

1 a liability, then the amount of subsidence to which the City
2 is entitled will be deducted from future royalty income.

3 MR. CRANSTON: I move approval of the staff recommen-
4 dations.

5 GOV. ANDERSON: That's on all of the items under
6 Item 5. It has been moved and seconded and if there is no
7 objection, so ordered.

8 Item 5 -- Sales of vacant State school lands:

9 Item (a) - Ruth and Howard Beckman; item (b) -
10 Ralph C. Dills; item (c) - Ralph C. Dills; item (d) - Ralph
11 C. Dills; item (e) - R. A. Ellsworth and Mary Shepard; item
12 (f) Robert A. Ellsworth and Harold Ensley; item (g) - Millinae
13 Heide; item (h) Henry D. Roddenberry and Laura D. Roddenberry;
14 item (i) - A. E. Shetzley; item (j) - Michael Slatinsky; item
15 (k) - William W. Tweten.

16 Any comments on these?

17 MR. HORTIG: All bids received were equal to or
18 greater than the appraised value. Therefore, the sales are
19 recommended subject to the statutory reservations, including
20 the reservation of the State's mineral rights.

21 MR. CRANSTON: Mr. Chairman, I move approval in
22 accordance with the provisions recommended by the staff.

23 GOV. ANDERSON: You have heard the motion....

24 MR. CARR: I second the motion; but I think, Mr.
25 Chairman, there has been some informal discussion about the
26 sale of these lands and I don't remember who it was in the

1 discussion that suggested if we made known that these lands
2 were available on a little wider area, we might get a little
3 better bids and get more money out of these lands.

4 GOV. ANDERSON: It is my understanding we have a pilot
5 proposal coming up. Do you want to comment on that now, Mr.
6 Hortig?

7 MR. HORTIG: Under current staff consideration are
8 the questions on proposals which you, Governor, have suggested
9 should be evaluated -- which is inclusive of the general
10 premise which Mr. Carr has just outlined, as well as areas
11 for evaluation by Controller Cranston -- with the result that
12 it is felt that all aspects of policy and procedure relating
13 to the sale of vacant school lands will have been reviewed
14 and will be recommended upon at the time the full project is
15 reported to the Commission.

16 MR. CRANSTON: When will that be, Frank?

17 MR. HORTIG: Possibly sixty days. As you will recall,
18 Mr. Cranston, from our discussions, it was felt that as there
19 were questions as to current procedures for sale of these
20 vacant school lands, since we do have a procedure and have
21 had for many years which has been reasonably satisfactory, it
22 would probably be more desirable to bring to the Commission a
23 recommendation concerning all feasible and desirable changes
24 on land sales at one time rather than do it piecemeal.
25 Assembling all this and evaluating all the questions which
26 you Commissioners have raised is going to take some staff time.

1 GOV. ANDERSON: It is my understanding that along
 2 this line you are thinking of, for example, singling out a
 3 county and taking the State school lands there and having an
 4 appraiser go out and appraise as much as possible of that, so
 5 that can be put on sale at one particular time in one particu-
 6 lar county.

7 MR. HORTIG: That is one of the alternatives that is
 8 being evaluated.

9 GOV. ANDERSON: It is our thought that if this could
 10 be developed we would get a lot more activity and a lot more
 11 land on the tax rolls.

12 MR. CARR: In a recent meeting of the Public Works
 13 Board we went into the question of acquiring lands for State
 14 colleges and it is quite obvious that the cost of land being
 15 bought by the State is going up faster than what it is being
 16 sold for. I think if we could get those together, we would
 17 have a more balanced situation.

18 GOV. ANDERSON: It is also true that doing it on a
 19 county basis we could cut down on our appraisal costs. We
 20 jump here from San Bernardino to Sacramento County. I assume
 21 when someone wants a piece of land in one county we send a man
 22 out there and if we could have these lands appraised all on a
 23 one-county basis, we could appraise it all on one trip.

24 MR. HORTIG: That is true in a sense, but the disparity
 25 is not as great as it appears in reading the calendar, because
 26 while these items fall in the calendar in a great spread, all

1 of the lands in the area in different stages of processing
2 have also been appraised in conjunction with these and are
3 scheduled for appraisal so there is a minimum loss of time
4 and distance in appraisal; so to a degree in our staff
5 schedule we are already following that procedure, and thereby
6 minimizing any inefficiency. These parcels do not represent
7 a case of where one appraiser made a trip from San Bernardino
8 County to Sacramento County and they are scheduled very rigor-
9 ously to assure the minimum of backtracking and loss of time
10 and going from one parcel to the next, in order to minimize
11 the cost of appraisal to the applicant.

