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TRANSCRIPT OF  
MEETING  
of  
STATE LANDS COMMISSION  
LOS ANGELES, CALIFORNIA  
NOVEMBER 18, 1959 - 2:00 P.M.

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PARTICIPANTS:

THE COMMISSION:

Messrs. Glenn M. Anderson, Lieutenant Governor, Chairman  
Alan Cranston, Controller  
John E. Carr, Director of Finance  
Fred Zweiback, Executive Secretary to Lt. Governor  
K. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL

Messrs. Dan Kaufmann, Assistant Attorney General  
Jay L. Shavelson, Deputy Attorney General

APPEARANCES:

Mr. Joseph A. Ball, Special Counsel for the  
City of Long Beach

Mr. H. E. Ridings, Jr., President, Board of  
Harbor Commissioners, Long Beach

Reporter: Louise H. Lillico  
Division of Administrative Procedure

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(In Accordance with Calendar Summary)

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1 GOV. ANDERSON: The meeting of the State Lands Commis-  
2 sion will come to order and the first item will be the con-  
3 firmation of the minutes of the meeting of October 5th.

4 MR. CRANSTON: I move approval.

5 MR. CARR: Second.

6 GOV. ANDERSON: Moved and seconded to approve without  
7 reading. No objection, so ordered.

8 Item 2 -- the special order of business: Long Beach  
9 tide and submerged lands boundary determination, pursuant to  
10 Chapter 2000 1957. Mr. Hortig?

11 MR. HORTIG: As the Commission and representatives of  
12 the City of Long Beach will recall, on October 29 the Commis-  
13 sion deferred action on the negotiations relating to the  
14 problem of determination of boundaries of granted tide and  
15 submerged lands. The Commission also instructed the staff and  
16 the office of the Attorney General to continue negotiations  
17 with the City of Long Beach in order to achieve a satisfactory  
18 resolution of the problem.

19 Today it is proposed to report to the Commission on the  
20 status of the negotiations, the actions which have been under-  
21 taken since the last directive of the Commission. In this  
22 connection, it is suggested to the Chairman that he may wish  
23 to call upon the representatives of the City of Long Beach who  
24 are here present today to report on behalf of Long Beach.  
25 This can be followed by a summary as to the actions undertaken  
26 both by the Staff of the Lands Division and the Attorney

2  
1 General's office, which will be reported upon by Assistant  
2 Attorney General Dan Kaufmann.

3 GOV. ANDERSON: The representative of the City of Long  
4 Beach? Joe?

5 MR. BALL: We have had one meeting ....

6 GOV. ANDERSON: This is Joe Ball.

7 MR. BALL: ... with Mr. Kaufmann. Joseph A. Ball,  
8 representing the City of Long Beach. We have had one meeting  
9 with Mr. Kaufmann and Mr. Shavelson of the Attorney General's  
10 office, and Mr. Brady and Mr. Spence of the City Attorney's  
11 office were present at that time. I think we did make some  
12 progress in the negotiations at that meeting -- that was my  
13 impression at least. I don't know the impression of Mr.  
14 Kaufmann and Mr. Shavelson, but I believe we made progress  
15 inasmuch as the City of Long Beach made certain statements as  
16 to what they felt would be the position they would have to  
17 take, and the Attorney General's office made certain state-  
18 ments as to the position they would have to recommend to the  
19 Commission. So we defined pretty well our areas of difference  
20 pretty definitely.

21 We set up a meeting with the City Council for yesterday  
22 afternoon and the majority of the Council were there. I think  
23 there were only two absent, at which time we reported back to  
24 them; and I think we were able to state for them, probably  
25 for the first time, what the conditions are and suggest what  
26 Long Beach would have to probably concede and what they could

1 demand. I won't say what these were at this time because I  
 2 don't think this is the time. I simply state this -- by  
 3 way of procedure, the Councilmen asked questions and we  
 4 answered, and they asked for our advice on certain matters  
 5 and we gave it to them; and I think that probably for the  
 6 first time the Council, the members of the Council, are now  
 7 in a position where they realize that there are certain areas --  
 8 both sides are determined on certain areas -- and there is  
 9 possibility that we can get together on these areas.

10 Our Councilmen said neither yes nor no to these various  
 11 settlements, but they did say they would consider them and  
 12 I think they understand them very thoroughly.

