

TRANSCRIPT OF
MEETING

of
STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA

DECEMBER 17, 1959

10:00 A. M.

PARTICIPANTS:

THE COMMISSION:

Messrs. Glenn M. Anderson, Lieutenant Governor, Chairman

Alan Cranston, Controller

John E. Carr, Director of Finance

Fred Zweiback, Executive Secretary to
Lieutenant Governor

F. J. Hortig, Executive Officer

STATE LANDS DIVISION:

Mr. Kenneth C. Smith, Public Lands Officer

OFFICE OF THE ATTORNEY GENERAL:

Messrs. Jay L. Shavelson, Deputy Attorney General

Paul M. Joseph, 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
of 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
2 Commission will come to order. The first item on the agenda
3 will be the confirmation of the minutes of the October 29
4 meeting. Is there a motion that we accept these?

5 MR. CRANSTON: So move.

6 GOV. ANDERSON: It has been moved

7 MR. CARR: Second.

8 GOV. ANDERSON: ... and seconded we accept these with-
9 out reading. No objection -- so ordered.

10 Item 2 -- special order of business -- Long Beach
11 tide and submerged lands boundary determination, pursuant to
12 Chapter 2000/57. Mr. Hortig.

13 MR. HORTIG: In accordance with the conclusions of the
14 Commission on November 18 and in supplemental sessions had
15 by Commissioners Carr and Cranston, together with representa-
16 tives of the City of Long Beach (not as meetings of the Lands
17 Commission, but for purposes of information as to progress
18 in Long Beach in connection with the total subsidence problem
19 of which, or at least the geographical limits of which this
20 matter of boundary determination is an element) it has been
21 proposed that this morning there be a report of status with
22 respect to the negotiations as directed by the Commission at
23 the last meeting.

24 Again, in deference to our visitors who are here from
25 the City of Long Beach, the Commission may wish to call upon
26 those representatives at this time for the initial report.

GOV. ANDERSON: Who is reporting from the Attorney General's office?

MR. MORTIG: Attorney General's office - Mr. Shavelson, Mr. Ball, Mr. Roberts, and Chairman Ridings of the Harbor Board are here; and Deputy City Attorney Lingle from Long Beach. Mr. Ball appears to be closest to the Commission, so we might call upon him.

GOV. ANDERSON: Mr. Shavelson, do you wish to make the Attorney General's report first?

MR. SHAVELSON: I think the Long Beach report should be first.

GOV. ANDERSON: Mr. Ball, would you like to make a report for Long Beach?

MR. BALL: I don't have anything to report that's any more favorable or less favorable than last time. I met with the City Council yesterday afternoon -- or yesterday morning, rather. We had a scheduled meeting for Tuesday and the Council was in session until five to five-thirty, so we had it yesterday morning at ten o'clock; and we spent most of the morning discussing this same problem.

As I reported to the Commission a month ago, I wasn't certain -- I am not certain now that the matter will be settled to everybody's satisfaction, but I do know that the Council of Long Beach have several propositions before them that we have submitted to them, suggestions to them, and which they are considering. There's quite a difference of opinion

3
1 among the nine men that compose that Council, although they
2 all are of the opinion that we should try together to avoid
3 litigation if possible. I can say this -- that we are not in
4 a position at this time to, with the consent of a majority of
5 the Council, make a counter proposal -- or make another offer
6 of settlement supplementing the one which we made in October.

7 Now, the hopeful thing about it is that the different
8 members of the Council are talking about it and working on it
9 and thinking about different ways in which we could try to
10 get this settled. That's about all I can say. That's all I
11 can say without probably betraying a confidence and telling
12 you exactly what was discussed at the Council meeting.

13 However, I was advised to tell the State Lands Commis-
14 sion that negotiations were definitely still on, and that the
15 Council was still interested in considering a way to try to
16 avoid litigation. They did tell me I could say that to you.

17 GOV. ANDERSON: Any questions of Mr. Ball?

18 MR. CARR: Well, the only question, Mr. Chairman --
19 we are still lacking that very important element of timetable
20 as to -- we discussed this with reference to some future
21 time when we might say "Well, it's useless to negotiate."
22 What does Mr. Ball suggest on that? Does he ever remember that
23 the City Council of Long Beach ever agreed on anything? Out
24 of that background, when do you think they might agree on
25 this, Mr. Ball?
26

1 MR. BALL: I don't expect to get a unanimous agreement
2 of nine men on this subject. I think I have said before
3 that there are several members of the Council that are dead
4 against any kind of settlement.

