

1 of that that there arose 1913 and 14, and I speak at this
2 time not to urge you to do one thing or another in respect
3 to 1913, for example, although I have a specific request
4 as a legislator in respect to 1914, but I thought it would
5 be appropriate that I might make my comments at this time
6 while they are both before you.

7 Whether you adopt 1913 at this time or take it
8 under further consideration in view of the objections
9 raised by some representatives of major oil companies, which
10 said objections also I had not had the opportunity of
11 hearing until now, I believe that the Lands Commission
12 should have in its mind the thought that if the State is
13 to receive all that the State can receive by virtue of the
14 proper exploitation of our mineral resources, I believe it
15 would not be proper to limit the practical aspect of bidding
16 to large corporations only. This is why, at least within
17 the framework of my own reasoning, 1913 was proposed.

18 Item 1, it has to do solely with the issue of
19 joint bidding. Joint bidding, I think, will be before us
20 many times as the State proceeds to develop its properties.
21 We recognize when it comes to the issue of disclosure of
22 those who have an interest, there has been in the law,
23 particularly in the 1941 Statutes, as it is applicable for
24 both disclosure and forfeiture, no application by the State
25 and forfeiture has never been undertaken, and this, of
26 course, lapses over into our discussion now of 1914, which

1 has to do with partnerships. Anyone making a substantial
2 investment wants to make certain he is not subjecting him-
3 self to unseen liability by virtue of what may happen in
4 the course of the bidding in regard to others, for example,
5 who are either interested or participating in the bid on
6 a nonparticipating basis, as far as the issue of management.
7 We recognize, as brought up by one of the earlier speakers,
8 that a corporation, as such, as a practical matter is free
9 and clear of disclosure. I think it is apparent that if
10 Standard Oil is the sole bidder, or any other large
11 corporation, that the Lands Commission is not about to ask
12 for the submission of all the stockholders in Standard Oil;
13 you are concerned with the fact, as representatives of the
14 State, that the State have a responsible bidder in all
15 respects, and a bidder which will live up to any aspects
16 of the contract which is decided upon between that bidder
17 and the State. You are not interested in who may buy or
18 sell a share of Standard Oil the day before, the day during,
19 or the day after the bid. Now, this is the advantage which
20 exists there, which it seems to me would be profitable to
21 the State if that advantage is made clear to other joint
22 operations. For example, in the field of joint bidding,
23 so far as general or limited partnerships is concerned,
24 which is one of the aspects which I was asked about, which
25 led me to ask a series of questions directed to the Attorney
26 General, which is the matter which has now been mentioned by

1 Mr. Shavolson, and we have a ten-page opinion which is in
2 the hands of Mr. Hortig and your Commission from the
3 Attorney General on these matters.

4 To re-emphasize the purpose of 1913, which I
5 think you should have in your mind, one, it refers to joint
6 bidding, and two, the purpose is to make clear what the
7 practical aspect of joint bidding is or should be, when it
8 is applied by the Lands Commission. In other words, if you
9 deal, for example, with a general partnership with limited
10 partners, do you not have as a practical matter exactly the
11 same situation in re responsibility as when you are dealing
12 with a corporation in which you have an entity, and
13 certainly a partnership is an entity, and the Attorney
14 General has so held, and so has the Legislative Counsel.
15 If you do have the same situation, then it is, of course,
16 necessary by virtue of rules and regulations adopted by
17 the Lands Commission, formalized ultimately in the
18 Administrative Code, to make clear what the exact
19 application of this statute would be. And that, and that
20 alone, is the purpose of 1913, not to allow for secret
21 bypassing of the purpose of the law as we and the
22 legislature understood it to be when it was adopted, but
23 merely to have a practical basis upon which individuals
24 or entities, be they corporations or partnerships, can
25 safely engage in joint bidding, knowing how far their
26 liability will extend, if they so engage. That I think is

1 the basic purpose of 1913 and should be the purpose, whether
2 or not the wording may be changed pursuant to your further
3 deliberations on the subject.

4 But I point out one further aspect of Paragraph
5 4, a very minor matter, but it just now reached my
6 attention in reading it. That is the very same paragraph
7 discussed in some detail by Mr. Marcus Mattson. I believe
8 there is perhaps a typographical error in the line next
9 to the last line in Paragraph 4 appearing on Page 3,
10 Exhibit A, in which it says "irrespective of investments
11 for contractual relationship," I believe the word should
12 be "or" contractual relationship and not "for," because
13 again the purpose behind that paragraph, as I read it,
14 is obviously to establish a basis whereby the State has
15 an entity to which the State may look for full responsibility,
16 and that if there be some investment arrangement or sub-
17 contractual arrangements, that would not be, Item 1, an
18 interest of the State, or, Item 2, which I think is
19 equally important, an individual such as Standard Oil
20 Company may engage in a joint bid with another bidder, such
21 as a general partnership with certain limited partners,
22 would not like to find themselves by misadventure on the
23 part of the limited partners, dragged into a situation or
24 down a holocaust whereby their millions of dollars would
25 be subject to forfeiture under another statute that is now
26 on the books. That again, I think, is the reason for 1913.

1 Now, if I may direct your attention to the
2 interest I expressed previously in 1914, I will at this
3 time take the position on 1914 which Mr. Mattson, Mr.
4 Leovy and Mr. Gardner have taken on 1913, and that is,
5 that as a member of the legislature, I sincerely feel
6 that 1914 as it is currently written fails to solve the
7 problem, and certainly should be subjected to further
8 study by this Commission.

9 The purpose of 1914 was to, as I envisioned it,
10 attempt to designate the degree to which forfeiture would
11 be applied if it was ever necessary to apply it, which it
12 has not been thus far, but in the future it may be necessary.
13 That purpose, however, of delineating and clarifying the
14 risks that bidders will in the future undertake when they
15 bid on oil properties for the State has not been met as
16 1914 as now written, in my judgment. The reason for the
17 changes in 1914, I assume, are the reasons specified by
18 the Attorney General in his letter opinion given to me at
19 my request.

20 In brief, and if I may paraphrase what the
21 Attorney General has decided, and I do not differ with his
22 decision, but I want to point out the difficulties that
23 we collectively face here. The Attorney General has, in
24 effect, pointed out that under the statutes as they now
25 exist he cannot state, because the statutes do not them-
26 selves state, the degree to which forfeiture might be

1 applied under certain circumstances, one of them being
2 nondisclosure such as we are discussing in 1913. Since
3 1914 as now written and as it is now before the Commission
4 does not clarify that fact, it seems to me to throw it
5 right back into the hands of the legislature.