13 I think we made progress this month. As I told you last  
 14 month, I don't think this is something we could come back  
 15 today and report we were successful because there are some  
 16 very serious problems. In the first place, we are talking  
 17 about a spread of six or seven million dollars, which at the  
 18 present time is committed to the bond redemption fund of  
 19 Long Beach and would go to the Tidelands Trust under any  
 20 settlement. The Councilmen feel they have a responsibility  
 21 to the people. If this case is settled, they want to be  
 22 rather proud of this, so they can go out and tell people  
 23 this is the best thing for the City that they did.

24 I just don't want to say to you I definitely believe  
 25 we will settle in the future, because I don't know; but I  
 26 will say I think we are closer to a settlement than before.

1 I think both sides are trying to iron out our difficulties  
2 because it seems to be to our mutual interest to settle.  
3 That's about all we have to say.

4 GOV. ANDERSON: Any questions? Mr. Carr? (No response)  
5 Thank you, Mr. Ball. Mr. Kaufmann, Attorney General's office.

6 MR. KAUFMANN: I have very little to add to what Mr.  
7 Ball said. We did have a meeting last Thursday and we did  
8 again discuss obstacles to settlement; and it seems to me the  
9 problem now -- we know what the differences are, what the  
10 obstacles are -- the problem now is to find if there is an  
11 area of agreement; and this, as Mr. Ball indicated, is going  
12 to depend, certainly, to a large extent on what the City  
13 Council feels. So we will just have to wait and see what the  
14 City Council decides is an appropriate area of agreement. If  
15 we can reach that, then it's possible we can settle the area  
16 of differences. Right now, it would appear there is more an  
17 area of difference than agreement.

18 GOV. ANDERSON: Do you feel we are making progress?

19 MR. KAUFMANN: I would have to say candidly -- as long  
20 as we are talking and talking honestly to each other, there  
21 is progress of some sort; but I still have to tell the Commis-  
22 sion at this point there is more an area of difference than  
23 agreement.

24 GOV. ANDERSON: Than there was a month before, or  
25 three or four months before?

26 MR. KAUFMANN: I would still have to stand on what I

1 indicated at the October 29th meeting -- that at this point  
 2 the area of differences is so great that at this point --  
 3 while I think as long as the negotiations continue there is  
 4 always a chance of settlement, I still feel that it is going  
 5 to be up to the City to come back and tell us whether or not  
 6 there is an area of agreement.

7 MR. CARR: Mr. Chairman ....

8 GOV. ANDERSON: Mr. Carr.

9 MR. CARR: Were definite proposals made to the City  
 10 Council that they definitely turned down or was this just an  
 11 academic discussion or something or the other? Or did the  
 12 City Council make any proposals or refuse any proposals?

13 MR. KAUFMANN: The answer to the question is: No  
 14 proposals were discussed.

15 MR. CARR: What did they talk about then?

16 MR. KAUFMANN: We talked primarily about the obstacles,  
 17 the obstacles to settlement involved in both proposals and  
 18 counter proposals that have previously been made.

19 Mr. Carr, as you are aware, we have received a formal  
 20 letter from the City and, as we indicated on October 29, this  
 21 was unsatisfactory as far as the Attorney General's recommenda-  
 22 tion to the Lands Commission. Now, at the meeting on Thursday,  
 23 this proposal was discussed along with obstacles which the  
 24 City Council feels would be involved in any settlement;  
 25 obstacles, perhaps, which the Lands Commission would encounter  
 26 in attempting to consider any proposals received from the City.

1 No new proposals were discussed.

2 MR. CARR: Any new obstacles?

3 MR. KAUFMANN: No, the obstacles were the same. I will  
4 say this -- I perhaps may give too much of an impression of  
5 a negative meeting. It was the contrary. In discussing  
6 these obstacles, we discussed legal aspects of these obstacles;  
7 and the City Attorney's office and Mr. Ball were very helpful  
8 once again in explaining again some of the legal obstacles  
9 they have encountered.

10 GOV. ANDERSON: Any other questions? (No response)  
11 Thank you, Mr. Kaufmann. Mr. Hortig.

12 MR. HORTIG: With respect to this matter, Mr. Chairman,  
13 it would appear that it would be desirable that the Commis-  
14 sion indicate to the Attorney General's office the program  
15 for the future -- in other words, to continue or discontinue  
16 the directive to proceed with the negotiations, the same to  
17 be applicable to the State Lands Division staff. The record  
18 will show that on motion of Commissioner Cranston at the last  
19 meeting, it was recognized that the deferment granted at  
20 that time to this meeting was not necessarily the conclusive  
21 one; that the report here today would be taken into considera-  
22 tion by the Commission as to what further program was to be  
23 implemented.

