any prejudice involved in the thing.

MR. HORTIG: This was the reason for citing the answers in the item, which I believe now constitute a firm declaration that the question of establishing a precedent and as to committing the Commission and as to affecting the rights of the applicant have all been resolved -- so there should be no further question. This is the basis, at least, on which Mr. Joseph would defend legally if any further questions in this area were raised.

GOV. ANDERSON: Anything further?

MR. CRANSTON: No.

GOV. ANDERSON: Senator Regan, do you wish to address the Commission at this time?

SENATOR REGAN: Mr. Chairman, members of the Commission, as you know I am counsel for the applicant. In summary -- of course, it has been argued very fully at the last meeting, but in summary I would say that I am fully in accord with the opinion of the Attorney General that there is no policy fixed on the part of the State here. This merely gives the applicant his right to make his appeal to Washington -- that's the effect of it; and what you do later on, assuming the appeal is successful in Washington, it is right back in your lap. You may reject it or you may approve it. As a matter of fact, if you want some further information, I have gathered considerable information since then.

GOV. ANDERSON: It is not necessary. Does anyone

wish to make further comment on the item?

MR. STOKES: Stokes, Department of Fish and Game. Do you wish to have the information that we gathered presented?

GOV. ANDERSON: You can submit it to the staff. We don't need it for the public record. Just give it to Mr. Hortig.

MR. CRANSTON: If and when this matter returns to us from Washington, we will be very interested in your information, but not at this time as far as our action is concerned.

GOV. ANDERSON: Any further comment? Will you state your name?

MR. REGINATO: John Reginato representing the Shasta-Cascade Wonderland Association. I am here at the request of my president. I certainly feel this Commission should allow the Department of Fish and Game to make available, for public information, the information that they have gathered together to present to this Commission. I know that there are people who are interested greatly in the entire survey that the Department of Fish and Game has developed.

I also feel that Mr. Jimmie Smith, who is here representing the Fish and Game Commission and also the Wildlife Conservation Board, should be heard.

On behalf of myself and the Association, I want to say this very explicitly -- that we are greatly concerned about the availability for the hunter and fisherman of utilization of our natural resources in California. We may say that these

fifty-eight acres involved are just a minute part, or just a little bit of our public lands. I would like to present a simile in regards to that. The Sacramento and San Joaquin rivers fifty years ago had 3,000 miles of spawning area; today we have less than 250 miles of spawning area. Also on the Sacramento River, which is one of the finest anadromous streams, which supports not only sport fishing but the commercial fisherman, the individual fisherman (and I am speaking basically of Shasta and Tehama County) does not have the opportunity to fish from the shoreline.

The Trinity River, as a result of an expenditure of $250,000,000 by the Federal Government, is going to become one of the favorite and one of the finest steelhead and salmon streams in the State of California. Now, these fifty-eight acres involved seem very insignificant, but I am quite certain that the information gathered together by the Department of Fish and Game will point out that one of the important considerations is that public access to these streams is not available, either because no roads go into the area or because there is conflict with private access. The land in question, which is six acres of flat land, is being currently used by a lot of people from southern California for camping and trailers. This fifty-eight acres is very important to the people of the State of California.

I can quite concur with the Trinity Board of Supervisors and Senator Regan, who is counsel for our association

1 and for Mr. Gilzean, that it is important that the tax base be
2 strengthened in Trinity County. However, we have to consider
3 what is in the best interests for all the people in the State
4 of California. Trinity County will get its share from tourists
5 and travel. However, we should insist that the average citizen
6 of the State of California, with our exploding population, is
7 given an opportunity to enjoy the outdoor resources.
8 I certainly would insist that this Commission would
9 allow the Department of Fish and Game to make a public pre-
10 sentation of the information they have gathered -- that other
11 State agencies have had an opportunity to be heard.
12 MR. CHAMPION: The problem here is one that this is
13 not a matter that is before us. There is nothing to keep any
14 State agency from taking a public position and telling how it
15 feels on this matter, but we are not sitting on the matter this
16 morning. It doesn't seem to me it is the proper forum. There
17 is no reason why the Department of Fish and Game cannot make
18 public its information, but since we are not sitting on the
19 case I don't think it is appropriate for us to discuss the
20 matter.
21 MR. CRANSTON: If and when the matter comes back
22 from Washington and we are acting on the merits, then we would
23 wish to hear from every agency and private individual.
24 MR. REGINATO: I understand, Mr. Commissioner, this
25 meeting here this morning is basically to determine policy.
26 MR. CRANSTON: No. The meeting is to transmit,

1 without any determination of policy, to the applicant who has
2 applied the legal opportunity to move his application forward,
3 but if it goes through here this morning and goes to Washing-
4 ton and is approved, it comes back here and at that time we
5 determine whether it is in the public interest. At that time
6 we would like to hear from you, Fish and Game, Senator Regan,
7 and everyone who is interested -- and would allow full time
8 for that purpose.