12 MR. CARR: I second the motion.

13 GOV. ANDERSON: It has been moved and seconded that
14 all items under Item 6 be approved. No objection -- so
15 ordered.

16 Item 7 -- Approval of selection of vacant federal lands
17 and sale of 29.30 acres in Del Norte County and cancellation
18 of application of Mr. H. L. MacTaggart.

19 MR. CARR: So move.

20 MR. CRANSTON: Second.

21 GOV. ANDERSON: No objection -- so ordered.

22 Item 8 is a mineral extraction lease offer, 1.53 acres
23 submerged lands in the bed of the American River, vicinity of
24 H Street Bridge in Sacramento. This isn't the one

25 MR. HORTIG: This is the one I wish to comment on,
26 If the Commission please, for the record the following telegram

1 has been received from Assemblyman Thomas J. MacBride, within
2 whose Assembly District the application for the proposed
3 operation is located:

4 "STATE LANDS COMMISSION
5 STATE BUILDING
6 LOS ANGELES, CALIFORNIA

7 I RESPECTFULLY REQUEST THAT THE HEARING OF THE
8 APPLICATION OF THE MCGILLIVRAY CONSTRUCTION CO.
9 FOR A LEASE TO EXTRACT SAND AND GRAVEL FROM THE
10 AMERICAN RIVER IN THE AREA 4500 FEET DOWNSTREAM
11 FROM THE H STREET BRIDGE BE CONTINUED FROM ITS
12 PRESENT DATE AND PLACE OF HEARING ON AUGUST 27,
13 1959 IN LOS ANGELES TO A NEW DATE FOR HEARING IN
14 SACRAMENTO, CALIFORNIA. BOTH THE CITY AND COUNTY
15 OF SACRAMENTO, THE BOARD OF DIRECTORS OF THE
16 CALIFORNIA STATE FAIR, AND THE OTHER ADJOINING
17 PROPERTY OWNERS IN THE AREA WILL BE VITALLY
18 INTERESTED IN THIS HEARING AND THEIR REPRESENTA-
19 TIVES SHOULD BE PERMITTED TO ATTEND THE HEARING
20 WITH CONVENIENCE IN ORDER THAT THE COMMISSION
21 MAY HAVE THE BENEFIT OF THEIR STUDY AND COMMENTS
22 ON THE PROPOSED LEASE. TO PLACE A SAND AND
23 GRAVEL EXTRACTION FACILITY WITH ACCOMPANYING
24 ROADS, TRUCKS, NOISE, AND DUST ACROSS THE RIVER
25 FROM AN ALREADY COMPLETELY DEVELOPED RESIDENTIAL
26 SUBDIVISION AND IN THE IMMEDIATE VICINITY OF
LANDS WHICH ARE PRESENTLY PLANNED FOR INTENSIVE
COMMERCIAL, FRATERNAL AND CHURCH USE, COULD HAVE
A SERIOUS DETRIMENTAL EFFECT UPON THE GROWTH OF
THIS IMPORTANT AREA OF SACRAMENTO COUNTY. I
TRUST THAT NEITHER YOUR COMMISSION OR APPLICANT
MCGILLIVRAY CONSTRUCTION CO. WILL BE INCONVENIENCED
BY THIS DELAY INASMUCH AS THE STATE LANDS COMMISSION
DOES FROM TIME TO TIME MEET IN SACRAMENTO AND OF
COURSE THE MCGILLIVRAY CONSTRUCTION CO. IS A SACRA-
MENTO FIRM. YOUR FAVORABLE CONSIDERATION OF THE
ABOVE REQUEST WILL BE APPRECIATED. IF YOU FEEL
THE COMMISSION WILL NOT ACCEDE TO MY REQUEST FOR
CONTINUANCE WITHOUT A PERSONAL APPEARANCE BY ME
IN LOS ANGELES, WILL YOU PLEASE ADVISE ME BY
TELEGRAM AND I WILL COME TO LOS ANGELES FOR THE
PRESENTLY SCHEDULED HEARING.

YOURS VERY TRULY,
ASSEMBLYMAN THOMAS J. MacBRIDE"

I have conferred with Assemblyman MacBride. I told

1 him that the staff would recommend that this deferment be
 2 granted on the hearing, and under those circumstances Mr.
 3 MacBride is not here today but did send this telegram. It is
 4 recommended that the Commission defer consideration of the
 5 item relating to the McGillivray Construction Co. application
 6 for mineral extraction lease to the October 1 meeting in
 7 Sacramento.