24 MR. CRANSTON: Mr. Chairman, my motion at the last  
25 meeting did not indicate that matters were supposed to be  
26 brought to a head at this particular session. The intent of

1 the motion -- and I believe the minutes would bear this out --  
2 was simply to carry forward negotiations and to report back  
3 to us at our meeting and seek to bring them to a successful  
4 conclusion at the earliest moment. In my opinion, no action  
5 is necessary at this point, but that we will expect to receive  
6 a report on the negotiations at the next meeting and I hope  
7 they will be carried forward.

8 GOV. ANDERSON: Unless there is anything further, the  
9 reports from the City of Long Beach representative and the  
10 Attorney General's office will be accepted and we will pass  
11 the item and go to our next order of business. So ordered.

12 Next will be Item 3 -- permits, easements, and rights-  
13 of-way to be granted to public and other agencies at no fee,  
14 pursuant to statute. Item (a) is the Pacific Telephone and  
15 Telegraph Company.

16 MR. HOETIG: Pursuant to the provisions of the Public  
17 Utilities Code and earlier provisions of general law, the  
18 telephone companies and telegraph companies may upon applica-  
19 tion be granted easements for their public service utilities  
20 over sovereign lands of the State. Therefore the proposed  
21 authorization is in order and pursuant to statute, and it is  
22 recommended that the permit be granted.

23 MR. CRANSTON: I move that the staff recommendation be  
24 followed.

25 MR. CARR: All right.

26 GOV. ANDERSON: Moved and seconded -- no objection, so  
ordered.

1           GOV. ANDERSON: Item 4 -- permits, easements, leases,  
2 and rights-of-way issued pursuant to statutes and established  
3 rental policies of the Commission.

4           Item (a) - Mrs. Zena Cabral - - I'll go through these  
5 unless you wish to explain them, Mr. Hortig -- (b) Crown  
6 Mining Co., Incorporated; item (c) is also the Crown Mining  
7 Company, Incorporated.

8           MR. HORTIG: On those two items, Mr. Chairman, I believe  
9 explanation may be in order, particularly in respect to a  
10 question which was raised just before the meeting by Mr.  
11 Zweiback. The statement of royalty rates which are to be  
12 applicable in the preferential leases, as indicated in the  
13 specific minute items appearing on pages 4 and 5, refer to  
14 royalty rates previously established in the prospecting  
15 permits issued pursuant to existing law, in which it is  
16 required that such rates be established before a prospecting  
17 permit is issued; and in the event that a permittee becomes  
18 entitled to a preferential mineral lease, those predetermined  
19 royalty rates are to be the royalty rates within the mineral  
20 extraction lease.

21           These items are standard in the sense that this has  
22 been established statutory procedure at least since -- in  
23 general terms at least since 1921.

24           GOV. ANDERSON: Item (d) -- The Humble Oil and Refining  
25 Company.

26           MR. HORTIG: The item appearing on pages 6 and 7 appears

1 to be voluminous; but in simpler form, recites that Humble  
2 Oil and Refining Company, as a Texas corporation who are re-  
3 incorporated as Humble Oil and Refining Company, a Delaware  
4 corporation, feels that the most expeditious method of trans-  
5 fering all of its State leases is approval of assignment by  
6 one corporation to the other corporation of all responsibility  
7 as to performance bonds and so forth, and the approval of the  
8 assignment in accordance with the lease terms and statutes  
9 is recommended.

10 MR. CRANSTON: I move approval in accordance with the  
11 staff recommendation.

12 MR. CARR: Second.

13 GOV. ANDERSON: Of the four -- (a), (b), (c) and (d)?

14 MR. CARR: I guess we can wait ...

15 GOV. ANDERSON: I was going through. Item (e) - M. J.  
16 Ruddy and Son. Any comment on that?

17 MR. HORTIG: The proposal is to issue a lease pursuant  
18 to the highest and only competitive public bid for the extrac-  
19 tion of sand in the Tuolumne River, in the area adjoining  
20 which the same lessee already has operations in process under  
21 an existing State lease.