9 GOV. ANDERSON: The question we are discussing here
10 today is that our approving this today does not affect our
11 policy when it gets back.

12 MR. CHAMPION: It is possible that we will never
13 act on this if the Federal Government rejects this appeal.

14 MR. REGINATO: Gentlemen, I think the discussion
15 will be in the last analysis whether this is recreational land.
16 It is my understanding that the Bureau of Land Management,
17 which is in the process of classifying all public lands in
18 their jurisdiction, have classified this particular parcel as
19 recreational land -- which is in the public interest. Cer-
20 tainly, would anything be gained, other than proving to the
21 Commission whether the appeal would be accepted? We in turn
22 will have to come back and re-do this whole situation again.
23 In other words, the Bureau of Land Management to my understand-
24 ing has classified this as recreational land.

25 MR. CRANSTON: It is the feeling of the Commission --
26 our feeling is based upon advice from our staff and the

1 Attorney General -- that we should make such a determination
2 that we are required to keep it as a matter of public interest
3 in public hands when it comes back; and I think when it comes
4 back, if it does, we will have the meeting in Sacramento so
5 you people won't have to come down here.
6 MR. CHAMPION: Its present posture is the Federal
7 Government has recommended against selling this to Mr. Gilzean.
8 If they are upheld in Washington, this matter never appears
9 before this body -- it is rejected.
10 MR. REGINATO: Well, gentlemen, it has cost us a
11 considerable amount of money to come from Redding to Los
12 Angeles and certainly I feel it would have been prudent for
13 your staff to have advised our office particularly if this
14 matter was not going to be fully discussed, that the matter
15 was going to be sent to Washington for appeal. We should have
16 been advised. I have no further remarks. I appreciate the
17 opportunity of being heard. Thank you.
18 GOV. ANDERSON: Any further comments on the item?
19 State your name and who you represent.
20 MR. SMITH: Honorable members of the State Lands
21 Commission and ladies and gentlemen, I am Jimmie Smith. I am
22 President of the California State Fish and Game Commission;
23 I am Chairman of the Wildlife Conservation Board. I had in-
24 tended to speak with regard to retaining this land in question
25 in public management this morning. Owing to the fact that my
26 name was mentioned by a previous man who addressed you, I am

1 up at this mike to oppose any comment regarding this until it
2 comes out, as Mr. Cranston indicated it would, when it comes
3 to a showdown meeting as to whether this land remains in public
4 ownership or should go to an individual. Thank you for your
5 courtesy.

6 MR. VILE: Mr. Chairman, members of the Commission,
7 my name is Robert Vile. I am Vice President of the California
8 Wildlife Federation. In our convention which was held on
9 July 1st and 2nd, we passed a resolution in opposition to this
10 appeal you intend to make to the Federal Government. I had
11 the belief at this time, with them, that the appeal would make
12 the decision of whether or not this man was going to take from
13 public ownership to private use, and the intent of the resolu-
14 tion was to attempt to stop this move under this appeal.
15 From what I have heard here today, I don't believe any further
16 testimony is necessary as far as our organization is concerned
17 in regards to why this should remain in public ownership.
18 However, we would like to be on record in stating we are defin-
19 itely opposed to removing this from public uses and turning it
20 over to private enterprise. Thank you very much.

21 GOV. ANDERSON: Any further comment?

22 SENATOR REGAN: Mr. Chairman, just for the record
23 I'd like to say this: I don't intend to discuss the merits
24 of it because there is only a legal problem involved that will
25 eventually come back for discussion; but in case anybody gets
26 the idea that my client and his counsel is not interested in

1 wildlife -- you heard Mr. Reginato state I am the attorney for
2 his organization. I am just as interested in conservation of
3 wildlife as John and anybody else. They don't know the facts
4 in this case -- they are getting ahead of themselves -- so
5 let's get the appeal back on this and then a policy determina-
6 tion can be made.

