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TRANSCRIPT OF
MEETING
of

STATE LANDS COMMISSION

Los Angeles, California
July 28, 1964

PARTICIPANTS:

THE STATE LANDS COMMISSION:

Hon. Hale Champion, Director of Finance, Chairman
Hon. Glenn M. Anderson, Lieutenant Governor
Hon. Alan Cranston, Controller

Mr. F. J. Hortig, Executive Officer

APPEARANCES:

(In the order of their appearance)

Mrs. James P. Crowley, representing
Citizens Committee for the Preservation
of Public Beaches and Parks

Mrs. Alberta P. Guiver, representing
Long Beach Sailing Club, etc.

Mr. Harold A. Lingle
Deputy City Attorney, Long Beach

Mr. Arthur O. Spaulding, Petroleum Administrator,
City of Los Angeles

I N D E X
(In accordance with Calendar Summary)

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
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4 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE, continued			
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(o) Sycamore Properties	40	28	4
(p) Tidewater Oil Company	8	29	4
5 CITY OF LONG BEACH			
(a) Final Closing Misc. Proj.	11	30	5
(b) Roads & Streets Pico Rd. 9th to 3rd St., 2nd phase	35	33	5
(c) Expenditure L.B. Harbor Dept. not to exceed \$1 mil- lion for water-injection facilities upland portion Fault Block V Ranger Zone and portion Fault Block IV	31	35	5
			(MOTION ON CLASSIFICATION 5 ----- 5)
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7 MINERAL EXTRACTION, OIL & GAS LEASES			
(a) 57.59 acres Suisun Bay (sand extraction) pursuant to applic. Harry C. Thomsen	13	40	24
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(In accordance with Calendar Summary)
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7 MINERAL EXTRACTION, OIL & GAS LEASES continued			
(d) Negotiated lease State Dept. Employment and Standard Oil Co. of Calif. 4.07 acres, City of L.A.	30	46	25
8 Authorization re Unit Agree- ment Coal Oil Point Offshore Oil & Gas Field, Devereaux Area, Santa Barbara County	33	49	27
9 APPROVAL OF MAPS & BOUNDARY AGREEMENTS			
(a) City of Crescent City	4	52	27
(b) Map 12353, San Mateo Cy.	46	53	27
(c) City of Benicia	41	56	28
(d) Coast Capital, Inc., City Newport Beach & State	10	61	28
(e) Vicinity Las Tunas Beach- agreement with Harold M. and Doreen Field and Emile Maalouf	7	66	28
10 PROPOSED LEGAL ACTIONS			
(a) Quiet title, etc. against Robert E. MacDonald, Robt. E. MacDonald III and Blair MacDonald, and Monterey Sand Co	9	71	29
(b) Quiet title 80 acres in Contra Costa County	14	72	29
11 ADMINISTRATION			
(a) Amendment and adoption of regulations in Title 2, Calif. Admin. Code 2100 (F) (5)	6	74	29

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I N D E X
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continued

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u> <u>CALENDAR</u>	<u>PAGE OF</u> <u>CALENDAR</u>	<u>PAGE OF</u> <u>TRANSCRIPT</u>
11 ADMINISTRATION continued			
(b) Report to State Controller re subventions	42	75	30
(c) Study of State Lands Div.	27	79	33
(d) Amendment or revision of Art. 1,2,5,6, of Title 2, Div.3, Calif. Admin. Code	47	81	36
12 CONFIRMATION TRANSACTIONS OF EXECUTIVE OFFICER	21		37
Humble Oil & Ref.		96,99	
Richfield Oil Corp.		96	
Shell Oil Co.		97,98	
Signal Oil & Gas Co.		99	
13 INFORMATIVE - (a) Litigation	48	100	38
14 TENTATIVE			
(A) Policy re offshore drilling on tideland grants within grantee's jurisd,			Deferred
(b) Policy re development of petrol. resources in tide and submerged lands under jurisdiction of Commission			Deferred
15 Approval Oil and Gas Lease, City of Los Angeles	20	107	39
16 Next meeting			48
<u>UNCALENDARED:</u>			
Proposed contract, City of Long Beach -- Navy landing facilities			6
Sequential leasing program			44

1 MR. CHAMPION: Call the meeting to order. First
2 item on the agenda is confirmation of minutes of meeting of
3 March 26, 1964. They have been furnished to the members of
4 the Commission.