6 I discussed this very briefly with Assemblyman
7 Miller just a moment ago, and I believe that he agrees with
8 me. I also discussed it briefly with Mr. Hortig, and I
9 do not know whether he agrees or not, except that I don't
10 think that he disagrees that there is apparently a need
11 for clarification of the whole purpose of the forfeiture
12 statute and clarification of the degree to which forfeiture
13 would reach into the whole package of a joint bid. If,
14 for example, you have a group of innocent parties who have
15 themselves disclosed and conducted themselves in every
16 respect which is correct in the eyes of the State, but
17 somewhere down the line there is an undisclosed partner
18 or entity who have failed to comply with all the proper
19 regulations, would that forfeiture apply to that one entity
20 or drag all the rest down with him? This is one of the
21 problems that is faced by anyone who proposes to invest
22 a considerable amount of money in an oil bid. That
23 problem is not solved by 1914; that problem, in fact, is
24 complicated by 1914 as it is now written.

25 Although I myself had a hand in proposing
26 originally the wording of 1914, I am forced to concede by

1 virtue of the position taken, and no doubt properly, by
2 the Attorney General that we need more study on that
3 issue before any action be taken by this Commission which
4 would further complicate the bidding procedure. And I
5 further add that I sincerely believe that the legislature
6 itself, in order to give the Attorney General and this
7 Commission a sound basis on which to operate, will have
8 to make some statutory changes, particularly in the field
9 of forfeiture, before we ever have this thing adequately
10 clarified.

11 Therefore, might I merely conclude by saying
12 that I recommend as highly as I can, and as solely one
13 individual and not a specialist in the oil field at all,
14 but one who has been consulted by many who are in the oil
15 industry, something along the lines of 1913 is indeed
16 necessary as soon as it can be agreed upon and properly
17 worded and properly adopted so we will have a joint
18 bidding procedure on the same basis with the corporate
19 bidders, which is in the interest of the State, and I
20 further recommend that 1914 not to be adopted by this
21 Commission at this time, but a further study be given with
22 an aim to seeing if we can clarify this problem which is
23 certainly not clarified in the wording of 1914, and with
24 the further aim of considering additional affirmative
25 legislation in the next session of the Legislature.

26 CHAIRMAN PETROE: Thank you, Senator Richards.

1 GOV. POWERS: Mr. Chairman.

2 CHAIRMAN PEIRCE: Governor Powers.

3 GOV. POWERS: If I understand right, Dick, you
4 agree with the Attorney General? You do see a difference
5 in requirements of individuals and joint bidders?

6 SENATOR RICHARDS: Yes, there is. I think what
7 the Attorney General -- what Mr. Shavelson was talking
8 about is that certainly joint bidders should not be placed
9 in a position of having a higher duty than individual
10 bidders, and that in order to avoid that contingency,
11 something along the lines of 1913 is indeed necessary.
12 And I do not, as an individual, I am certainly not prepared
13 to engage in any debate with the highly qualified representa-
14 tives of these oil companies. However, I do not see that
15 which is causing them to worry on 1913 at the moment,
16 because even if we take and apply it in the case of the
17 individual corporation bid, we all know you are not
18 going to know one more thing than you know today as to
19 who these parties of financial interest may be involved
20 within that bid.

21 Now, it isn't a matter of trying to limit the
22 major oil companies at all; it seems to me to be a matter
23 of trying to have a solid basis on which all parties might
24 become prospective bidders and operate with legal assurance
25 that we are operating on a sound basis.
26

1 GOV. POWERS: The State's main interest would be in
2 this respect, that all bladders are financially responsible?

3 SENATOR RICHARDS: That is correct. It seems to me
4 it would be the same as a partnership, if you look at the
5 general partners who submit a bid, you want to know if they
6 are responsible and you are not going to deal with them
7 if they are not. If there were some undisclosed limited
8 pa tners, that is no greater interest or liability to the
9 State or anyone else than is the stockholder in the case of
10 a corporate bid.

11 MR. KIRKWOOD: Mr. Chairman.

12 CHAIRMAN PEIRCE: Mr. Kirkwood.

13 MR. KIRKWOOD: Mr. Chairman, wouldn't it be appropriate,
14 perhaps, if he is willing, to have the opinion of the
15 Attorney General as given to him submitted as part of the
16 record?

17 SENATOR RICHARDS: I will be delighted. There is
18 nothing confidential in that opinion.

19 MR. KIRKWOOD: I believe it would be helpful if it
20 were to go into the record so we know specifically what
21 we are talking about.

22 SENATOR RICHARDS: Yes, I think that ten-page opinion
23 would be helpful.

24 MR. KIRKWOOD: Mr. Chairman, I would suggest, unless
25 either Mr. Hortig or Mr. Shavelson has objection, and they
26 can speak up as I go along, I would in amending the two

1 recommendations of Page 2 and Page 5, I would first move
2 that we adopt the proposed amendment to Section 2100(b).
3 That, I think, is in order. And I would move that we
4 ask the Executive Officer or authorize him to initiate
5 procedures under the provisions of the Government Code to
6 re-notice proposed Section 1913 and proposed Section 1914,
7 and the proposal contained on Page 5 in the second part of
8 his recommendation.

9 MR. HORTIG: That would be completely satisfactory.

10 GOV. POWERS: Seconded.

11 MR. KIRKWOOD: That, as I understand it, would dispose
12 of the whole thing for the time being.

13 CHAIRMAN PEIRCE: You have heard the motion. Is that
14 all right, Jay?

15 MR. SHAVELSON: May I talk to Mr. Hortig?

16 No objection, sir.

17 CHAIRMAN PEIRCE: You have heard Mr. Kirkwood's
18 motion and it has been seconded by Governor Powers. Is
19 there anybody in the audience who desires to speak with
20 respect to this motion before we make our decision?

21 MR. HUTCHINS: Mr. Peirce.

22 CHAIRMAN PEIRCE: Mr. Hutchins.

23 MR. HUTCHINS: Mr. Chairman, my name is J. Barton
24 Hutchins, representing the Edwin W. Pauley Associates.
25 This is just a point of clarification. Did you call for
26 re-notice, Mr. Kirkwood?

1 MR. KIRKWOOD: I understood that would probably be the
2 cleaner way on these first two, we have to publish anyway
3 on the third phase of it.

4 MR. HUTCHINS: I just wanted to be sure the record
5 would show that in light of the testimony by our friends
6 and major oil companies this morning, we will have a chance
7 to file a brief for the information of the record, and we
8 will do that through the re-notice.

9 MR. KIRKWOOD: Isn't that the way to bring it about?

10 MR. HORTIG: That would certainly provide us with the
11 best insurance in the matter.

12 CHAIRMAN PEIRCE: Our intention is to give everyone
13 through this re-notice procedure an opportunity to file
14 briefs and other data dealing with this subject before any
15 final action is taken by the Commission with regard to the
16 adoption of these proposed new sections 1913 and 1914.

