

The lands being occupied by the Haiwes Reservoir should not be sold into private ownership.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the sale of the above-described lands to the City of Los Angeles, without advertising, at a cash price of \$7,997.15, subject to all statutory reservations, including minerals.

49. (Contract - Aerial Photography Services - W.O. 563) The Commission was informed that in connection with the survey work being performed by the Division's Survey Party, at Pt. Reyes, Antioch, Redwood Creek and Petaluma Creek, which surveys are being performed for the purpose of settling boundary disputes, it has been deemed advisable to contract for aerial flight strips over a portion of the areas involved. Not only will the aerial surveys permit work to be completed more promptly, but it is estimated that approximately three months working time of the Division's Survey Party will be saved. The cost of operating this party in the field is approximately \$150.00 per day. Inasmuch as a considerable portion of the survey project can be performed by means of aerial survey at an overall cost of \$1620.00, this method of performing the work will result in a considerable saving to the State.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the ratification of the action of its Chairman in executing a contract with Pacific Air Industries providing for aerial surveys at Pt. Reyes, Antioch, Redwood Creek and Petaluma Creek, said agreement being known as Contract LC 104 dated September 21, 1949, in the amount of \$1,620.00.

50. (Spreckels Realization Company - Application for lease of tide and submerged lands in San Francisco Bay - W.O. 207 - P.R.C. 483, P.R.C. 489) The Commission was informed that the Spreckels Realization Company of San Francisco, California, successor to the J. D. and A. B. Spreckels Company, has made application to the State Lands Commission for leases of portions of Water Front Street lying between the center line, extended, of Humboldt Street and the north line of Twenty-fourth Street in the City and County of San Francisco and that two leases are requested, one to apply to an area of approximately 2.42 acres on which has been erected a covered wharf for the receipt of raw sugar (designated as Parcel A), and the other to apply to an adjoining water area of about 1.043 acres (designated as Parcel B).

Parcels A and B constitute in the aggregate all of the area described as Parcel 9 in the Complaint to Quiet Title heretofore filed by the Attorney General in the Superior Court of the State of California entitled "People of the State of California, Plaintiff, v. J. D. and A. B. Spreckels Company, a corporation, et al., Defendants."

The premises landward of and adjoining Parcel A are subject to a conditional contract of sale and purchase with California and Hawaiian Sugar Refining Corporation, Ltd. One of the conditions of completion of this contract is that a lease of said Parcel A be obtained from the State Lands Commission.

An appraisal of the subject properties has been made by the E. B. Field Company of Oakland, California, which placed a value of \$131,871.25 on Parcel A, exclusive of the improvements, and of \$14,058.50 on Parcel B. Since a purpresture exists on Parcel A, the 9% rate approved by the Commission at its meeting on September 15, 1949, would apply in that case, and the standard rate of 6% would apply to Parcel B. Allowing for the standard increase of 10% every five years, the average

annual rentals for the fifteen year period would amount to \$13,055.26 and \$927.86, respectively.

The leases applied for have been the subject of extended correspondence and negotiations. It was recently agreed that this application would be made without prejudice to the rights of any of the parties involved in litigation now pending concerning said properties. However, it was understood that in the event of execution of mutually satisfactory leases a stipulation would be concurrently entered into between the Attorney General and counsel for the applicant whereby the issues involved in such litigation would be adjusted and settled so as to provide among other things that title to the fee of Parcel 9 in said complaint would be confirmed and quieted by decree of the Court in favor of the State of California. At the present time Parcel 9 constitutes a portion of an open public street but the applicant has petitioned the Board of Supervisors of the City and County of San Francisco to institute the necessary proceedings to effect the vacation of this area as a public street in order that following the execution of the leases, their terms and purposes may be carried out and not be subject to possible interference.

The Executive Officer has had several conferences with officials of the State Board of Harbor Commissioners with respect to the proposed leasing and attended a meeting of that Commission on November 9, 1949, at which action was taken in furtherance of the results of the conferences. The Executive Officer believed that the policy of the State Lands Commission was such as to avoid competition on its part with another State agency, such as the Harbor Commission. He, therefore, advised the applicant that the general terms and provisions of the leases should be such as to meet with no opposition from the Harbor Commission and that the specific terms as to method of assessing rentals should receive the approval of that body. It is the understanding of the Executive Officer that the Harbor Commission is agreeable to the issuance of the Lands Commission standard lease with such minor changes as may be necessitated by the special situations involved, and subject to the following specific requirement as to the method of fixing the rentals to be assessed:

1. As to parcel A, the annual rental shall be computed on the basis of the prevailing tolls and tariffs of the Harbor Commission, provided that the minimum annual rental shall be \$13,055.26, and the maximum shall be \$14,000.00;
2. As to Parcel B, the annual rental shall be at the standard rate of 6% of the appraised valuation as fixed by the State Lands Commission.

The applicant has agreed to pay the foregoing rentals.