5 MR. CRANSTON: I move approval.

6 GOV. ANDERSON: Second.

7 MR. CHAMPION: Stand approved as submitted.

8 Permits, easements, and rights-of-way to be granted
9 to public and other agencies at no fee, pursuant to statute:

10 (a) County of Lassen -- Amendment of Permit P.R.C.
11 2376.9 by deletion of present legal description and substitu-
12 tion therefor of a legal description that will incorporate an
13 additional area, or a total of 76.08 acres of lands of Eagle
14 Lake, Lassen County (for development of small-boat facilities.)

15 (b) Department of Water and Power, City of Los
16 Angeles -- Issuance of life-of-structure permit, approximately
17 0.367 acre tide and submerged lands of San Gabriel River,
18 Orange County (for construction, operation and maintenance of
19 steam plant and necessary appurtenances).

20 (c) Pacific Telephone and Telegraph Company --
21 Easement across approximately 4.821 acres tide and submerged
22 lands of Raccoon Strait, San Francisco Bay, Marin County (for
23 purpose of re-establishing telephone service on Angel Island
24 to State Division of Beaches and Parks and to U. S. Coast
25 Guard Station).

26 (d) City of Rio Vista -- Ten-year renewal of Lease

1 P.R.C. 434.9, effective July 26, 1964, covering tide and sub-
2 merged lands in Sacramento River, Solano County (for floating
3 dock and protection of dolphins).

4 MR. CRANSTON: I move approval of those items.

5 GOV. ANDERSON: Second.

6 MR. CHAMFION: Stand unanimously approved.

7 Permits, easements, leases, and rights-of-way
8 issued pursuant to statutes and established rental policies
9 of the Commission:

10 (a) Herman Akers -- Five-year grazing lease, 197.68
11 acres, San Benito County, annual rental \$19.77.

12 (b) Casiano Land & Livestock Co., Inc. -- Five-year
13 grazing lease, 6,006.66 acres, Lassen County, annual rental
14 \$242.67.

15 (c) Diaz Brothers -- Five-year grazing lease,
16 2,320.59 acres, Lassen County, annual rental \$116.03.

17 (d) Department of the Navy -- Amendment of Lease
18 P.R.C. 509.2, covering 920 acres of land in the Salton Sea,
19 Imperial County, to reflect a transfer of jurisdiction from
20 the Department of the Army and consequent changes in account-
21 ability.

22 (e) Continental Oil Company -- Acceptance of quit-
23 claim and termination of Oil and Gas Lease P.R.C. 1524.1,
24 Huntington Beach, Orange County, effective June 1, 1964.
25 (No longer economical to operate the lease)

26 (f) Finley-Carpenter, Inc. -- Issuance of dredging

1 permit for approximately 200,000 cubic yards of material from
2 tide and submerged lands adjacent to Petaluma River, Marin
3 County; 50,000 cubic yards to be deposited on State lands
4 and 150,000 cubic yards on private lands at royalty of five
5 cents per cubic yard. (For purpose of developing waterways
6 in connection with a marina-type subdivision) State to be
7 guaranteed access to adjacent State lands.

8 (g) E. R. Haertling and Bernice Haertling --
9 Assignment to Windmill Cove Corporation of Lease P.R.C. 2856.
10 tide and submerged lands of San Joaquin River, San Joaquin
11 County.

12 (h) Joseph Morris -- Ten-year renewal of Lease P.R.C.
13 391.1, 1,653 acres tide and submerged lands of Santa Monica
14 Bay, Los Angeles County, and amendment thereof by deletion of
15 present legal description and substitution therefor of a new
16 legal description to correct a discrepancy. Annual rental,
17 \$781.20

18 (i) Pacific Gas and Electric Company -- Ten-year
19 renewal of Lease P.R.C. 390.1, 0.11 acre lands under Mokelumne
20 River, Sacramento and San Joaquin counties, for natural gas
21 pipeline crossing. Total rental, \$100.