17 Is there any further discussion?

18 If not, the recommendation is approved as made
19 by Mr. Kirkwood. Do you understand what we are doing, Mr.
20 Hortig?

21 MR. HORTIG: Yes, sir.

22 CHAIRMAN PEIRCE: All right. That takes care of this
23 section. What next do you recommend?
24
25
26

1 MR. HORTIG: Page 11.

2 CHAIRMAN PEIRCE: Page 11.

3 MR. HORTIG: At the meeting on September 13th the
4 Commission at the request of Mr. Clayton Dills deferred
5 for consideration an item of a pending application for
6 purchase of certain vacant State school lands for which
7 application had been received from Mr. Dills and also
8 a request from the Department of Fish and Game requesting
9 withdrawal of the same lands from public sale for
10 consideration for future sale to the department, on the
11 reported basis that these lands were necessary in public
12 interest for development of a project which the Department
13 of Fish and Game and the Wild Life Conservation Board of
14 the State of California were desirous of furthering. At
15 the previous meeting the same recommendation was made for
16 discussion, and it was recommended that the application
17 of Clayton A. Dills for the purchase of the designated
18 land containing 485.79 acres in Imperial County be
19 rejected and all deposits refunded, except the \$5 filing
20 fee, and that said land be withdrawn from public sale until
21 June 30, 1958 for sale to the State Department of Fish and
22 Game under their application at the appraised market value
23 without competitive bidding, subject to all statutory
24 reservations including minerals.

25 The Commission had also indicated it was desirous
26 of having representatives of the Department of Fish and

1 Game and the Wild Life Conservation Board present today
2 in order to answer inquiries of the Commission with respect
3 to the public necessity and public interest in connection
4 with the operation of the project which would be placed on
5 the land under discussion. Such representatives are here,
6 Mr. Peirce.

7 MR. PEIRCE: Mr. Douglas is present representing the
8 Department of Fish and Game, and I assume likewise the
9 Wild Life Conservation Board. Will you step forward,
10 please.

11 The question before us is this: Mr. Dills has
12 applied for certain lands along the Colorado River. I
13 have never seen the land, I don't know whether the other
14 members of the Commission have, but in the meantime after
15 he applied for this land, which is available for public
16 sale in the usual manner, the Department of Fish and Game
17 has indicated an interest in this land being reserved for
18 some public use that involves sportsmen, I would assume.
19 And if I understand correctly, the matter was referred by
20 the Department of Fish and Game to the California Wild Life
21 Conservation Board, and the Wild Life Conservation Board
22 approved the recommendation of the Department of Fish and
23 Game with respect to the request to the State Lands
24 Commission to withhold this land from public sale so that
25 the Department of Fish and Game could buy it as outlined
26 by Mr. Hortig.

1 Now, at the last meeting we desired further
2 information which at that time we did not have concerning
3 the public necessity for this land being withheld from
4 public sale. Mr. Douglas, will you advise us in this
5 regard.

6 MR. DOUGLAS: Yes, Mr. Chairman. With your permission
7 I would like to go into a little of the background of
8 some of our problems on the Colorado River. The Bureau
9 of Reclamation has informed us many times that the Colorado
10 River will soon be a straight concrete-lined ditch all the
11 way to the Gulf. As this is accomplished we lose drastically
12 all of our wild life habitat, lose it through the draining
13 of swamps, sloughs, and side-water lakes. We have examples
14 of this in the Needles-Topock areas where such channelization
15 has already been accomplished with the complete loss of the
16 Topock marsh, an excellent waterfowl habitat. That is
17 actually located on the Arizona side, but it is likewise
18 true on the California side.

19 The side-water areas of the river are the only
20 propagative waters of the river, as the central channel
21 is practically sterile. We have made considerable study
22 of the river, and Dr. Carl Hubbs of the Scripps Institute
23 of Oceanography of La Jolla, who is a world-wide expert on
24 fish, assisted us on a number of these studies, and his
25 claims, too, are that the central portion of the river
26 is nonproductive of anything as far as any fish life is

1 concerned. The upstream area which is channeled almost
2 to the Nevada border have become nonproductive. With these
3 losses, other lands become increasingly more valuable. The
4 Cibola Cut, which we have recently been informed will
5 eventually be made, is a 10-mile channel cutting off 40
6 miles of the river, with the result that down in the Palo
7 Verde area it will cut out Davis Lake and Three-fingers
8 Lake which are of vital concern to the local and the Los
9 Angeles sportsmen. Cibola Lake will be the center line
10 of the channel. Cibola Lake is on the Arizona side and
11 has had a terrific value as far as waterfowl shooting and
12 fishing is concerned. This lake will also be eliminated.

13 To date no Federal restoration has been realized
14 in accordance with public law 732. This is better known
15 as the Wild Life Co-ordination Act. The Department of
16 Fish and Game in conjunction with the Beaches and Parks
17 prepared a use program in 1954 for the lower part of the
18 Colorado River in the Picacho 4 F Ranch section, including
19 Section 36, Township 12 South, Range 21 East, which is
20 under consideration at this time. The latter section is
21 an area requested by the Department of Fish and Game for
22 jurisdictional use. Section 36 includes some 486 acres of
23 land lying adjacent to the river. It is about 30 miles
24 above Imperial Dam and about 45 miles below Blythe. Julian
25 Wash, which is within this section, is an excellent habitat
26 for upland game birds, primarily quail and dove, deer, sheep

1 and feral burrow utilize the river borders in the section.
2 During the summer the area has water which is an unusual
3 thing along the river, which is evidenced by the green
4 growth sharply contrasting this section with the adjacent
5 desert areas. The Department's plans include intensive
6 development for waterfowl management to bring back some
7 of the flights of migratory birds to this area. Water is
8 possible through the Secretary of the Interior in accordance
9 with the aforementioned Public Law 732. Water is absolutely
10 essential for any development by any agency or individual
11 in this particular section of the river. A private
12 individual would have difficulty in legally acquiring
13 water rights. There is no surplus of water in the Colorado
14 River as has been stated many times. Last week I had the
15 privilege of accompanying the Congressional Subcommittee
16 on Interior and Insular Affairs, and we covered illegal
17 water uses, squatter's rights, and the Indian reservation
18 lease, and we found that the Subcommittee was very much
19 in sympathy with preserving legal uses of the river.

20 We of the Department of Fish and Game feel that
21 with the fast disappearing suitable lands along the river
22 we must intensively develop what we can. Such development
23 would serve large numbers of sportsmen, not only as a more
24 productive area but as access in accordance with Beaches
25 and Parks plans to construct a roadway down Gavilan Wash,
26 which is only about 8-odd miles distant to the south or

1 downstream from Section 35 under consideration.