7 MR. REGINATO: May I make one further comment? With
8 all due respect to Senator Regan, who is our counsel, Mr. Regan
9 has a letter from the president of the Association, carbon
10 copy, which states that in view of the fact he was representing
11 a client which was not in interest with the Association that
12 in this particular instance Senator Regan, who has devoted his
13 legal counsel to our Association without any fee, will not act
14 in our behalf in this particular instance.

15 SENATOR REGAN: Well, that's understood.

16 GOV. ANDERSON: If there is no further comment, it
17 has been moved and seconded the staff recommendation be
18 approved. If there is no objection, it is carried unanimously.

19 Going on with the calendar, Item Classification 6:
20 Authorization for Executive Officer to execute preferential
21 mineral extraction leases to California Minerals Corporation
22 for initial term of 20 years, with preferential right to renew
23 for additional term not to exceed 10 years, each lease to be
24 subject to a royalty payable in accordance with rate specified
25 in the prospecting permit and to an advance annual rental of
26 $1.00 per acre, covering following areas: (a) Prospecting

Permit P.R.C. 2488.2 -- 120 acres in Fresno and San Benito counties; (b) Prospecting Permit P.R.C. 2489.2 -- 100 acres in Fresno and San Benito counties; (c) Prospecting Permit P.R.C. 2490.2 -- 160 acres in Fresno County.

MR. CRANSTON: I move approval.

GOV. ANDERSON: It has been moved ....

MR. CHAMPION: Second.

GOV. ANDERSON: ... and seconded -- no objections, carried unanimously.

Item 7 is authorization for Executive Officer to approve cancellation of sublease between Crescent City Harbor District and Ray Beall, and to approve issuance of new sublease by Crescent City Harbor District to Tidewater Oil Company for a 10-year period.

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded -- no objections, carried unanimously.

Item 8 -- Proposed annexations: (a) is the Santa Barbara Airport Annexation -- authorization for Executive Officer to notify Council of City of Santa Barbara that present value of tide and submerged lands proposed to be annexed is $328,000. Mr. Hortig.

MR. HORTIG: Mr. Chairman, in amplification, the Commission will recall that at the meeting of September 14, 1961 the Commission authorized the Executive Officer to inform the

Council of the City of Santa Barbara that the Commission protests the proposed annexation of the tide and submerged lands unless the proposed annexation is modified to include only the surface of the land of the ocean floor instead of 500 feet below the surface of the ocean floor, and the staff was also advised to take whatever legal action necessary, if any, to protect the interests of the State.

Pursuant to these directions, these questions were referred to the Office of the Attorney General and in conjunction with the Office of the Attorney General the Executive Officer did appear and present to the City Council of Santa Barbara the recommendations of the Commission, which resulted in adoption by the City Council of Santa Barbara of an ordinance agreeing to amend the description of the annexed territory for purposes of the annexation ordinance to exclude from the territory to be annexed all property beneath the surface of the land of the ocean floor within the tide and submerged lands of the State of California.

Also, as a staff matter, the staff appraisal has been completed and fixed the value of the surface of the State tide and submerged lands proposed to be annexed at $328,000.

In view of the cooperation by the City Council of the City of Santa Barbara and compliance with the request to obtain a resolution in accordance with the recommendations of the Lands Commission, it is recommended that the State Lands Commission authorize the Executive Officer to notify the

Council of the City of Santa Barbara that pursuant to the provisions of Section 35313.1 of the Government Code the State Lands Commission has determined the present value of the surface of the tide and submerged lands proposed to be annexed is $328,000.

Additionally, as to the legal questions referred to the Office of the Attorney General, Deputy Attorney General Hilton is here this morning to report to the Commission on those; and, as I am sure you are already aware, the City Attorney, the Honorable Stanley Tomlinson, is here representing the City of Santa Barbara in connection with this item.

GOV. ANDERSON: Any further comment?

MISS HILTON: The Attorney General has provided the staff with a report on the legal aspects of this problem. We are concerned with the annexation of an ocean strip. Annexation by strip is well recognized in California. This will be the first time that has been a strip of ocean. It will not be the first time that there has been a strip annexation by tidelands. That has been done in San Diego.

The second matter that was of concern to us was the fact that this was an annexation of 300 feet only on the surface, 500 feet down beneath the ocean floor of the Santa Barbara airport. The original annexation had that description for the tidelands area. Now that the present resolution of the City of Santa Barbara is revised, the description taking only the surface area, that will take care of the problems

that the State Lands Commission anticipated and it does make a change.