22 (j) Pacific Gas and Electric Company -- Fifteen-
23 year lease, 1.03 acres, Hudeman Slough, Sonoma County, for
24 12 KV aerial wire crossing. Total rental, \$297.90.

25 (k) Riverview Investment Company -- Rescission of
26 Commission action of December 17, 1959, authorizing issuance

1 of 15-year lease covering 2.243 acres tide and submerged
2 lands, Sacramento River, Yolo County, for a boating facility.
3 Applicant failed to execute offered lease, to pay rentals, or
4 to provide required surety bond.

5 (l) Shell Oil Company -- Geophysical Exploration
6 Permit for period August 1, 1964 to February 1, 1965 for
7 12,060 acres proprietary lands of the State on portions of
8 Hammond, Grizzly, and Joice Islands, Solano County, and on a
9 portion of Sherman Island, Sacramento County.

10 (m) Lindsey H. Spight, d.b.a. Diablo Communications
11 Center -- Approval of sublease under Lease P.R.C. 2364.2 to
12 Frank's Trucking, Inc., school lands, Contra Costa County,
13 for maintenance and operation of a mobile repeater transmitting
14 on 954.9 megacycles and receiving on 958.5 megacycles.

15 (n) Lindsey H. Spight, d.b.a. Diablo Communications
16 Center -- Approval of sublease under P.R.C. 2364.2 to Ad
17 Art, Inc., school lands, Contra Costa County, for maintenance
18 and operation of a mobile repeater transmitting on 463.05
19 megacycles and receiving on 466.30 megacycles.

20 (o) Sycamore Properties -- Approval of sublease for
21 pier site of P.R.C. 719.1, tide and submerged lands in Ventura
22 County, to Joe Klaassen, who intends to operate the pier
23 thereon in connection with a trailer park and related facilities.

24 (p) Tidewater Oil Company -- Assignment of an un-
25 divided 25% interest in State Oil and Gas Leases P.R.C. 308.1
26 and P.R.C. 309.1 to Richfield Oil Corporation, Coal Oil Point,

1 Santa Barbara County.

2 MR. CRANSTON: I move approval.

3 GOV. ANDERSON: Second.

4 MR. CHAMPION: It has been moved and seconded. Is
5 there any question or comment? (No response) Stand approved
6 as submitted.

7 City of Long Beach -- Approvals required pursuant
8 to Chapter 29, Statutes of '56, First Extraordinary Session:

9 (a) Final Closing of Miscellaneous Projects Acc-
10 counts: Determination of subsidence costs subsequent to
11 April 1, 1956, and State's share of such costs, with credits
12 due State in amounts of \$65,78 and \$298,35; and credits due
13 City in amounts of \$3,15, \$215,65, and \$577,98.

14 (b) Roads and Streets, Pico Service Road - 5th
15 Street to 3rd Street, (2nd phase) -- Estimated expenditures
16 from July 28, 1964 to termination of \$296,000, with \$94,720
17 (32%) estimated as subsidence costs.

18 (c) Approval of expenditure by the Long Beach Harbor
19 Department of not to exceed \$1,000,000 from the City of Long
20 Beach share of tideland revenues for municipally owned water-
21 injection facilities to serve the upland portion of the Fault
22 Block V Ranger Zone Unit and a portion of the Fault Block IV
23 Area.

24 MR. CRANSTON: I move approval.

25 GOV. ANDERSON: Second.

26 MR. CHAMPION: It has been moved and seconded that

1 we approve the items as recommended. Any question? (No
2 response) Stand approved. Is there any question?

3 GOV. ANDERSON: My only question was: Is this the
4 proper time to discuss this other item where we have these
5 telegrams and communications from the Citizens Committee for
6 the Preservation of Public Beaches and Parks on the Long
7 Beach Navy landing? I thought we might take it up at this
8 time. Is there someone here, Frank?

9 MR. HORTIG: Yes, Governor Anderson. Several of the
10 people who have sent telegrams as well as letters to the Com-
11 mission, raising question with respect to the propriety of a
12 proposed modification under private contract of the existing
13 Long Beach Navy landing facilities to be used for other pur-
14 poses, are present here this morning. A representative of
15 the Citizens Committee for the Preservation of Public Beaches
16 and Parks desires to address the Commission.