2 Gentlemen, without this small toehold now along
3 the river we may be a long time in working into this area.
4 Our general position has been that of too little too late.

5 In 1955 the figure of some \$487,000,000 was
6 spent in California by hunters and fishermen. This is big
7 business that we can't afford to lose. I might also point
8 out, incidentally, that while I was in El Centro last week
9 a Chamber of Commerce representative advised me that the
10 Imperial Valley took in some \$205,000 during the first
11 three days of dove season. It is of great value to the
12 State, as well as to our Department.

13 Thank you, and I will be happy to answer any
14 questions.

15 CHAIRMAN PEIRCE: Are there any questions, gentlemen?

16 GOV. POWERS: Yes. I would like to ask some.

17 CHAIRMAN PEIRCE: Governor Powers.

18 GOV. POWERS: Apparently when you straighten this
19 river out a portion of this land will be under water,
20 this margin of the Julian Wash in Section 35.

21 MR. DOUGLAS: The particular section, Governor, has
22 not been studied by the Bureau, at least we haven't been
23 advised of their future plans. I imagine all kinks in the
24 river and Julian Wash lies on one of those kinks would be
25 closely parallel. I don't think we would lose much of our
26 land there because we are going up into some pretty rugged

1 country that would be fairly costly as far as dredging.

2 To the east on the Arizona side the land is much flatter.

3 GOV. POWERS: Apparently here, from the looks of your
4 map, you have some, if you wanted to drain this land close
5 to the river.

6 MR. KIRKWOOD: This was a map submitted by Assemblyman
7 Clayton Dills.

8 MR. DOUGLAS: This is fairly flat land and has a good
9 potential for developing for farming (indicating).

10 GOV. POWERS: This is a part that is of value to you
11 here?

12 MR. DOUGLAS: Yes, sir, and the wash as habitat for
13 quail and dove, this wash up here is very valuable for
14 wild life.

15 GOV. POWERS: Your Fish and Wild Life Service has never
16 taken your land for dove and quail, have they? You have
17 protected your fish and wild life migratory birds, I
18 realize that dove is a migratory bird, but nevertheless you
19 have only protected your ducks and geese, wild life of that
20 type, you have never taken any preserve for dove any place
21 in the country, have you? Because if you would have, you
22 would take the entire country.

23 MR. DOUGLAS: That has been fairly open, there has
24 been no attempt to close off the large wild area where dove
25 migrate into during the fall.

26 GOV. POWERS: I would like to listen to Mr. Dills, but

1 I don't see where you need this background.

2 MR. DOUGLAS: This primarily, Mr. Governor, would be
3 to farm as a waterfowl management area similar to the
4 Wister Management Area down at the south end of the Sea
5 to provide feed for ducks. With the development of the
6 Salton Sea areas, both by the Federal people and by the
7 State, the complete migration almost has been diverted off
8 the Colorado River into Imperial Valley, and the lower
9 section of the Colorado River has received even less and
10 less of that waterfowl migration.

11 GOV. POWERS: Do I understand that you are intending
12 to flood this particular top across?

13 MR. DOUGLAS: That would be considered, but it would
14 be put under small sections where water could be regulated.

15 GOV. POWERS: You would have to go in and provide the
16 proper dams in order to flood it, sir.

17 MR. DOUGLAS: It probably would be pumped, sir. We
18 think we would have a right to the water whereas a private
19 individual would not, through the Wild Life Co-ordination
20 Act of Public Law 732, and that was brought to the
21 Congressional Subcommittee, and from all appearances they
22 reacted favorably to it. Mr. Horn, our co-ordinator, made
23 that presentation to the Subcommittee last Saturday.

24 GOV. POWERS: Do you own this land adjacent to this
25 now?

26 MR. DOUGLAS: No, sir, we have requested jurisdictional

1 use of all that land from Gavilan Wash to the Riverside
2 County Line. Imperial-Riverside County Line.

3 GOV. POWERS: Is this all State land over here?

4 MR. DOUGLAS: Section 36 is State school land, however,
5 it was put under Federal Jurisdiction.

6 GOV. POWERS: What is Sections 36, 25 and 26?

7 MR. DOUGLAS: I do not know the title on that, however
8 it has been set aside in the Imperial waterfowl refuge
9 under, I think it is, a Government proclamation in 1941
10 or '42; that is all within the Imperial National Waterfowl
11 Reservation.

12 GOV. POWERS: It looks to me like many other sections
13 here, that would not be much or more valuable than this
14 particular section.

15 MR. DOUGLAS: Water seems to be the main thing. This
16 area is one of the -- in fact the only one that we have
17 found so far that has suitable water close to the surface
18 for pumping, which is evidenced by this green growth,
19 and it is also on State school land, which with the
20 permission of the Commission, we would like to read from
21 our constitution, State Constitution, Article 1, Section
22 25:

23 "The people have the right to fish upon
24 and from the public lands of the State and in
25 the waters thereof, excepting upon lands
26 set aside for fish hatcheries, and no land

1 owned by the State shall ever be sold or trans-
2 ferred without reserving in the people the
3 absolute right to fish thereupon, and no law
4 shall ever be passed making it a crime for
5 the people to enter upon the public lands
6 within the State for the purpose of fishing,
7 and any water containing fish that have been
8 planted therein by the State."

9 I think that in that section of the Constitution,
10 if the property were turned over to private ownership,
11 that particular man would have to permit access of the
12 fishermen.

13 GOV. POWERS: That would be all right.

14 CHAIRMAN PEIRCE: Any further questions?

15 MR. HORTIG: Mr. Chairman, may I note for the record
16 we have received telegrams from -- I am looking for the
17 name of the organization -- Bard Winterhaven Rod & Gun
18 Club, Palo Verde Improvement Association, and the Verde
19 Rod & Gun Club, telegrams to the Commission requesting that
20 the Commission consider withholding sale of the land under
21 discussion into private ownership.

22 CHAIRMAN PEIRCE: Where are those organizations
23 located?

24 MR. HORTIG: The addresses thereon are all Palo
25 Verde, California and Winterhaven, California, sir, near
26 the Colorado and near the southern border of the State.

1 CHAIRMAN PEIRCE: Mr. Kirkwood, do you have a
2 question?

3 MR. KIRKWOOD: I was just going to ask what is the
4 policy on lands of this sort? Here we have an instance
5 where apparently no action was taken by the Fish and Game
6 until after an application had been filed here. Is that
7 your procedure normally, or don't you lay out a plan? That
8 sort of puts us under the gun, is the problem, and makes
9 us wonder whether you are really operating as a part of
10 an over-all plan in asking for withdrawal at this time.