Our advice is this: This is unique, an extension; it is unknown in the field of law. There is nothing which permits it; there is nothing which prohibits it. We cannot say, foretell, what a court of law would do to it if it were questioned in a court of law. As far as the Attorney General, that is our statement and we feel it is a matter which has to be determined by the State Lands Commission as a matter of policy by the members of that Commission.

GOV. ANDERSON: Now, at the last meeting I understood the representative of the Attorney General to say it was not our jurisdiction -- that the annexation problem question, determining whether it is proper to go out in the ocean, was a problem to be decided by the Board of Supervisors and this was not our problem to decide. Are you changing this position?

MISS HILTON: No, it is always the Board of Supervisors which determines where they will go in an annexation. It is a policy decision for the State Lands Commission to determine whether or not it wishes to protest and question the legality of this annexation.

GOV. ANDERSON: You mean to question the method by going out in the ocean?

MISS HILTON: Yes, if you wish to question the method of going out in the ocean or if you wish to question the fact that this is an annexation which just goes to the

1 surface of the land. Usually, in annexation procedures, where
2 there has been an annexation they take the entire territory,
3 presumably to the center of the earth; and the jurisdiction
4 changes and the entire area is taken over by the city. At
5 this point, the city would be just taking the surface. The
6 county would still have the jurisdiction beneath the surface.
7 It is purely jurisdictional, not a legal matter.

8 GOV. ANDERSON: Do you think we have the jurisdiction
9 of just the land because they are not going to the center of
10 the earth, or do you think the procedure of going out into the
11 ocean and annexing this strip - - do you feel we have the right
12 to consider this?

13 MISS HILTON: We feel the Lands Commission has the
14 right to consider ocean strip annexation. Whether you consider
15 the possibility that is so unusual a proposition that you wish
16 to question it in the courts is a policy determination to be
17 made by the Commission. Actually, if we were representing
18 you in the matter.....

19 GOV. ANDERSON: At the last meeting, I raised this
20 point because I didn't feel we should go on with this kind of
21 annexation, and I was informed this was not the jurisdiction
22 of the State Lands Commission; this was a question that had to
23 be determined by the Board of Supervisors, who were the annex-
24 ing power; and I thought we should decide whether this should
25 be annexed or not -- purely, whether we want to be a part of
26 the City of Santa Barbara or not.

1 MISS HILTON: Actually, I do not mean the Lands
2 Commission is in a position to determine they don't want to be
3 a part of the City of Santa Barbara at this time. If the
4 State Lands Commission should determine that ocean strip
5 annexation was inimical to the State Lands Commission in its
6 jurisdiction over tidelands, presumably then the State Lands
7 Commission would go to the Legislature and ask for special
8 legislation in that regard.
9 GOV. ANDERSON: This was the step they told us about
10 the last time -- that if we didn't like ocean strip annexation
11 we should go to the Legislature, but under the present law we
12 didn't have any right to object on those grounds because that
13 is the law today.
14 MISS HILTON: Well, we presume this is the law.
15 Actually, as I say, we have not had the question of ocean
16 strip annexation tested in the courts. The problem would be
17 this: Usually when a city annexes territory, strip annexation,
18 it is presumed that municipal benefits are going to be given
19 to that strip. What benefits the City of Santa Barbara could
20 give to a 300-foot strip of ocean several miles out is problem-
21 atical; but in California we have never stressed the benefits
22 to be given to the territory. The court has presumed those
23 benefits will be there and will be extended to the area, so we
24 are dealing with rather an unusual situation. If we were
25 taking this matter to court we would state that there were
26 few benefits, but actually we do not feel that what we have is

a vital ground of protest. We feel it is a legal point that can be argued, but probably it is better taken care of by the Legislature rather than a court action in regard to this Santa Barbara annexation.

MR. CHAMPION: That was my understanding from our previous discussion -- that we acted insofar as we felt was necessary to protect our interests; that we had no further interest as such; and that if there was some point where this was in conflict with the law that that would be a matter for the Attorney General to determine -- if he wanted to contest it, that would be really a finding for him; that we were concerned with protecting our own interests and beyond that we played no part in it and that was the basis of our decision. What you state this morning doesn't alter it.

GOV. ANDERSON: I thought it did because I am personally opposed to ocean floor annexations, but I didn't think we were taking that position. Now, if we are to determine policy on something like that, I think we ought to look into it a little deeper.