22 GOV. ANDERSON: Item (f) Rhodes-Jamieson Gravel.

23 MR. HORTIG: With respect to this item, there is a  
24 special recommendation inasmuch as the Mod Sand Company, the  
25 highest apparent bidder pursuant to an invitation for competi-  
26 tive pub bids for the extraction of sand from a portion of

1 submerged lands in San Francisco Bay, has since reported that  
 2 they made an error and that they misinterpreted the form of  
 3 bid and they inserted the wrong multipliers -- which appears  
 4 to be borne out in fact in that a royalty offer of the magni-  
 5 tude calculated from their offer would run into an operation  
 6 uneconomic; and, therefore, it is recommended that the Com-  
 7 mission authorize the issuance of lease to Rhodes-Jamieson  
 8 Gravel Company, who qualified as highest bidder -- who were  
 9 the apparent second highest bidder -- with the required per-  
 10 formance bond by the lessee to guarantee the faithful perform-  
 11 ance and observance of the terms and conditions of the lease;  
 12 and that the bid of Moe Sand Company be disregarded and the  
 13 deposit submitted with the bid be returned. This procedure  
 14 has been reviewed by counsel and has been approved as to  
 15 procedure.

16 GOV. ANDERSON: Item (g) -- the Santa Catalina Island  
 17 Company. Could you explain this briefly?

18 MR. HORTIG: I understand there are some questions, Mr.  
 19 Chairman. We are not aware of any hardships which would be  
 20 generated if this item were tabled to the next meeting of the  
 21 Commission so that those questions could be resolved that Mr.  
 22 Zweiback has indicated.

23 MR. ZWEIBACK: Whenever the next meeting is here.  
 24 December 17th is Sacramento.

25 MR. HORTIG: Or into the January meeting if the Commis-  
 26 sion so prefers.

1 GOV. ANDERSON: If there is no objection, item (g)  
2 will be continued to our next meeting down here, That will  
3 be the January meeting.

4 MR. HORTIG: Unless the applicant in the interim should  
5 indicate particular conditions of hardship -- under which  
6 circumstances we would attempt to resolve the problem.

7 GOV. ANDERSON: Item (h) -- Union Oil Company.

8 MR. HORTIG: This is virtually a routine item and  
9 appears on this agenda only to bring to the attention of the  
10 Commission that this is an extension of a geological survey  
11 permit subsequent to the time when the Commission authorized  
12 modification of the geological permits. Henceforth, in the  
13 new form, any further extensions would be granted under dele-  
14 gation of authority to the Executive Officer.

15 GOV. ANDERSON: Item (i) -- United States Department  
16 of Interior.

17 MR. HORTIG: The Commission, as appears from the record,  
18 previously authorized a borrow permit with payment of a fee,  
19 and referring to the item, it is recommended that the Commis-  
20 sion action of April 30, 1959 authorizing the issuance of  
21 this permit be rescinded and that upon payment to the State of  
22 \$800 total consideration a new permit be issued for a period  
23 not to exceed 36 months beginning December 1, 1959, because  
24 the Federal agency was not able to take advantage of the  
25 permit during the term for which it was originally issued.

26 GOV. ANDERSON: Item (j) -- United States Steel Corpora-  
tion.

1 MR. HORTIG: The recommendation is for issuance of a  
2 standard lease for occupancy of a parcel of tide and submerged  
3 lands adjoining uplands held by United States Steel Corpora-  
4 tion for construction, maintenance and use of a levee and  
5 settling basin, based on appraisal of the property and rental  
6 rates heretofore approved by the Commission .

7 MR. HORTIG: Then a motion will be in order for all  
8 items with the exception of item (g) - The Santa Catalina  
9 Island Company.

10 MR. CRANSTON: I so move.

11 MR. CARR: Second.

12 GOV. ANDERSON: Moved and seconded -- no objection,  
13 so ordered.

14 Item 5 -- Sale of lieu lands in Shasta County to Einar  
15 Hansen for \$720.

16 MR. HORTIG: As the Commission is aware, there are pending  
17 numerous applications from individuals to take advantage of  
18 the State laws which provide for selection of vacant Federal  
19 lands which are not available for direct sale to individuals.  
20 This application is the culmination -- or this recommendation  
21 is the culmination of one of those applications, in which Mr.  
22 Einar Hansen requested that a certain 80 acres in Shasta  
23 County be acquired from the United States by the State and be  
24 sold to him pursuant to statute. This acquisition has been  
25 completed.

26 It is recommended that the Commission determine, as

1 required by statute for approval of such a sale, that it is  
2 to the advantage of the State to select the land designated;  
3 second, to approve the selection of such land; and, third,  
4 to authorize the sale of the land for cash to the applicant  
5 at the appraised cash price of \$720, subject to all statutory  
6 and constitutional reservations including minerals, upon the  
7 conveyance of the land to the State by the Federal government.

8 MR. CARR: Mr. Chairman, I'd like to know a little more  
9 about this land -- where it is located and how far it is from  
10 improved lands and highways, and such things as that.