17 MR. CHAMPION: Who would that be?

18 MR. HORTIG: Mrs. James P. Crowley; similar request
19 from Mrs. Alberta P. Guiver, I believe representing also the
20 Long Beach Sailing Club as well as the Committee for the
21 Preservation of Alamitos State Beach; and of the people who
22 have sent telegrams to the individual Commissioners, as well
23 as the staff, these are the ones who have registered this
24 morning, desiring to address the Commission on this subject.

25 In Summary, and for the Commission's information,
26 when this question was raised we had had it under informal

1 discussions with the Office of the Attorney General and with
 2 staff counsel, to be followed up by more definitive opinion.
 3 The consensus at the moment, which is from the initial review
 4 as to the local situation -- and this includes the opinion of
 5 the Office of the City Attorney of the City of Long Beach --
 6 that the type of operation herein proposed by the City of
 7 Long Beach does not require advance approval by the State
 8 Lands Commission for the purposes for which the City desires
 9 to modify this facility and, therefore, no application is
 10 before the Lands Commission for consideration.

11 MR. CHAMPION: Do I understand this -- that it is
 12 unlikely that the City of Long Beach would ask any action by
 13 the Lands Commission if the present legal view is taken? In
 14 other words, they would not make a request; only if we felt
 15 we had some role and asked to consider the matter would this
 16 matter come before us?

17 MR. HORTIG: That is a correct summary.

18 MR. CHAMPION: And your present information is that
 19 the legal finding will probably be that we have no authority
 20 to ask for such and, therefore, we are not likely to have
 21 jurisdiction over this matter.

22 MR. HORTIG: This is the initial conclusion as to
 23 the matter.

24 MR. CHAMPION: I understand that. I wanted to
 25 make that clear. We certainly want to hear what people have
 26 to say on this subject, but I want to make it clear that it

1 now appears, at least as of the present opinion, that we will
2 not have jurisdiction and this problem will be resolved in
3 Long Beach itself; but we will be very glad to have your views
4 and any views as to the jurisdictional problem involved.

5 Would you call the people?

6 MR. HORTIG: Mrs. James P. Crowley.

7 MRS. CROWLEY: I am Mrs. James P. Crowley. I live
8 at 5427 East Seaside Walk in Long Beach.

9 Mr. Champion, Lieutenant Governor Anderson, Mr.
10 Cranston, I appreciate very much this opportunity to speak,
11 although we were not an agenda item. I am sure you must be
12 fairly versed with the situation. We have tried to inform
13 you, each of your offices. We think we have a desperate prob-
14 lem there. We are most unhappy to know that a valuable tide-
15 land property, which cost the trust some five and one-half
16 million dollars, can be leased -- I'll refrain from the
17 words "givenaway" for the time being -- to a group whose
18 intent seems to be of a private nature.

19 I would like first to have you look at this proposed
20 Long Beach West Beach Development project. At one time this
21 was referred to as "urban renewal" but since the City has
22 decided not to use Federal or State funds for anything of
23 this nature, this is to be a completely private enterprise.
24 It is now referred to as the Long Beach West Beach Development
25 Project. Now, this has a rather, to me, nebulous financial
26 plan. It seems to me to be a tax kickback plan of some kind

1 and I am sure it would require study before it goes forward;
2 but it gets down to the fact that this will be a private mat-
3 ter and I would like you to look at this particular book and
4 the picture, so you may see exactly the relationship of this
5 high rise proposed development to the Navy landing, and the
6 parks and areas and the related facilities of that. May I
7 enter this? We fumbled for a while as to who we thought
8 might have the advantage of this thing should it come to pass
9 and then that little book seemed to reveal all to us.

10 You spoke of the legal aspects. We have a differ-
11 ence of opinion there because we have consulted a private
12 attorney who is considered quite an expert on tidelands mat-
13 ters. I have no statement officially from him, but he felt
14 that indeed, since this Navy landing was developed by the
15 vote of the people of the City of Long Beach, that the public
16 funds were utilized for its development, that it was developed
17 for a specific public purpose -- the United States Navy; that
18 this does not quite go into the category of many of the other
19 trust properties that have been leased privately. Now,
20 that's all I have to say as to the legal end of it, because
21 I am sure you have not completed your study on it, as Mr.
22 Hortig specified there; but there are other aspects aside
23 from the moral or legal, and that is the financial -- and
24 this is where we feel that the State Lands Commission should
25 be definitely interested.