MISS HILTON: I would not say, Mr. Anderson, that it is the recommendation of the Attorney General that a protest be made to question ocean strip annexation at this time. We say that it is unusual, but there is no feeling that in this particular case, now that the Council has revised its resolution and its description, we do not feel - - the Attorney General is not advising you to file a protest.

GOV. ANDERSON: Any other comment, Frank?

MR. HORTIG: No sir. Back to the staff recommendation.

GOV. ANDERSON: Mr. Tomlinson?

MR. TOMLINSON: Mr. Chairman, members of the Commission, I appreciate the opportunity to be here again and discuss this matter. I have made a very careful investigation of the applicable law and I believe that my findings parallel those of the Attorney General's Office, namely that while this is a unique and unusual type of annexation there is nothing prohibitory in the law respecting it; and the mere fact that it is unique and unusual is a matter that perhaps in time will be addressed to the Legislature.

I do wish to make this clear, however, and very clear, crystal clear -- that the City of Santa Barbara is making this annexation of necessity, absolute necessity, because of the fact, the unusual and unique fact, that some $800,000 of assessed valuation lies 4[illegible]00 feet below the surface in an area of the territory that can never be susceptible to municipal benefits, municipal control, or other application if you wish; the fact that the three parcels of property being annexed -- namely, the tidelands under the jurisdiction of this body; the University of California, I believe a total of eight acres; and 932 acres owned by the City of Santa Barbara of public-owned land; that under the circumstances of there being no substantial private ownership in the airport territory; the fact that this private $800,000 of assessed valuation lying

1 beneath the surface is determined to protest if the annexation
2 is carried in the usual form to the center of the earth. The
3 nature of that protest means that there can never be in all
4 time an annexation of this municipally-owned airport.
5 The City of Santa Barbara feels very strongly on the
6 necessity, the desirability, of exercising its own municipal
7 control over its own airport in respect to land use and the
8 general exercise of police power over that area.
9 I take it that the factual situation, gentlemen, is
10 as unusual as the legal form of annexation that has been under-
11 taken here. It is quite true that I have made a national search
12 to determine whether anything of this character has ever been
13 done before. My findings have been in the negative, but I can-
14 not help but think and refer this Commission, or any lawyer
15 who sees fit to question the unique and unusual character of
16 such an annexation, that in 1906 here in Los Angeles the city
17 authorities of this city undertook a strip annexation of sixteen
18 miles long, one-half mile wide, to accommodate the annexation
19 of two communities, San Pedro and Wilmington. I am convinced
20 from reading the case in the Supreme Court testing that annexa-
21 tion that the city authorities nor State authorities at that
22 time had any precedent whatsoever for that type of annexation.
23 I say we have a comparable situation now.
24 We have a situation created by modern conditions,
25 perhaps, that couldn't possibly have existed at that time: but
26 I suggest this under these circumstances and the facts that

1 we are talking about here, namely the uniform or the entire
2 public ownership of the territory being annexed, is no more
3 unique, is no more shocking than that situation that existed
4 here in Los Angeles in 1906; and that has never been altered by
5 the court. The findings of the Supreme Court have never been
6 changed in any of the subsequent decisions dealing with freak
7 or unusual or unique annexations.

8 I believe the Lands Commission has fully performed
9 its function here in ascertaining and determining the value
10 which will be considered by the City Council. The City is very
11 happy to cooperate with the Lands Commission and the staff in
12 adoption of the resolution that when the order of annexation
13 is prepared and introduced it will modify the description, the
14 exclusionary portion of the description insofar as the tidelands
15 there are concerned, to the surface of the territory being
16 annexed only and eliminating therefrom and leaving under county
17 jurisdiction all of the territory lying beneath the surface.
18 The City has done that and is willing to do it, and that will
19 be carried forward pursuant to the resolution adopted at the
20 Council meeting about a month ago.

21 Thank you.

22 MR. CRANSTON: Mr. Chairman, the motion before us is
23 a motion which does not take a policy position on the matter
24 of this annexation. We did take a policy position to an extent
25 in our last meeting when we suggested that the City revise the
26 form of their annexation so they would not be dipping beneath

1 the surface of the bottom of the sea. They have done what we
2 suggested and that is before us now -- a motion fixing the
3 valuation of the area we are discussing; and I would move we
4 approve the evaluation.