11 MR. DOUGLAS: I have with me a report that was prepared
12 for the California Fish and Game Commission, which was
13 submitted in August of 1954 requesting jurisdiction of
14 this particular area, and I would give it to you as a
15 piece of evidence.

16 MR. KIRKWOOD: Why did it take so long to get it to
17 this stage, then?

18 MR. DOUGLAS: Some of the details on how this application
19 was filed are unknown to me at this time. I received the
20 appointment yesterday to appear before your Commission,
21 and I didn't quite get all the background on it. However,
22 I think that the whole thing was held up by a letter to
23 the Secretary of the Interior by both the Fish and Game
24 Commission and the State Beaches and Parks Commission,
25 requesting jurisdictional use of this particular section
26 of the river, and as yet we had not heard from them, and

1 we understood that the delay was caused by the recent
2 National Park Survey in the lower section of the river,
3 and I believe that there was a request that some of these
4 uses be withheld until the National Park Survey was either
5 approved or disapproved by the Secretary. Mr. Peirce
6 may know more about that than I.

7 CHAIRMAN PEIRCE: I am not familiar with the details.
8 Are there any further questions of Mr. Douglas?

9 GOV. POWERS: Let me ask one more. Do you have any-
10 thing corresponding to a master plan of development or
11 reservation up and down the Colorado River, or are you
12 just going in and -- it seems to me in this particular
13 instance, you propose to place under your jurisdiction
14 one particular lot when somebody wants to take it. If it
15 is in a master plan, that is an entirely different story.

16 MR. DOUGLAS: That would be considered our master
17 plan for the jurisdictional uses. The entire area that
18 is under consideration is already under the jurisdictional
19 control of the U. S. Fish and Wildlife Service, and is
20 utilized as a refuge. However, hunting has been permitted
21 in various sections, they are opened and closed alternately,
22 and fishing has never been prevented. However, with the
23 development in the five-year plan of the State Division
24 of Beaches and Parks, certain areas in this particular
25 section were requested to be developed by Beaches and
26 Parks. Beaches and Parks have no objection to fishing,

1 however they do to hunting, so the Department of Fish and
2 Game went into this area to evaluate it from the standpoint
3 of waterfowl, and where waterfowl values were considered
4 high, we requested jurisdictional use. The other areas
5 we agreed with Beaches and Parks would be perfectly
6 satisfactory for their development.

7 CHAIRMAN PEIRCE: Any further questions?

8 Now, Mr. Dills, as applicant for this land, we
9 would pleased to hear from you.

10 MR. DILLS: Mr. Chairman and members, first this
11 little question here involves probably a half a mile
12 along the Colorado River. If that is their master plan,
13 well, then, I think I better just read my statement.

14 Gentlemen: I herewith request permission to
15 present to and file with your Honorable Commission the
16 following factual data and persuasive argument in favor
17 of my application to purchase certain State lands and the
18 subsequent request for its withdrawal from public sale by
19 the Department of Fish and Game, State of California.

20 Let us consider separately the reasons given in
21 opposition to my application to purchase?

22 1. That the land borders the Colorado River and
23 embraces the mouth of the Julian Wash.

24 An examination of the Department of Interior maps
25 of the Quartz Peak and Picacho Quadrangles will disclose
26 that the Julian Wash runs westerly with three tributaries.

1 The main wash rises from the river bench or 250-foot
2 contour line, and each tributary rises to altitudes in
3 excess of 1600 feet within a distance of 6 miles. A
4 series of rock falls and steep cascades make it impossible
5 for a jeep or other high-wheel vehicle to ascend the
6 grade. Thus, there is no ingress or egress from the wash
7 and the cost of developing a serviceable road would be
8 prohibitive and impractical.

9 The topography of the Julian wash area, therefore,
10 precludes the building of an access road to the Colorado
11 River and negates the first objection to the sale of this
12 land.

13 2. The second objection is more indirect and
14 nebulous. Accordingly, it is reported to be valuable in
15 conjunction with public lands for which the Department of
16 Fish and Game has already made request for administrative
17 jurisdiction.

18 First, isn't it proper to inquire who reports the
19 land valuable? Why does not the Department disclose its
20 informant. Why the secrecy?

21 Second, what lands have already been requested by
22 the Department? Where are they located with reference to
23 the land in my application? When and where was such a
24 request filed?

25 Is it a policy of the Department of Fish and Game
26 to file a request for administrative jurisdiction of
public lands and then, after such a request, file an

1 objection to the sale of other land based upon the un-
2 processed and unperfected first request?

3 3. It is further stated that the land in my
4 application is strategically located and extremely
5 valuable in the Department's plans for development and
6 access to the Colorado River.

7 When did the land become extremely valuable?
8 If it is valuable, why has the Department not asserted
9 such a claim before my application was filed? Since
10 April 21, 1954 and again on October 30, 1955 in the
11 Federal Registry the Department was on notice of the
12 revocation withdrawal of the land. How can they, after
13 such dilatory tactics, now assert in good faith the
14 strategic and valuable nature of this small parcel of
15 land?

16 There are additional facts which should be
17 presented to this Honorable Commission to clarify the
18 situation in Imperial County.

19 On February 14, 1941, by Executive Order 8685 the
20 Imperial National Wildlife Refuge was established. The
21 area consists of approximately 51,090 acres situated in
22 Imperial County, California and Yuma County, Arizona.

23 Notices of public hearings in eight separate
24 counties of California, excluding Imperial County, however,
25 have been published at which public approval will be sought
26 by the United States Fish and Wildlife Service of their

1 request of the Bureau of Land Management United States
2 Government to withdraw 315,000 acres of public land from
3 all forms of appropriation and sale.

4 These reports indicate that the action is being
5 taken at the request of the Department of Fish and Game,
6 State of California. If such be the case, then why was
7 not Imperial County included among the areas affected. Does
8 this mean that Imperial County is not important, valuable,
9 or strategic as the Department is now asserting with
10 reference to my application? Or does it mean that fish
11 and game are already properly conserved and protected by
12 the Imperial National Wildlife Refuge?

13 Another factor for your consideration is the
14 proposed plan of the Department of Interior to convert the
15 Colorado River from Davis Dam to the Mexican Border, a
16 distance of 250 miles, into the "Lower Colorado Interstate
17 Recreation Area" under the National Park Service. This
18 project has already received the approval of W. A. Dexhimer,
19 Commissioner of the Bureau of Reclamation and Conrad L.
20 Wirth, Director of the National Park Service.