26 We feel that we can prove that the tidelands fund,

1 the trust itself, will suffer under this private lease over
2 the fact that it might be kept in the public operation. So
3 I am going to read this, and I am going to be as brief as I
4 can. This is addressed to the Honorable Hale Champion, with
5 copies to the members of the Commission, and the subject is
6 the proposed conversion to private interest of the Long Beach
7 Navy Landing, the "D" phase -- which is the small boat harbor.

8 Now, in this phase, if you have had an opportunity
9 to study the specifications, you will find included the
10 marine fuel dock. We feel this will be quite a gold mine and
11 will carry the difference between the gross and the net on
12 this. However, since all figures are relative, I will present
13 this.

14 "Dear Mr. Champion:

15 The Long Beach Public Marina, built at a
16 cost of 18 million dollars from the Tideland Fund
17 is efficiently operated at a profit by the Marine
18 Department of the City of Long Beach. There is a
19 3 year old waiting list of over 3,000 applicants.
20 This marina charges the boating public \$1.00 per
21 foot per month for moorings.

22 We submit that the small boat harbor proposed
23 for the Navy Landing should be retained by the City
24 and operated as a natural adjunct to our existing
25 public marina system.

26 The City Engineer's office supplies the infor-
27 mation that there will be 7,000 feet of dockage,
28 with 200 moorings in the Navy Landing site."

29 The private marinas in our entire area charge from \$1.50 to
30 \$2.00 a foot, and it is said now that possibly it will be much
31 higher in this area.

32 "Because of the unique position of the Navy landing,

1 "its fine related facilities and the intense need,
2 under private speculation this figure could easily
3 be raised to as high as \$2.50 per foot.

4 It is anticipated by the City that the lease
5 will go for about 20%."

6 This lease has a minimum rental on each phase, and then if
7 the lease will be given on the basis of the percentage point
8 above the normal, the lessee will pay either the minimums or
9 the percentage points that they bid.

10 "Thus the lessee will pay 20% after certain reduc-
11 tions of the gross. Since we speak only of the "D"
12 phase of the proposed lease, you will note that the
13 Marine fuel dock is included. This could be a very
14 profitable area and cover the difference between
15 gross and net for the lessee. However, since all
16 these figures are relative, we submit: ****"

17 (Balance of letter not quoted verbatim by Mrs. Crowley, there-
18 fore her own interpretation as given at the meeting follows)

19 MRS. CROWLEY continuing: Under the public plan
20 under our own Marine Department, the public would pay \$1 a
21 foot per month; that is \$7,000; one year, \$84,000; forty
22 years, the terms of the lease, \$3,360,000. Now, under pri-
23 vate lease, if the lessee were to charge a dollar and a half
24 per foot, the price - - perhaps if I distribute these to you,
25 it will be easier for you to follow the figures. (Copies
26 distributed)

Under the private lease at \$1.50 a foot, it will be
\$10,500 a month against the seven; at \$2, it will be \$14,000
a month against the seven that the public has to pay for these
moorings -- which, in the course of time, if you follow your
figures through, in forty years the public will pay three

1 million and a third, approximately, under public management.
2 Under private management, at \$1.50, they will pay over five
3 million, and under private management at \$2, they will pay
4 \$6,720,000.

5 Now, the return to the tideland fund on a 20% con-
6 tract for forty years: The public will return to this fund
7 the \$3,360,000; the private ownership lessee under \$1.50 will
8 return only \$1,000,000; and if they charged \$2 a mooring,
9 they will turn in \$1,344,000.

10 The overcharge to the public -- who just happen to be
11 the owners of this facility: If it is publicly operated, there
12 will be none; if it is privately operated under the charge of
13 \$1.50, the overcharge to the public will be \$4,032,000; under
14 the \$2.00 plan, it will be \$5,376,000.

15 Now, it is obvious that the differential will go into
16 the promoters' pockets. We question the judgment and the
17 fiscal responsibility of the trustee. We claim the trust pur-
18 pose is not being served. The spirit of Chapter 1560, Section
19 2, #2, requires that maximum return to the trust be obtained
20 by any lease. This is being directly violated in this proposal.