11 MR. HORTIG: I do not have these specifics in mind  
12 here right now, Mr. Carr. The application of those factors,  
13 however, to the value of the land were definitely included  
14 in the appraisal, under which it was determined that the land  
15 had an average value of nine dollars per acre, or a total of  
16 \$720; and, as indicated, the staff appraisal has also shown  
17 that the land is not suitable for cultivation without arti-  
18 ficial irrigation.

19 MR. CARR: Is it grazing land, forest land, brush land  
20 what is it?

21 MR. HORTIG: From the value, it must principally be  
22 brushy. Timber land -- of course, with any amount of timber  
23 the appraisal would be considerably higher; and as to mineral  
24 minerals are not conveyed in this sale -- they are retained  
25 the State as one of the statutory reservations.

26 MR. CARR: It's a small amount of money to spend much

1 of the State's payroll money to investigate, but I was  
2 wondering who made this appraisal. Nine dollars an acre is  
3 pretty cheap for any land in the State of California any more.

4 MR. HORTIG: If the Chairman please, may I suggest that  
5 this be put at the bottom of the agenda, at which time we  
6 will have the file, complete with the appraisal report, and  
7 will report to you in detail.

8 GOV. ANDERSON: If there is no objection, then, we will  
9 take Item 5 and place it down, say, after Item 8. We will  
10 pass over it at this time and take up Item 6 -- approval of  
11 execution of service agreement with City of Mill Valley, Marin  
12 County, for surveying services pursuant to Chapter 496/59;  
13 Commission's costs not to exceed \$1200 to be reimbursed.

14 MR. HORTIG: This item was calendared as the start of  
15 a series of responsibilities the Commission will have as a  
16 result of the legislative session of 1959, inasmuch as there  
17 is now a blanket requirement in the statutes that in the event  
18 there is any grant of tide and submerged lands by the Legis-  
19 lature, that such grant is not effective until such lands have  
20 been surveyed, monumented and plat recorded by the State Lands  
21 Commission -- all of which services are to be provided at  
22 cost for the grantee.

23 The first in a series made necessary by the Statutes of  
24 1959 is here in <sup>which</sup> the City of Mill Valley for a grant received  
25 has agreed to enter into a service contract to compensate the  
26 State Lands Commission for the required services, the

1 Commission's actual costs not to exceed \$1200. Authorization  
2 for the Executive Officer to enter into such a contract is  
3 requested.

4 This, incidentally, is within the scope of delegation  
5 of authority to me, being less than \$2,000; but was calendared  
6 to bring this item to the attention of the Commission as to  
7 the start of a series of items of this type which are new,  
8 having been required in 1959 for the first time by the Statutes  
9 of 1959.

10 MR. CARR: So move.

11 MR. CRANSTON: Second.

12 GOV. ANDERSON: Moved and seconded. No objection, so  
13 ordered.

14 Item 7 -- Authorization for Executive Officer to advise  
15 United States of America that State of California does not  
16 desire to purchase improvements located on State sovereign  
17 lands in New York Slough at Pittsburg, Contra Costa County,  
18 covered by User Permit Agreement P.R.C. 398.1. Mr. Hortig?

19 MR. HORTIG: This item involves more verbiage than the  
20 item justifies, but the problem arises from the fact that in  
21 1950 the Division was successful in inducing the United States  
22 of America to take a permit on tide and submerged lands rather  
23 than condemn the lands and to issue in lieu of that an annual  
24 permit for \$1 for lands used for an embarkation wharf, as  
25 described in the calendar item. The improvements were to  
26 remain in the United States; in the event the improvements

are sold the State shall have the first refusal on the purchase of such improvements at a price determined by the United States.

The United States now desires to sell the improvements for \$195,000. In the event the State declines to purchase the improvements, the United States shall be entitled to sell them to any purchaser of its choice and the State agrees that it will lease the underlying fee to the buyer; and the permit is subject to termination by the United States at any time by notice to the State -- which they have now given us -- and the improvements on which refusal is sought consist of a partially covered wooden wharf in excellent condition and a portion of a wood-frame warehouse which was originally a bean storage structure.

It is the opinion of the staff that it would not be in the best interest of the State to purchase the improvements located on State lands unless it were possible to acquire the adjacent upland property and improvements located thereon. If the State were to acquire only the improvements from the United States and if the purchaser of the adjoining property had no use for the State's facilities, it would be extremely difficult to find a user for this property, since there would be no access to the upland property -- all access would be on the water side.

Furthermore, no money has been acquired to budget either all or any of the facility.