a vote of 3
to 0 at its 6/81
meeting.

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RETURN OF BID DEPOSIT SUBMITTED BY
TIDEWATER SAND AND GRAVEL, INC. FOR PROPOSED
MINERAL EXTRACTION LEASE, NORTH MIDDLE GROUND ISLAND

On April 26, 1980, the Commission authorized staff to offer for lease by competitive bid 110 acres of tide and submerged land north of Middle Ground Island, Suisun Bay, for the extraction of minerals other than oil, gas and geothermal resources. The area is known to contain commercially valuable sand and gravel deposits. In accordance with this authorization a Notice of Intention to Lease was published on September 17, 1980, in the San Francisco Examiner, Contra Costa Times and Fairfield Daily Republic calling for bids on October 22, 1980.

On October 21, 1980, competitive bids were submitted and publicly opened in the Commission's Long Beach office.

The highest bidder was Tidewater Sand and Gravel, Inc. with a bid factor of 2.0, followed by Olin Jones Sand Company with a bid factor of 1.4 and Western Pacific Construction Materials, Inc. with a bid factor of 1.051.

The staff commenced review of Tidewater's bid immediately after the bid opening and the bid package was forwarded to the Attorney General's Office for final review. On November 17, 1980, Tidewater Sand and Gravel, Inc. through its agent, Mr. Frank Hortig, delivered a withdrawal of its bid and a request for a refund of its bid deposit of one thousand dollars (\$1,000.00).

The staff met with Mr. Hortig on April 10, 1981, to discuss this matter. As a result of this discussion, Mr. Hortig basically stated that Tidewater had made a mistake as to the parcel of land being offered for lease. Mr. Hortig has apparently talked to staff members over a period of several years regarding the possible nomination of a parcel of tide and submerged lands in an area south of the proposed lease area. However, due to litigation and negotiations in this area, a parcel was never selected for possible nomination by the staff. Mr. Hortig states that they assumed that the parcel of land offered in this subject lease sale was the same parcel that had been the subject of discussions over the years.

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CALENDAR PAGE	151
MINUTE PAGE	1406

CALENDAR ITEM NO. 32 (CONTD)

The staff is of the opinion that even though Mr. Hortig and Tidewater Sand and Gravel, Inc. could have been more careful in the preparation of the bid, the mistake was genuine and there was no effort on Tidewater's part to "sand bag" the bidding process or back out of a bad deal. Staff does not believe the refund of the bid deposit affects the Commission's future bidding.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DIRECT STAFF TO RETURN THE BID DEPOSIT SUBMITTED BY TIDEWATER SAND AND GRAVEL, INC.

EXHIBIT "A"

CALENDAR ITEM 33

ITEM NUMBER 33 ON TODAY'S CALENDAR SEEKS CERTIFICATION OF AN ENVIRONMENTAL IMPACT REPORT FOR PROPOSED COMPETITIVE LEASING OF GEOTHERMAL RESOURCES FROM RESERVED MINERAL LANDS AT THE GEYSERS IN LAKE, SONOMA AND MENDOCINO COUNTIES. THIS IS THE FIRST DOCUMENT PRODUCED UNDER CONTRACT USING A \$100,000 SPECIAL APPROPRIATION RECEIVED FROM THE LEGISLATURE IN THE 1980-81 BUDGET. WE PROPOSED TO DO ONE EIR WITH THAT FUNDING, BUT STAFF HAS MANAGED TO STRETCH THAT MONEY SO THAT WE WERE ABLE TO CONTRACT FOR TWO EIR'S. THE DOCUMENT BEFORE YOU TODAY COVERS APPROXIMATELY 1,484 ACRES AND THE SECOND EIR, THE DRAFT OF WHICH JUST STARTED CIRCULATING THIS WEEK, COVERS APPROXIMATELY 349 ACRES. WE ANTICIPATE WE WILL HAVE THAT DOCUMENT BEFORE YOU FOR CERTIFICATION BY AUGUST AND HOPE TO CONDUCT LEASE SALES FOR THESE TRACTS IN AUGUST AND OCTOBER. THE LEGISLATURE THIS YEAR, IN 1981-82, GAVE US AN ADDITIONAL \$200,000 FOR EIR PREPARATION AT THE GEYSERS. SHORTLY AFTER JULY 1, STAFF WILL BE SENDING OUT A REQUEST FOR PROPOSALS

FOR PREPARATION OF AN EIR COVERING APPROXIMATELY 2,320 ACRES
IN LAKE AND MENDOCINO COUNTIES. OUR NEW LEASING PROGRAM HAS
GENERATED A LOT OF INTEREST AMONG POTENTIAL BIDDERS AS WELL AS
AMONG CONSULTANTS WHO WILL BE BIDDING ON CONTRACTS TO PREPARE
THESE EIR'S. WE HOPE THIS INTEREST WILL LEAD TO SOME SHARP
COMPETITION AMONG THE CONTRACTORS SO THAT WE WILL BE ABLE TO
SECURE AT LEAST TWO EIR'S FROM THE PRESENT FUNDING. I MIGHT
ADD HERE THAT ALL OF THE COSTS FOR EIR PREPARATION ARE TOTALLY
REFUNDABLE TO THE STATE ONCE A LESSEE HAS BEEN SELECTED THROUGH
THE COMPETITIVE BIDDING PROCESS.

CALENDAR PAGE

MINUTE PAGE

1409