21 We respectfully request your intervention in this
22 matter and we again call your attention to "D" Day, which is
23 two o'clock next Monday afternoon. The bids will be opened
24 at that time. I am sure they are pretty well organized and
25 I think the leases will be signed very, very quickly.

26 Now, I spoke on only this one phase because this is

1 the phase that I think should interest the State. The fact
2 that we have given away millions of dollars worth of our tide-
3 land trust property to private yacht clubs and millions of dol-
4 lars worth of our State beach park to private yacht clubs
5 leads us to think that maybe the public should get a little
6 break around here. I can name at the moment four public clubs
7 that have no place to go. One is the Sailing Club of Long
8 Beach. One is the State College Sailing Club, with about
9 sixty members at the moment, who have their own boats, are go-
10 ing to be pushed off the beach in the Marina area and are
11 therefore going to have to break up their club and toss away
12 their boats, or have some public spot for them.

13 Then we have a Boat Owners Association -- Marina
14 Boat Owners Association, that has eighteen hundred members
15 and have been on this waiting list in the marina for up to
16 three years, and with a 3,000 waiting list you can see how
17 few of them and how long before they can get on to it.

18 I want to also mention this -- that you will find
19 in the City of Long Beach still needs to come to you for any
20 of these matters, for many marine developments, it seems a
21 little absurd -- millions of dollars to develop a new marina
22 when we have available 200 slips that should be in public usage.
23 The City has also claimed that at the moment they are a little
24 strapped for funds and yet the head of the Marine Department
25 with only \$350,000 -- which would be tideland funds -- can
26 develop the floats in this marina, which provides 200 more

1 spots. Since the City has so recently spent a half million
2 dollars to develop twenty-nine floats for a private yacht
3 club, it would seem somewhere they could come up with this
4 \$300,000 and let Mr. McDowell, the most efficient Marine
5 manager there, take this marina into our public system. We
6 have been more than patient.

7 Thank you so much.

8 MR. CHAMPION: Was there someone else that wanted
9 to be heard, before I call on the City of Long Beach for
10 whatever response they want to make?

11 MR. HORTIG: Mrs. Guiver indicated she wanted to
12 give testimony.

13 MRS. GUIVER: Mrs. Crowley has given my views.

14 MR. CHAMPION: It sounds like Long Beach has a
15 classic case of free enterprise versus government operation
16 in front of it.

17 MR. LINGLE: As you know, we built the Navy landing
18 at the request of the Government. The Navy no longer uses or
19 needs all of the Navy landing. We searched for a way to use
20 this area more efficiently and more profitably and came up
21 with the idea of diverting it to a marina. It is our estimate
22 that it will cost approximately \$700,000 to convert it. We
23 thought we would lease this area with an associated dry-boat
24 storage area, at a competitive bid. We don't know who is
25 going to get it. The rates that the man charges, whoever
26 gets it -- their operations will be subject to control by the

1 City Manager.

2 By having private enterprise take over this opera-
3 tion, it will mean that private enterprise will spend the nec-
4 essary funds and the money that we would otherwise have to
5 spend on the marina will be available in another area.

6 I have no idea what rates they would charge. If
7 our rates at the Marina are this far out of line -- maybe it
8 is my personal view -- maybe our rates at the Marina are wrong.
9 All I know ****

10 MR. CHAMPION: By wrong, you mean you are charging
11 too little to the users?

12 MR. LINGLE: Yes. All I know, we are making facili-
13 ties available to somebody who would pay a fair rate and I
14 can't believe that somebody is going to charge whatever is
15 more than a fair rate would be because he will be driven out
16 of business by other competition.

17 MR. CHAMPION: Do you have any other controls on
18 that? Do you have any controls to determine whether there is
19 an overcharge?

20 MR. LINGLE: We will have a right to control the
21 rates and a competitive bid will be bid.

22 There is an urban renewal proposition in the area,
23 and it is on uplands. There is an urban renewal area and I
24 don't doubt for a minute if there is a marina there it will
25 enhance the development of an urban renewal area -- but they
26 are entirely different projects. The urban renewal project