5 GOV. ANDERSON: How many would that be

6 MR. BALL: Oh, I would say

7 GOV. ANDERSON: Three?

8 MR. BALL: I'd say two.

9 GOV. ANDERSON: Two?

10 MR. CARR: Well, as you know, we have discussed this
11 thing so many times in so many different ways and have specu-
12 lated on what the real feelings of the minority of the Council
13 are -- whether they intend to never come to any agreement and
14 will insist eventually on having a law suit, not because they
15 are not agreeable to a settlement but because they are afraid
16 to make one because they don't want to take the responsibility
17 on this thing. That seems to be lurking in the background.....

18 MR. BALL: That's one serious problem

19 MR. CARR: that even if the City Council and the
20 Commission agree that they still would not put their names to
21 it for fear they would be criticized for doing less than hav-
22 ing a court settlement.

23 MR. BALL: Of course, that's one

24 MR. CARR: What do you think about that?

25 MR. BALL: You have to always consider the fact that
26 these men are elected officials and this is an election year,

1 I think. However, five members of the Council can vote
2 for an agreement and I am not sure that a majority of the
3 Council at this time wouldn't put their personal considera-
4 tions aside and try to vote for the best thing for Long Beach.
5 That's the way I feel about it, and that's the general tenor
6 of our discussions. Of course, in the discussions there is
7 bound to be some consideration of the political effect of some
8 decision of this sort; but in the main, as I say, the majority
9 of those Councilmen put that aside and don't consider it --
10 at least they say that.

11 GOV. ANDERSON: Are the other seven members of the
12 Council that might work toward a decision -- are they seven
13 different points of view or divided into groups?

14 MR. BALL: They are divided into groups.

15 GOV. ANDERSON: Which is the larger of the groups?

16 MR. BALL: Well, the neutral. That's the reason I
17 think there's a good chance we may work something out, because
18 the majority of the Council in numbers has expressed a desire
19 to see a settlement accomplished and haven't been able to
20 agree upon the terms to which they would agree.

21 MR. CARR: We deferred -- the Commission did -- the
22 making of an offer to the City of Long Beach on a "take it
23 or leave it" basis because of the expressions that came from
24 down there that something could be worked out. Would you sug-
25 gest that a deadline be established, say, as of the next
26 meeting in January or February or August -- or next December,

1 after the elections are over? When do you suggest we get
2 down to business and say "Here is a proposition from the
3 State of California and if you take it, fine; if you don't,
4 the law suit begins." Eventually it seems to me we are going
5 to get to that, Joe.

6 MR. BALL: You probably will and I am going to be
7 frank with you. I come to you as a double pleader here. I
8 am anxious to settle this if we can and avoid litigation.
9 Primarily, as special counsel for Long Beach, I want to make
10 sure that Units II and III, Fault Blocks II and III are uni-
11 tized without difficulty and that we can finally unitize
12 Fault Block IV, which will come much later; and I am not the
13 one to suggest to you a deadline because I don't want any
14 deadline to ever happen if it is going to interfere with the
15 work we are doing down there to unitize those fault blocks.
16 That's exactly the way I feel about it and, therefore, I want
17 to avoid a deadline as long as possible.

18 I want to continue to attempt to negotiate this law
19 suit -- I mean this argument, and not come to a deadline. I
20 know that's not very practical. Some time people have to get
21 together and say "We will either settle or won't" and that
22 will be your decision.

23 You probably are advised that we are very close to
24 signing the agreements at least on II and III. We have been
25 negotiating with the owners of -- well, the contractors, let's
26 say, in Fault Block IV for extensions in the last month and

7
1 we are pretty close with them, too, on terms.

2 MR. CARR: I think it would be in order at least, Mr.
3 Chairman, for us to reiterate our feelings that as far as the
4 City Council of Long Beach is concerned we respect the fact
5 that they have a responsibility to the public to see that they
6 do a good job; but I think it ought to be in the record that
7 we do too, and we could be accused of dilatory tactics on
8 this Commission if we don't do something about it. So we
9 have these opposite ends -- they don't want to do anything
10 because they don't want to be criticized and we don't want
11 to be criticized either. Somewhere along the line we have
12 got to make a decision, that's my opinion; we can't go on
13 forever. We can leave it up to the next administration if we
14 ever get the Republicans back in again. They dumped a lot of
15 things on this administration -- maybe we could dump something
16 on them. (This is not political; this is just business tac-
17 tics.)