5 MR. CHAMPION: I would second that with an added
6 observation and that is there should be no implied general
7 approval of ocean floor annexation or strip annexation; that,
8 at least in my mind, in those cases that come before the Lands
9 Commission of this kind because one of these has been granted
10 doesn't mean we approve this. In other words, we approve only
11 in terms of the circumstances in any given case. In this case,
12 there being no other objection, we raise no protests, but where
13 there are objections I don't believe it should be thought we
14 will approve ocean strip annexations because we approved this
15 one. I second it.

16 GOV. ANDERSON: It has been moved and seconded, and
17 under discussion, because there seems to be a little ambiguity
18 in the law -- and this I don't intend to raise in great opposi-
19 tion to this, because I know what we are doing primarily here
20 is establishing the value of the land and because we find there
21 will be no specific detriment that will accrue to our State
22 tidelands -- but I do wish to be recorded as voting "no" on
23 this motion because I feel this ocean strip method of annexa-
24 tion is something that should be looked into and I intend to
25 see that somehow we can get some legislation introduced and
26 possibly study the law; and for that reason I would just as

soon not have myself on record as voting for some ocean strip annexation here, because, as the Attorney General here says, they say that we are in a sense developing an established procedure by doing this and we set a precedent, and for that reason I wish to be recorded as voting "no" on this particular motion.

So if there isn't any further objection, then, the item will appear with two "aye" votes and one "no."

Item (b) -- City of Oxnard annexation -- authorization for Executive Officer to notify Council of City of Oxnard that the present value of tide and submerged lands proposed to be annexed under Annexation No. 61-103 is $1,471,800. Mr. Hortig?

MR. HORTIG: Mr. Chairman, as outlined on page 57 of your agenda, pursuant to request from the City of Oxnard for evaluation of area of tide and submerged lands proposed to be annexed together with some adjoining upland properties, as shown on the map following page 57 of your agenda, the staff appraisal has been completed; that the lands proposed to be annexed have a present value of $1,471,800 for the 7,359 acres of tide and submerged lands.

This proposed annexation is what has been heretofore the standard format of proposed annexation, to include all the tide and submerged lands to the exterior city limits and down to the center of the earth. The proposed annexation would embrace an existing State oil and gas lease and one which is

88306 4-60 20M SFO

under present bid offer. The unique feature of that present bid offer is that this is the only one that has ever been offered by the State Lands Commission where the adjoining city joined and recommended that the State Lands Commission actually proceed with the bid offer -- which is the record of the City of Oxnard.

Now, patently, this annexation, by including all depths to the center of the earth, might not minimize he Commission's administrative problems there should be as against in the case of the proposed Santa Barbara strip stratified annexation just discussed. Except for that difference in approach, the staff has been unable to determine any basis for protest or objection to the annexation. Also, we have not been informed of any protest on the part of any of the upland owners within the proposed annexation area.

There are some representatives of upland areas in the audience today and the Chairman might wish to call for amplification on that subject from them, as well as from the City Attorney of Oxnard, City Attorney Hodges, who is with us here this morning.

However, on the basis of the facts presented to and available to the staff, and as it is here outlined, it is recommended that the Commission authorize the Executive Officer to notify the City Council of the City of Oxnard that, pursuant to the provisions of the Government Code, the State Lands Commission has determined the present value of tide and submerged

60 BSM SPO

lands proposed to be annexed under City of Oxnard Annexation Number 61-10A to be $1,471,800.

MR. CHAMPION: I'd like to ask Mr. Hortig a question here, as a fairly new member of the Lands Commission. What difference in our approach to the problems the State Lands Commission will have with anything we want to do with these tidelands -- what difference in control or in dealings with the City would there be in this annexation? You say "might not be minimized" and that isn't clear.

MR. HORTIG: The reason it isn't clear, Mr. Champion, is simply we do not have a clear forecast of the future and the nature of the operation, the degree of the operation, the extent of oil and gas operations and additional ones over and above those that we now have on the books, of course, given the problem of the relationship of city control, city tax assessments.

MR. CHAMPION: What legal controls would annexation give the City?

MR. HORTIG: Only taxation and nominal police powers. We have had no problems with the exercise of municipal police powers as against State Lands Commission authorized operations on the tide and submerged lands after they have once been authorized, but, as you can see, it is literally impossible to forecast what impact future city taxes might have on a prospective lease which is yet to be offered for bid in terms of decreasing the amount of the bid the State of California might