8 MR. CARR: Move the approval.

9 MR. CRANSTON: Second.

10 GOV. ANDERSON: So ordered.

11 MR. ZWEIBACK: I have observed in the past that
 12 wherever there have been problems arising which would require
 13 the presence of many witnesses and so forth, that we have
 14 tried to defer the problem by holding the meeting in that area.
 15 Most of our problems have thus far been in southern California.
 16 I believe this is the first one in northern California. I
 17 have never seen a statement of policy, but is this the prac-
 18 tice and the unstated policy, so to speak, that the Commission
 19 does try to hold its meetings where there is wide public inter-
 20 est and should we be guided by that policy?

21 MR. HORTIG: I'll answer your specific question.
 22 This matter of accession to the convenience of the maximum
 23 number of interested parties has certainly been the practice
 24 of the State Lands Commission and continuing that practice
 25 would be recommended insofar as feasible.

26 In this particular instance, we had scheduled the

1 item for Commission consideration as a routine item; and this
2 has been under consideration at the staff level, incidentally,
3 and the subject of negotiations and discussions in the Sacra-
4 mento area for the better part of a year, and it wasn't until
5 after the item actually arrived as a calendar item and Assem-
6 blyman MacBride was informed pursuant to recent legislative
7 requirements that local legislators be informed of projects
8 to be undertaken in their district -- it wasn't until that
9 time that we were made aware that there were any possible
10 objections to the item.

11 So some of these items, as this one did, come up at
12 a time when it is not convenient for them to protest, because
13 we don't know there is any protest, in which event we follow
14 the practice here and recommend that it be deferred.

15 MR. ZWEIBACK: More specifically, where we would
16 have sufficient notice that there is wide public interest
17 and where it is feasible, we would normally hold it in that
18 area?

19 MR. HORTIG: That's correct.

20 GOV. ANDERSON: Item 9 -- Mineral extraction lease
21 offer, 18 acres of submerged lands in the bed of Tuolumne
22 River -- application of M. J. Ruddy and Son.

23 MR. HORTIG: In this instance, Mr. Chairman, we have
24 no specific objection from the adjoining upland owner because
25 he, too, is part of the lease arrangement and the gentleman
26 who hopes to be the successful bidder and the State's lessee

1 has the lease for digging up the adjoining uplands as part
2 one of the current project; and the Corps of Engineers did
3 not have any navigation project in the Tuolumne River and
4 have disclaimed any interest in the operation. Also, this
5 operation will immediately adjoin another sand and gravel
6 extraction lease heretofore issued by the Commission, under
7 which we will continue to be paid.

8 GOV. ANDERSON: Is there a motion?

9 MR. CARR: I move.

10 MR. CRANSTON: Second the motion.

11 GOV. ANDERSON: Moved and seconded Item 9 be approved.

12 No objection -- so ordered.

13 Item 10 -- Determination of value of tide and sub-
14 merged lands in Ventura County to be annexed by City of Oxnard.

15 MR. HORTIG: As the Commission can see from the
16 relatively low valuation of \$1,900, there is only a small
17 portion of tide and submerged lands proposed to be annexed
18 by the City of Oxnard in connection with a shoestring annexa-
19 tion which is located primarily upon the uplands, to which
20 no upland objections have been filed -- at least not suffi-
21 ciently enough where in conjunction with the State valuation
22 would be sufficient to block any annexation, and there does
23 not seem to appear any independent objection by the Commission
24 to this annexation. Therefore, it is recommended that the
25 valuation report as required by statute be transmitted to the
26 City of Oxnard.

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MR. CRANSTON: I so move.

MR. CARR: Second.

GOV. ANDERSON: No objection -- so ordered.

Item 11 -- Rental rates and policies regulating leasing of State lands. Do you want to comment on that, Mr. Hortig? *

MR. HORTIG: You will recall, Mr. Chairman, this item was originally presented pursuant to a directive by the Commission of February 24, 1959 for a review of rental rates and policies pertaining to commercial and recreational leasing of State lands. The attached schedule, with recommendations for either no change in a minimum number of the factors and modest increases in the rates with respect to the rentals for commercial leases and rights-of-way, is recommended to bring the Commission's leasing policies into line with present-day economic conditions.

The factors which were considered prior to adopting the bases for the recommendations are outlined in the report containing six pages, following the calendar item which the Commissioners have before them and I know the Commissioners have reviewed heretofore.

Therefore, it is recommended that the revised rental schedule appearing as page 43 of the calendar be adopted by the Commission as policy, superseding any schedules for these purposes heretofore established.

MR. CRANSTON: Frank, would it create any difficulties

*Mr. Carr out of room during Mr. Hortig's explanation of item.