18 GOV. ANDERSON: Any comments?

19 MR. CARR: I am through commenting. I'd like to hear
20 from Mr. Shavelson.

21 MR. SHAVELSON: I have very little to add. I think,
22 from Mr. Ball's remarks, it's obvious where the negotiations
23 are at this point. The City has made one proposal which we
24 feel is entirely unsatisfactory and of which the Commission
25 knows; and the representatives of the City cannot make any
26 other proposal or let us know what their position is until

1 they consult with their City Council. We met with representa-
2 tives from the City Attorney's office and with Mr. Ball on
3 November 12 and at that time I think we all agreed that the
4 negotiations could go no further until there had been something
5 heard from the Long Beach City Council; and we haven't heard
6 from any representative of the City on this matter since that
7 date.

8 We are prepared at any time the Commission directs us
9 to file this proceeding. We are unable to say what the pros-
10 pects of success are in these negotiations. We think it is
11 entirely up to the City at this point.

12 MR. CARR: Does any other representative from Long
13 Beach have any speculations on this

14 GOV. ANDERSON: Mr. Carr would like to know

15 MR. CARR: It's purely speculative.

16 GOV. ANDERSON: ... whether any other representative
17 of the City of Long Beach might have anything else to add --
18 any other observation?

19 MR. RIDINGS: I might say, so it's clearly understood....

20 GOV. ANDERSON: Could we have the name for the record?

21 MR. RIDINGS: H. E. Ridings from the Port of Long Beach.
22 This is a matter wholly within the purview of the City Council;
23 and others of us who are directly working with the program of
24 subsidence correction and injection are not in a position to
25 speak for the City as a whole. We have our views as individual
26 citizens but it is only the City Council and their special

9
1 counsel, Mr. Ball, that can speak for the Council.

2 MR. ZWEIBACK: I have one question of Mr. Shavelson
3 relating to this litigation of the State versus the City of
4 Long Beach -- in his opinion would this litigation have any
5 adverse effect on the achieving of unitization in Fault Blocks
6 II, III and IV; that is, would it be an upsetting factor in
7 your opinion?

8 MR. SHAVELSON: That's an extremely difficult question
9 to answer for a number of reasons, Mr. Zweiback. I would
10 certainly say at the minimal level it would involve severe
11 manpower problems, since the people -- the lawyers and the
12 engineers -- would be largely concerned with both problems.
13 It's my understanding that the unitization agreements of Fault
14 Blocks II and III are about to be consummated and that, there-
15 fore, there is little or no relationship there.

16 As to Fault Block IV, I think that at least there could
17 be a psychological effect on the members that is immeasurable
18 at this time. From a practical standpoint, I don't know that
19 there should be any effects, but I am not prepared to say
20 that there won't be. I think the relationship between the
21 two problems is so highly complex and involves so many factors
22 other than the purely rational, I think we just can't say for
23 sure at this time.

24 MR. CARR: Mr. Chairman, in view of the fact that the
25 situation with regard to the Naval shipyard will be cleared
26 up sometime this month, when Admiral James makes his report

1 to the Secretary of the Navy, I am willing to leave it for
2 action until the next meeting.

3 MR. CRANSTON: Second.

4 GOV. ANDERSON: Moved and seconded. No further
5 objection, so ordered.

6 Item 3 on the agenda is permits, easements, and rights-
7 of-way to be granted to public and other agencies at no fee,
8 pursuant to statute, and the first applicant (item (a)) is
9 Union Lumber Company. Mr. Hortig, any comment on that?

10 MR. HORTIG: This is a standard application for a
11 standard usage in accordance with the rules and regulations
12 of the Commission.

13 GOV. ANDERSON: Is there a motion on Item 3?

14 MR. CRANSTON: Move approval.

15 MR. CARR: Second.

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

18 Item 4 -- Permits, easements, leases, and rights-of-way
19 issued pursuant to statutes and established rental policies
20 of the Commission; and the first applicant (a) Argus Develop-
21 ment Company; (b) G. R. Armann and Wendell Rennpage; (c)
22 the Eureka Shipbuilders. If you want me to stop on any of
23 these, Mr. Hortig, I will; otherwise, I will go straight
24 through. Item (d) - Louis Ralph Morris; item (e) Patrick J.
25 O'Hornett; item (f) Patrick J. O'Hornett; and item (g) is
26 Patrick J. O'Hornett.

