

4. (CONSIDERATION OF SUBSIDENCE COST PROJECTS, LONG BEACH - W. O. 2323.) The following report was presented to the Commission:

"As reported to the Commission July 24, 1956 (Minute Item 1, pages 2750-51), Opinion No. 56/145 of June 29, 1956 by the Attorney General, indicates that prior approval of the State Lands Commission is required for costs to be expended by the City of Long Beach to remedy and protect against the effects of subsidence of the land surface within the boundaries of the Long Beach Harbor District and within the boundaries of the Long Beach tide lands situated outside of said Harbor District. The office of the Attorney General has also advised that the Commission may make a conditional prior approval of projects involving subsidence cost expenditures subject to final approval of allowances after work has been completed and an engineering review and an audit have been made, thus qualifying the ultimate audited expenditures for credit in accordance with Chapter 29 of the Statutes of 1956, First Extraordinary Session.

"In accordance with the foregoing, the City of Long Beach, through the Port of Long Beach, has presented for consideration and conditional approval projects to remedy and protect against the effects of subsidence of the land surface. The following projects have received initial staff review and are considered to include costs 'subsidence costs' as defined in Section 1(f) of Chapter 29:

"L.B. 10,003 - Project submitted by the Port of Long Beach.

- Work Proposed:
1. General Maintenance due to high tides, water pumping, diking and filling.
 2. Repairs to terminal facilities damaged by subsidence.
 3. Repairs to other buildings and facilities damaged by subsidence.
 4. Drainage costs resulting from subsidence. (Note: This item, as proposed, includes depreciation charges on fixed assets, which charges are not to be allowed as 'subsidence costs'.)

Estimated total cost of project: \$65,000 for the period September 1, 1956 - June 30, 1957.

Estimated 'subsidence costs': \$55,500

"L.B. 10,014 - Project submitted by the Port of Long Beach.

Work Proposed: Requisite field surveys, calculations, analyses, and reports as to the magnitude and location of

future subsidence to permit proper design of all remedial and protective works.

Estimated total cost of project: September 1, 1956 - June 30, 1957 - \$58,400

Estimated 'subsidence costs': \$58,400"

The representatives present from the City of Long Beach and from the Port of Long Beach indicated that the item as presented met with their approval.

The question of the advisability of having a budgetary review was introduced by Mr. Kirkwood, with the suggestion being made that it might be advisable to have members of the Department of Finance budget staff look into the problem and advise the Commission how best to handle this work and carry out its responsibilities under the law, as there should be some checks as to the reasonableness of the work being proposed. This point of reasonableness should be decided at the time of the original review. Mr. Shavelson of the Attorney General's office agreed that the Commission's responsibility goes far beyond whether the costs to be approved come within the provisions of Chapter 29 of the Statutes of 1956, First Extraordinary Session, and stated that discretion should be exercised by the Commission before approving the expenditure of money.

The Chairman asked about having the Department of Finance review the work along the lines mentioned, and asked that this possibility be explored. He said he would be glad to make available whatever budget staff was necessary to see that the procedures followed are necessary and within the powers of the Commission.

The Executive Officer was requested by the Chairman to make a note of the discussion, and to provide the Chairman with a memorandum along the lines suggested by Mr. Kirkwood.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE STATE LANDS COMMISSION APPROVES THE COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, INCLUDING SUBSIDENCE REMEDIAL WORK, UNDER PROJECTS L.B. 10,003 - SUBSIDENCE MAINTENANCE, AND L.B. 10,014 - SUBSIDENCE STUDIES; SUBJECT TO THE CONDITION, HOWEVER, THAT THE AMOUNT, IF ANY, OF EACH OF THE ITEMS TO BE ALLOWED ULTIMATELY AS SUBSIDENCE COSTS, DEDUCTIBLE UNDER THE PROVISIONS OF SECTION 5(a) OF CHAPTER 29, STATUTES OF 1956, FIRST EXTRAORDINARY SESSION, WILL BE DETERMINED BY THE COMMISSION UPON AN ENGINEERING REVIEW AND FINAL AUDIT SUBSEQUENT TO THE TIME WHEN THE WORK UNDER ANY OF THESE ITEMS IS COMPLETED; AND THE EXECUTIVE OFFICER, OR THE ASSISTANT EXECUTIVE OFFICER, OR THE MINERAL RESOURCES ENGINEER IS AUTHORIZED TO EXECUTE APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSION'S CONDITIONAL APPROVAL.