1 from your point of view if it were put over to the next
2 meeting? I have not had time to study this as thoroughly as
3 I would like to.

4 MR. HORTIG: Not at all.

5 MR. CRANSTON: I'd like to ask, then, that it go
6 over to the next meeting.

7 GOV. ANDERSON: I have no objection to it going over
8 either. (Mr. Carr returned) Mr. Carr, the discussion is
9 as to rental rates and policies of the Commission. We
10 asked in February, I believe it was, that a study be made of
11 the rental rates on commercial and recreational leasing of
12 State lands and the report is brought in here. Mr. Cranston
13 has asked that this be put over to the next meeting.

14 MR. CARR: That's all right.

15 GOV. ANDERSON: It has been moved and seconded that
16 Item 11 be put over to our October first meeting. If there
17 is no objection, so ordered.

18 Item 12 -- Amendments to Section 1903, Title 2, Divi-
19 sion 3 California Administrative Code, Rules and Regulations
20 of the State Lands Commission.

21 MR. HORTIG: The Commission has heretofore approved
22 the initiation of the procedures required under the Admini-
23 strative Code and the Government Code to effectuate the
24 amendment of Section 1903 of the Rules and Regulations of the
25 State Lands Commission, which amendment will be made necessary
26 by Chapter 1587 of the Statutes of 1959 which will become

1 effective September 18, 1959. The original proposal, and
 2 that authorized by the Commission, considered the publica-
 3 tion of the required notices, the hearing by the Commission,
 4 and thereafter the establishment of the required fees which
 5 are to be specified in Section 1903 as a matter of policy by
 6 the Commission, without having them an inherent part of the
 7 Rules and Regulations. Subsequent^{to}/review by the office of
 8 the Attorney General and subsequent to the original publica-
 9 tion of this notice of intent of the Commission to modify
 10 the rules in this form, the Attorney General's office has
 11 advised that a better procedure would be to set the fee
 12 rates specifically in the Rules and Regulations.

13 We are, therefore, now on the horns of the dilemma
 14 that it is just not possibly procedurally to re-advertise, to
 15 go through the full normal procedure for amending the Rules
 16 and Regulations and have them effective by September the 18th,
 17 1959 in the desired form; and if we don't have rules and regu-
 18 lations in effect on September 18th, we are suddenly going to
 19 have services which the public is going to require and should
 20 receive, for which the Commission has no specification of
 21 fees which the Commission is required to collect under the
 22 law.

23 Therefore, it is proposed at this time that the
 24 alternative procedure which is available, of adopting a rule
 25 on an emergency basis, be adopted as recommended in the reso-
 26 lution, in which resolution the fees to be collected are

1 specified in terms of fees for certificates of purchase or
 2 duplicates thereof - \$6; patents and certified copies of
 3 records thereof - \$10; certifying contested case to Superior
 4 Court - \$20; certifying copies of papers - \$1; and for other
 5 services performed fees shall be based on the costs of the
 6 services rendered. If this procedure is to be followed, the
 7 Commission must find an emergency exists; that the foregoing
 8 regulation is necessary for the immediate preservation of
 9 peace, health, safety or general welfare; and a statement of
 10 facts constituting such emergency must be appended. This
 11 is outlined in the recommendation and the basis, again, is
 12 that unless adopted by this procedure, the Commission will
 13 not have the required rules and regulations on September 18,
 14 1959 when the 1959 statutes become effective.

15 MR. CRANSTON: This has no effect on the requirement
 16 of the deposit on the amount of a bid?

17 MR. HORTIG: No sir. That still is in the Rules
 18 and Regulations and not affected hereby nor modified by
 19 this action.

20 MR. CRANSTON: I move approval of the staff recom-
 21 mendation.

22 GOV. ANDERSON: Your testimony that it is an emergency
 23 nature is in accordance with the recommendations here?

24 MR. HORTIG: That's right.

25 MR. CARR: Well, would this be permanent?

26 MR. HORTIG: It will be permanent until we change it.

1 MR. GOLDIN: No, I believe this is a stopgap device
 2 and by law the Commission will be required to adopt a perman-
 3 ent rule and regulation after giving notice and an opportunity
 4 for protest. This is only a stopgap device.

5 MR. CARR: What is the timing on this? It can go
 6 into the regulation.

7 MR. GOLDIN: No sir. By law, I believe it is limited
 8 to one hundred twenty days.

9 GOV. ANDERSON: Wouldn't it be wise to look into this
 10 and bring in a resolution next meeting to go into the regular
 11 procedure?