1 MR. HORTIG: I might comment for the information of
2 the Commission, the subdivision of Mr. Hornett in three parts
3 is because of the fact that he held permits in San Bernardino,
4 Inyo and Kern Counties and the recommendations are in accord-
5 ance with those county designations. That's why he has been
6 divided into three parts.

7 GOV. ANDERSON: Item (h) - Riverview Investment Company.

8 MR. CARR: What is that fifteen-year lease?

9 GOV. ANDERSON: Mr. Hortig?

10 MR. HORTIG: For a boat marina, sir. The application
11 of the Riverview Investment Company is to lease 2.243 acres of
12 tide and submerged lands along the right or west bank of the
13 Sacramento River, one and one-half miles upstream from
14 Broderick, Yolo County, for a boat marina. The applicant is
15 the owner of the adjoining upland and proposes to lease at the
16 appraised value the State's adjoining lands necessary to oper-
17 ate the boat marina. On the basis of the appraisal and the
18 established Commission leasing policy, the annual rental would
19 be \$296 and it is, therefore, recommended that authorization
20 be given to issue a fifteen-year lease to Riverview Investment
21 Company for the above described purpose at the annual rental
22 of \$296, with a surety bond in the amount of \$1,000 required
23 to cover performance under the lease; and the lease to provide
24 for two optional renewal periods of ten years each upon such
25 terms and conditions as the Commission may impose at the time
26 of renewal.

1 MR. CARR: Mr. Chairman, I wonder if with the increas-
2 ing popularity and importance of boating, and in the light
3 of the program now being developed on small boat harbors
4 and things like that, that maybe we might not review these
5 possible sites with the idea of formulating a policy. Now,
6 it seems to me that these two and 24/100 acres -- Mr. Hortig,
7 how much river bank, how much littoral is that? How long
8 does that run along the river?

9 MR. HORTIG: Let me do some rapid addition here.
10 There is one course here that's 422 feet long along the mean
11 high tide line.

12 MR. CARR: Mr. Chairman, looking back fifty or so odd
13 years more or less to the development of the automobile and
14 traffic and the importance of sites for service stations and
15 things like that, and the fact that the increasing popularity
16 of boating is going to accelerate very rapidly, a site like
17 this may be worth -- instead of \$296 a year, may be worth
18 \$10,000 a year. I wonder if we know what these sites are
19 really worth.

20 MR. HORTIG: Mr. Chairman, may I comment in that
21 connection?

22 MR. CARR: I am not offering ten thousand for it, you
23 understand. I am just wondering what it's worth.

24 MR. HORTIG: I am disappointed -- I thought we had a
25 new lessee. Actually, our problem resolves from getting State
26 lands into usage for this purpose under private development

1 because if not leased in accordance with what appears to be
2 the reasonable appraised values of these lands, and under the
3 current Small Craft Harbors Commission program for develop-
4 ment of boat marinas, harbors, and so forth, if there isn't
5 a private development in the area -- which incidentally are
6 looked upon with favor by the Small Craft Harbors Commission
7 as long as facilities are provided, if the private develop-
8 ment is not neglected -- we have for consideration, as of
9 previous calendars of the Commission, application by the
10 county for utilization and operation of these lands for a
11 concessionaire to the county, with a permit issued to the
12 county at no fee. Actually, therefore, under these circum-
13 stances and looking simply at the economic balance, a private
14 development and leaseage of such an area is of advantage to
15 the State. In either event, in the Small Craft Harbors
16 program it is of benefit to the State, but as far as deriving
17 moneys from the leasing of these lands this is the only way
18 we can achieve tributes to the State Lands fund.

19 MR. CARR: Has there ever been a study of this in
20 conjunction with Beaches and Parks or any of the other public
21 and/or private agencies as to the availability in numbers?
22 I have been up and down the levee quite a little bit. Is it
23 accurate to assume that the whole riverbank from one end to
24 the other might be subject to lease to someone who has the
25 adjacent land?

26 MR. HORTIG: That is correct, sir, there being one