21 Under the plan, the Colorado River from its
22 center line to a distance of three hundred feet on both
23 sides are to be included in the recreation area. Thus,
24 the matter of ingress and egress will be provided for
25 by the National Park Service.

26 Diligent search of the United States Land Office

1 and the Assessor's Office of Imperial County has not
2 disclosed that the Department of Fish and Game, State of
3 California is the recorded owner of any real property
4 in Imperial County in this area.

5 What plans does the Department have in the County
6 and how, then, does the acreage in my application become
7 valuable or strategic to the Department of Fish and Game?

8 You as members of the State Lands Commission were
9 not informed by the Department of Fish and Game that the
10 land in my application was in the confines of the National
11 Wildlife Refuge. Neither did they inform you of the
12 proposed creation of the lower Colorado interstate
13 recreation area with its adequate provision for ingress
14 and egress.

15 I thank you for your consideration of the data
16 which I have presented. In view of the answers I have
17 given to the objections to the sale of the land, I
18 respectfully urge your Honorable Commission to authorize
19 your staff to proceed with processing my application now
20 on file.

21 CHAIRMAN PEIRCE: Any questions of Mr. Dills?

22 Mr. Douglas, do you want to comment?

23 MR. DOUGLAS: I would like to comment on the access-
24 ability of the area. Our game wardens in that Imperial
25 County area do patrol up as far as Julian Wash with
26 passenger vehicles. I have driven up with them. There is

1 an old mine road that does go up the river that is even
2 useable for passenger vehicles.

3 CHAIRMAN PEIRCE: Here we have a question involving
4 a so-called public interest versus a private interest in
5 some 435 acres of land along the Colorado River. This
6 land is now owned by the State of California, it is school
7 land, the Department of Fish and Game has recommended that
8 this be reserved for public use and be kept available for
9 sportsmen. Mr. Dills, as a citizen, has under the law
10 applied for this land, and if we don't intercede, it will
11 go through the usual process wherein we sell school land
12 to private citizens. The California Wildlife Conservation
13 Board has recommended that we reserve this land for public
14 use. That Board is comprised of nine members, the Director
15 of Fish and Game, the Chairman of the Fish and Game
16 Commission, and the Director of Finance, and six members
17 of the Legislature.

18 Now, gentlemen, the matter is before us. I
19 think we ought to discuss this and make our decision.

20 Mr. Kirkwood, what do you think?

21 MR. KIRKWOOD: If we were to adopt the recommendation,
22 Mr. Hortig, that you have made, what would be the effect
23 on Mr. Dills' application, would it automatically deny
24 that application, or would it mean that it would be post-
25 poned and not acted on until the expiration of the with-
26 drawal which would be June 30, 1958?

1 MR. HORTIG: It could be processed in either manner.
2 Actually the recommendation as stated would have the effect
3 of canceling the application by Mr. Dills and returning
4 the land to the vacant State land list after June 30, 1958
5 if the Fish and Game had not at that time completed purchase
6 of the land. The alternative procedure you suggest could
7 be employed to continue on specific order of the Commission
8 Mr. Dills' application on file as the first application to
9 be processed in the event that the lands were not disposed
10 of to the Fish and Game Commission.

11 MR. KIRKWOOD: I am inclined -- I have been trying to
12 look at this report in a hurry and I am not sure that I
13 understand just where it goes, but there is indication,
14 certainly, that this isn't just dreamed up at the last
15 minute here as a consequence of a filing, and it is part
16 of an over-all plan. My reaction would be to see how this
17 would develop for that length of time, but I would certainly
18 feel that Mr. Dills, if it isn't to be permanently withdrawn,
19 should have whatever preference he is entitled to under this
20 filing. If that could be done, my reaction would be to
21 withdraw the land for that length of time to give us time
22 to be sure the request is a proper one from Fish and Game,
23 and they are going to follow up on it and not just sit and
24 wait.

25 GOV. POWERS: Because, Mr. Chairman, it is a question
26 of public interest, my question is whether it best serves

1 to have this land put on the tax rolls or serves the
2 public better to have it reserved for Fish and Wildlife
3 until the Fish and Wildlife intend to use it. Of course
4 I have a great respect for this board that you refer to,
5 our Fish and Wildlife Board where we have six legislators,
6 but unless the Fish and wildlife make a definite statement
7 or definite progress that they are going to use this 48
8 acres of land for purposes of Fish and Wildlife, I certainly
9 feel it would serve the public interests better to be on
10 the tax rolls, because it is of public interest to have
11 land on the tax rolls. It is very important, gentlemen.

12 MR. KIRKWOOD: If we withdraw it until next June
13 and still leave Mr. Dills with a first opportunity because
14 of his interest in the property, it seems to me in that
15 length of time they can either demonstrate this readiness
16 to go ahead or we can reconsider.

17 GOV. POWERS: Let me ask Mr. Peirce a question: Is
18 it possible that your efficient Wildlife Board, of which
19 you are a member, would make a further study of this?

20 CHAIRMAN PEIRCE: I believe so. I would certainly
21 recommend that the matter be referred to the California
22 Wildlife Conservation Board for further study, and they
23 no doubt will seek the necessary technical advice of the
24 Department of Fish and Game. This Board, I assure you,
25 goes into these matters very, very carefully, and I will
26 indicate that on the Board is Senator Ed Johnson, Senator

1 Charles Brown, Senator Beard from Imperial County, Assembly-
2 man Frank Belotti, Assemblyman Lloyd Lowrey and Assemblyman
3 Tom Irwin, all of whom are very much interested as members
4 of the Fish and Game Committees of the Houses of the
5 Legislature in projects of this character. I as one member
6 of the Board am not familiar with the details of all
7 projects and have to depend to a certain extent on staff
8 recommendations. I think it would be very proper if we
9 refer to the California Wildlife Conservation Board the
10 question of reserving this land and have them determine
11 more accurately, if that is possible, just how it fits into
12 public interest.

13 GOV. POWERS: I agree.

14 CHAIRMAN PEIRCE: Mr. Lott, do you desire to be heard
15 with respect to this matter?

16 MR. LOTT: My name is Gordon Lott. I represent the
17 California Wildlife Federation. We wish to go on record
18 as opposing this sale of this property to private individuals.
19 We feel that the Department of Fish and Game needs this
20 property as a game management area, which is badly needed
21 in this part of the State. Thank you.

22 CHAIRMAN PEIRCE: Thank you, Mr. Lott.

23 What is your pleasure, gentlemen?

24 GOV. POWERS: I make the motion it be referred to the
25 Fish and Wildlife Board for further study, if that is proper.

26 MR. HORTIG: Subject to the understanding, I presume,

1 which Mr. Kirkwood advised, that Mr. Dills' application
2 would be deferred?