The Harbor Commission has also requested that the lease restrict the use of the premises to the receipt, storage, and shipment of raw materials and manufactured products of the adjoining plant of the lessee, unless specific approval in writing is given by the State for other uses. This provision is acceptable to the applicant.

In view of the fact that the Spreckels Realization Company is under contract to sell the upland premises and assign the leases herein described, the applicant requests that the leases permit their assignment, with release of responsibility on the part of the Spreckels Realization Company, to the California and Hawaiian Sugar Refining Corporation, Ltd., with the privilege of further reassignment by

the latter subject to approval by the State but without release of responsibility of the assignor. This modification of the standard form of lease is recommended in this case only.

Applicant has been asked to furnish a performance bond in the amount of \$50,000.00; also to deposit with the State, upon execution of the leases an amount equal to the first and last years' total minimum rental for both parcels. The applicant has orally agreed to these provisions. Filing fee of \$5.00, and an expense deposit of \$400.00 have been paid.

Applicant requests a departure from the standard term of lease of 15 years, with option for two successive renewals of 10 years each, "upon such reasonable terms and conditions as the State, or any successor in interest thereto, might impose," to allow an initial period of 25 years, with an option in the lessee to renew the lease on the same terms for an additional 25 years. The principal basis for requesting the longer term is stated to be the large investment required for the renovation of the structures on the premises and for the proposed installation of bulk unloading equipment at the dock.

Messrs. Feigenbaum, Wylie and Welt appeared upon behalf of the Board of State Harbor Commissioners, Mr. Hutchens appeared upon behalf of the Spreckels interests, Mr. Delap appeared upon behalf of the C. & H. Sugar Company interests, and Mr. Haas appeared for the Attorney General.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to execute and issue two leases to the Spreckels Realization Company of San Francisco, California, for portions of Water Front Street in the city and county of San Francisco, constituting the area described as Parcel 9 in the Complaint to Quiet Title heretofore filed by the Attorney General of the State of California in the action in the Superior Court of the State of California in and for the city and county of San Francisco designated 385603 in the records of said court and entitled "People of the State of California, Plaintiff, vs. J.D. and A. B. Spreckels Company, a corporation, et al., Defendants" as follows:

Lease Number 1 (Parcel A)

Area: That portion of Parcel 9 occupied by the wharf and warehouse and comprising approximately 2.42 acres.

Period of Lease: 25 years, subject to renewal for two successive periods of ten years each, upon such reasonable terms and conditions as the State or its successors might impose.

Allowable Use: For receipt, storage, and shipment of raw materials and manufactured products of the adjoining plant of the lessee except upon written approval of the State for other use.

Performance Bond: \$45,000.00.

Assignment: Permitted to California and Hawaiian Sugar Refining Corporation, Ltd., with Discharge of Responsibility of Spreckels Realization Company; Further assignment subject to approval of State without release of responsibility of California and Hawaiian Sugar Refining Corporation, Ltd.

Rental: To be computed on the basis of prevailing tolls and tariffs of the State

Board of Harbor Commissioners, provided that the minimum annual rental shall be \$13,055.26 and the maximum shall not exceed \$14,000.00. First and last years' minimum rentals to be paid in advance.

Improvements: All present improvements to become property of State upon expiration of initial 25-year period.

Other Provisions: Standard.

Lease Number 2 (Parcel B)

Area: The water area in Parcel 9, comprising approximately 1.043 acres.

Period of Lease: Same as for Lease Number 1.

Allowable Use; Same as for Lease Number 1.

Performance Bond: \$5,000.00.

Assignment: Same as for Lease Number 1.

Rental: \$927.86 per annum: First and last years' rentals to be paid in advance.

Other provisions: Standard.

51. (California Senate Interim Committee on Public Lands - Senate Resolution No. 40, 1949 Session - W.O. 540) The Commission was informed that on November 4, 1949, this Committee held a meeting preliminary to assignment of investigations to various State agencies and that at this meeting the Commission was asked to report on Item 2 of the circular of September 22, 1949, i. e., "Lands administered by such agencies which have always been in public ownership." In this connection, Chairman Regan was informed of the troubles the Commission was having with the Federal Government with respect to:

- (1) Obtaining equivalent land under indemnity selection for school land not turned over to the State, and
- (2) Finding Federal land equivalent to exchange for State school land located in the National Forests, Parks, Monuments and Military Withdrawals, and
- (3) Finding Federal land to be obtained in lieu of school land taken under immediate possession condemnations during the War and for which no monetary awards have been made or the case even brought to trial.

Senator Regan asked that information on the above items be furnished with a request from the State Lands Commission to the Committee that its investigation be inclusive of these problems.

Upon motion duly made and unanimously carried, a resolution was adopted authorizing the Executive Officer to request the Senate Interim Committee on Public Lands to include in its investigation the problems of the State Lands Commission with respect to obtaining from the Federal Government, lands due the State.