12 MR. GOLDIN: You are required by law to do exactly
 13 that, in less than one hundred twenty days.

14 MR. HORTIG: Certainly this procedure will be
 15 reviewed, Governor, and whatever modification necessary to
 16 make this permanent and in the proper form will be recommended
 17 at the next meeting. In the interim, before the next meeting
 18 September 18th will come and be gone, so we need this emer-
 19 gency recommendation.

20 GOV. ANDERSON: You moved?

21 MR. CRANSTON: Yes.

22 MR. CARR: Second.

23 GOV. ANDERSON: Moved and seconded. If there is no
 24 objection, so ordered.

25 Now, Item 13 is report on the drilling of additional
 26 water injection wells and converting certain oil and gas

1 wells at Wilmington Field, Long Beach. Do you wish to
2 report on that?

3 MR. HORTIG: The following is a summary report to
4 the Commission of progress under projects heretofore approved
5 by the Commission, in which the Commission has given advance
6 approval to an over-all capital ceiling expenditure of
7 eight million dollars for water injection operations in the
8 six parcels of tide and submerged lands operated by the Long
9 Beach Oil Development Company for the City of Long Beach.

10 The City of Long Beach is currently entering into
11 contracts for the drilling of certain water injection wells
12 which upon completion will be transferred for operational
13 purposes to the Long Beach Oil Development Company. On
14 review of the Office of the Attorney General, it has been
15 determined that the procedure outlined is fully within the
16 scope of the authorization and approval heretofore given by
17 the State Lands Commission and it was felt that in order to
18 have the record complete and clear and fully understood, in
19 view of the fact that the City's drilling of the wells and
20 then the transfer to the Long Beach Oil Development Company
21 was not considered as a specific type situation at the time
22 of the approval of the funds, that this item be reported to
23 the Commission in the form of a progress report, in order
24 that the Commission may be fully cognizant of what is going
25 on. There is no action required by the Commission at this
26 time. This is simply a report of a different type of

1 activity but within the scope of authorization, something of
2 a type that had not been reported specifically to the Commis-
3 sion heretofore.

4 GOV. ANDERSON: Any further comments or questions?
5 If not, there is no action required on Item 13.

6 MR. HORTIG: Mr. Chairman, I see you have someone in
7 the audience who wishes to speak.

8 MR. BROWN: If I may, Mr. Chairman, briefly address
9 the Commission, my name is Roy Brown

10 GOV. ANDERSON: Is this on Item 13?

11 MR. BROWN: I believe it's that item. I am appearing
12 as attorney for the F. E. Gober Drilling Company, a drilling
13 contractor, one of the contractors to whom the City of Long
14 Beach has awarded a contract for the drilling of injection
15 wells that are mentioned in this item.

16 I feel my client is in a serious dilemma in which he
17 needs the help of the Commission. This contract that has
18 been awarded to the Gober Drilling Company is a per diem
19 type of contract for the employment of drilling contractors'
20 equipment and crews for so much per day. It extends over a
21 period of nine months. Under the terms of the contract, the
22 drilling contractor will obligate himself to furnish his crews
23 and equipment, and to purchase any equipment or tools and
24 special services which cannot be conveniently furnished by
25 the City -- that is, those items which are customarily
26 furnished by an operator, but which the City because of its

1 municipal capacity can't conveniently furnish. The amount
2 of the contract could possibly run into \$750,000 or there-
3 abouts throughout the nine months' term.

4 I have advised the Gopher Drilling Company that it is
5 my opinion that Chapter 29 of the Statutes of 1955 require
6 that this contract be consented to by the State Lands Com-
7 mission. Otherwise, under the provisions of Chapter 29
8 itself, the contract is void. The effect of the invalidity
9 of this contract would be catastrophic to a contractor drill-
10 ing for the City, engaged by the City

11 GOV. ANDERSON: May I ask a question? Have you
12 taken this matter up with the staff yet?

13 MR. BROWN: I have, Mr. Chairman. We had a meeting
14 with Mr. Kraft and Mr. Goldin of the Attorney General's office
15 last week, leading up to the point that apparently it has
16 been the staff's conclusion that this type of contract is not
17 within the purview of Chapter 29; that it is conceived as a
18 contract merely for the drilling of wells -- it doesn't per-
19 tain directly to operations in the oil field in the phase or
20 nature of producing the oil or gas, and therefore it is not
21 required to be consented to by the Commission. That is the
22 nice legal question which has to be resolved and about which
23 there is a serious difference of opinion.

24 GOV. ANDERSON: Mr. Hertzig, could I ask you a question
25 on this? Is this something that we should be taking up at
26 this time?