3 GOV. POWERS: That is right.

4 MR. HORTIG: And whatever rights have accrued, as the
5 first applicant, will be deferred until disposition of this
6 matter at a later date certain, not later than June 30,
7 1958?

8 MR. KIRKWOOD: As I understand it, under the law we
9 can withdraw or we can --

10 MR. HORTIG: Restore.

11 MR. KIRKWOOD: -- restore at any time, yes.

12 CHAIRMAN PEIRCE: All right, do you understand, Mr.
13 Hortig, our decision in this regard?

14 MR. HORTIG: Yes.

15 CHAIRMAN PEIRCE: All right, you understand, Mr.
16 Hortig, our decision in this regard and so will be the
17 order.

18 We have one item of business which does not
19 appear on the agenda, and this arises out of a request
20 of the City of San Francisco for certain State lands in
21 the vicinity of Candlestick Point in San Francisco Bay,
22 and it is a highly complicated matter that came to the
23 attention of the individual members of the Commission late
24 last week and was referred to Mr. Hortig for study. So we
25 will now take that up, because representatives of the City
26 of San Francisco are present and desire to be heard on this

1 matter.

2 Mr. Hortig, will you give us briefly the outline
3 with respect to the question before us.

4 MR. HORTIG: The State Lands Commission has under
5 its jurisdiction certain underwater streets within an
6 area of the Hunters Point Reclamation District in the
7 City and County of San Francisco adjoining the San Mateo
8 County line. The City of San Francisco is desirous of
9 proceeding with the construction of a stadium and parking
10 lot, the site of which will require occupancy of certain
11 of the tide and submerged lands, including a portion of
12 the aforesaid underwater streets. In that connection there
13 has been under study the possibilities of either conveyance
14 under the Hunters Point Reclamation District Act as
15 amended by the Legislature in the 1957 session, or alterna-
16 tively, issuance of a long-term lease by the Commission under
17 which a project could go forward pending resolution of
18 the legal questions which have to be determined in
19 connection with a conveyance of the Hunters Point Reclamation
20 Act. Pursuant to inquiry and request to the Chairman of
21 the Lands Commission by the Mayor of San Francisco, as
22 the Chairman indicates, that the Mayor desired to have
23 someone present at the Commission meeting if the Commission
24 would be pleased to receive testimony and any other
25 information desired to be submitted relative to the question,
26 as well as what procedures the Commission might follow in

1 this connection, such representatives are here and desire
2 to be heard. Probably the initial presentation will be
3 made by Mr. Bernard Ward, Deputy City Attorney of the
4 City of San Francisco.

5 CHAIRMAN PEIRCE: Mr. Ward.

6 MR. WARD: Mr. Chairman, we are here on behalf of the
7 City and County of San Francisco, and Mayor Christopher on
8 behalf of the City officials wants to thank you for putting
9 us on at this late date. He was leaving, as you know,
10 for Europe and didn't have a chance to come down, but he
11 was so interested that he told us he would have been here.

12 The map you see in front of you, the blue sections,
13 as are outlined in blue, represent the present street pattern
14 in the Hunters Point Reclamation District area which is in
15 the southeastern part of San Francisco, and is all practically
16 under water, everything from about the shoreline as indicated
17 by that broken point.

18 This particular land area was laid out back in
19 the '50's by the Tidelands Commission, and these lots in
20 between the blue areas were all sold off to private ownership
21 the State reserving to itself the title to all the street
22 areas down there. The present plan calls for the taking
23 of all the land indicated by the blue, including the lots
24 in private ownership and street areas, into one homogenous
25 area or one plot upon which in this area here the baseball
26 park will be erected on presently owned city land -- this

1 park over here is City owned land -- but it will also
2 be necessary to move some of the land that the City owns
3 and move the streets to complete the picture. However,
4 the large area is necessary for the concourses and for
5 the parking area for the stadium. In order to get the
6 proper financing and in order to bring the plan to final
7 culmination -- by the way, this yellow area, Mr. Peirce,
8 here is 250 feet of right of way which was reserved for
9 railroad purposes many years ago, apparently at the same
10 time that this was sold off, however the railroad people
11 failed to live up to the necessary requirements, and as far
12 as the title is concerned it reverted to the State, so the
13 area in these blocks covered within the yellow lines is
14 also under the jurisdiction of the State, to the best the
15 title companies can tell us, title is in the State of
16 California, in the same manner as the street areas, so it
17 would be necessary then to acquire title to everything,
18 the streets and this right of way if we were to have this
19 picture.

20 Now, in 1955 when the Hunters Point Reclamation
21 District Act was first passed, it was broad in scope and it
22 was had in mind to set the district up and reclaim the
23 land out to the bay, and at that time this portion down
24 here was also in the district. However, the Federal
25 Government in the meantime has come in and condemned some
26 twenty-five and a half blocks of this section there and cut

1 off practically all the water that the district would have,
2 in order to enlarge the Hunters Point Shipyards, but the
3 purpose of the Reclamation District, as you gentlemen know,
4 was to set up the procedure where capital improvements
5 could be made, and it was set up for the purposes of
6 establishing an industrial part. As you gentlemen know,
7 in this particular grid pattern the streets here were 200
8 feet in one direction and maybe 600 feet in another direction
9 there is a street, and they are 80-foot streets, and so the
10 plan was to redesign this area with maybe two and three
11 major streets running in this direction and probably one
12 or two in this direction, including a water-front street,
13 there being a water-front street to the area so everyone
14 has access to the water front. However, since the Federal
15 Government has taken over the water front the problem which
16 at that time was a problem of the Harbor Commission, has
17 pretty much been eliminated. They are no longer interested
18 in developing the land, there not being any more water front.
19 We are not then confronted with that problem in converting
20 this street area from the present pattern into the new
21 street area. Of course, we are confronted at that time
22 with the trust established for fishing and navigation on
23 that street area. Every time you raise this land up and
24 if you use it for some other purpose than streets, the
25 question arises does it revert back to the State of
26 California. So in the 1957 session of the Legislature a

1 change was made to the Hunters Point Reclamation District
2 wherein the Legislature attempted, we hope successfully,
3 although that is one of the tests we are up against, to
4 take the trust of fishing and navigation off of all these
5 street areas when and if they were filled; in other words,
6 not while they were under water. If someone comes along
7 and fills them and they would be raised above the water
8 level, they would no longer be capable of being fished or
9 capable of being navigated upon, the trusts would be removed
10 at the same time. Recognizing it might be very unfair, and
11 the State realizing the State would have an interest and
12 the City also would have an interest in the street areas,
13 the Act went on to say that this street area could probably
14 be exchanged for other lands of equal value in the district
15 for purposes of streets, which would be the new streets
16 that I described, the broader streets and fewer streets.
17 However, it was thought at that time that to allow the
18 streets to be filled and then to talk about exchanging
19 land would mean that the persons filling the streets would
20 increase the value of the street area, then when it came
21 to the exchange, where now the land is worth about 4 cents
22 a square foot, it could jump as high as a dollar and a
23 half a square foot when filled, no one would want to go in
24 there and do the filling, so that way they would have to
25 pay for their own work, so in the law as it was written
26 it was stated the effective valuation of the land would be

1 as of December 31, 1957.

2 I might say at this time there was no reason
3 for picking that date, it was just picked, no one thought
4 the Giants were coming to San Francisco at that time, or
5 that a baseball stadium was going to be built there, but
6 the contemplation of the district and the trustees was
7 that late in '50 or early '60 this thing would be realized,
8 and December 31, 1957, could be a workable base. Now we
9 come up against the proposition where there has been a
10 request made by Mr. Harney, who Mr. Dooling here represents,
11 to acquire the street areas indicated within this area
12 here, and the plans call for exchange for all street area
13 right of ways here with Mr. Harney deeding to the State
14 this red area; in other words, Jamestown Avenue at the
15 present time doesn't go through. He would deed the area
16 from here over to here, an area -- what is the width --
17 a hundred foot strip to make Jamestown a through street
18 from James Lick Freeway. In addition to that, this strip
19 here, this red strip would be a 250-foot strip which would
20 be on the eastern side, on the side nearest the bay area
21 of Hunters Point Reclamation District, would be deeded by
22 the City and County of San Francisco for the Hunters Point
23 Expressway, which would tie into the James Lick Freeway
24 and would give another alternate north-south route into
25 San Francisco and tie in directly into the Hunters Point
26 section.

1 This street would also be deeded to the State
2 for expressway purposes, and this small strip here. You
3 gentlemen will notice Gilman down here. Gilman is now
4 an 80-foot street, and that would be widened into 100
5 feet by the deeding of 20 feet to the State of California
6 for that purpose. We might say, as Mr. Hortig mentioned
7 earlier, we have had very pleasant negotiations with
8 the Staff on this. We think the Staff is sympathetic
9 with what we are trying to do, however, there are legal
10 difficulties that have arisen, and while the Mayor
11 realizes that ultimately the decision will come from the
12 Attorney General, he felt that we should come to the
13 Policy Making Board of the Lands Commission to present
14 this fact, and answer any questions that the Commission
15 might have or that members of the Commission might have
16 today, rather than have any further delay inasmuch as it
17 is only possible for you gentlemen to get together once a
18 month, unless you call a very special meeting, if there
19 were some problem or if you had some problems, that Mr.
20 Hortig could suggest what we could do to expedite the matter
21 other than the legal difficulty that seems to be confronting
22 us. We have a Mr. Dooling here, who represents the contractor,
23 and we also have Mr. Owens here, who is the City Engineer,
24 who might be able to answer any questions you gentlemen
25 might have concerning the plans of this City to use that
26 street area as well as the reasons for the switching of the

1 land down there.

2 CHAIRMAN PHIRCE: Mr. Ward, normally matters of this
3 character are processed by our technical staff before they
4 are presented to the Commission. Now, this morning before
5 Governor Powers arrived, Mr. Kirkwood and I spend some time
6 with Mr. Hortig and reviewed this matter generally. I
7 know nothing about it until I received this letter last
8 Thursday, I believe it was. I indicated to Mayor Christopher
9 in a telegram and the letter that followed that the Commission
10 was meeting this morning here in Los Angeles and if he
11 desired to have representatives appear, maybe give us
12 background information, that we would be glad to hear his
13 representatives. You three gentlemen are here in that
14 regard.

15 Now, I am of the impression, since I talked with
16 Mr. Hortig, that there are a great many complicated details
17 involved in this problem, and part of them involve legal
18 complications which will have to be reviewed by the Attorney
19 General's Office and a report from the Attorney General
20 will have to be procured before we can proceed with any
21 formal sale or transfer of the State's interest in this
22 property under discussion.

23 At this time, Mr. Hortig, what is your advice
24 with respect to how this matter should be handled? We
25 are not in any position to take any action today, we are
26 merely receiving background information; is that not true?

1 MR. HORTIG: That is correct, Mr. Peirce. The matter,
2 as Mr. Ward indicated, it is under active consideration
3 by the Staff. I might suggest that Mr. King, Deputy
4 Attorney General King, might give the Commission a very
5 brief outline of the status of the matter insofar as the
6 Attorney General's Office is concerned. I believe that
7 would complete the picture insofar as it can be presented
8 today for the information of the Commission.

9 MR. KING: Mr. Chairman and members of the Commission,
10 this matter is now being considered by the San Francisco
11 Office of the Attorney General and certain proposals were
12 submitted by Mr. Dooling and I assume Mr. Ward also,
13 representing, of course, the contractor -- Mr. Dooling
14 representing the contractor. These were submitted in an
15 informal way to our office, and after a review it was
16 found that there were legal complications that would have to
17 be overcome before our office would be in a position to
18 recommend to the Commission it would be legally feasible.
19 At the present time the Statute, which is the Hunters
20 Point Reclamation Act, is under review by a member of
21 the office, and at the present time, as I have indicated,
22 the proposal which has been submitted, from all appearances,
23 there are certain legal difficulties, and I believe it was
24 suggested to Mr. Dooling that they be resubmitted in a
25 different form. I think that is the status of the case to
26 the present time. Most of the legal difficulties revolve

1 around the construction of the Statute which has been
2 referred to you. The date of the evaluation raises some
3 question; there is also a question with respect to the
4 sheer constitutionality of the transaction. This is
5 presently under review by our office, and I expect there
6 will be an indication from the office within the very near
7 future. I will be happy to answer any questions which you
8 may have.

9 GOV. POWERS: As I understand it, then, this is a
10 contract that is to be entered into between the City of
11 San Francisco and the State of California, and you have
12 also an individual mixed in there, a Mr. Harney; is that
13 right?

14 MR. KING: Maybe I should clarify that, Governor
15 Powers. The proposal submitted to the Attorney General's
16 Office indicated this would be a grant conveyance by the
17 State Lands Commission to a private party, to wit, Mr.
18 Harney. This raises one of the complications, as I stated
19 today, from a legal point of view, as under Article 15,
20 Section 3 of the Constitution, State lands located within
21 2 miles of a city cannot be conveyed. Now, there are
22 certain problems raised there which must be resolved
23 before our office would be in a position to indicate that
24 would be a legal and feasible proposition, but the
25 transaction would take place, as proposed, would be between
26 the State Lands Commission and a Mr. Harney.