

MINUTE ITEM

9. PROPOSED BUDGET, STATE LANDS DIVISION, 1963-64 FISCAL YEAR.

After consideration of Calendar Item 6 attached, and upon motion duly made, the following resolution was adopted by two votes, with Commission Champion abstaining.

THE COMMISSION APPROVES:

1. THE PROPOSED BUDGET OF THE STATE LANDS DIVISION, DEPARTMENT OF FINANCE, FOR THE FISCAL YEAR 1963-64, IN THE TOTAL AMOUNT OF \$1,225,386, INCLUSIVE OF CONTRIBUTIONS TO STATE EMPLOYEES' RETIREMENT AND HEALTH AND WELFARE PROGRAMS;

2. ESTABLISHMENT OF POSITIONS AS FOLLOWS:

	<u>NO. OF POSITIONS</u>
EXECUTIVE	
ADMINISTRATIVE ASSISTANT I	1
MINERAL RESOURCES	
LOS ANGELES	
ASSISTANT MINERAL RESOURCES ENGINEER	3
LONG BEACH	
ASSISTANT MINERAL RESOURCES ENGINEER	1
SANTA BARBARA	
PETROLEUM PRODUCTION INSPECTOR I	1
OIL GAUGER	1
AUDITS	
LONG BEACH	
GENERAL AUDITOR II	1
LEGAL	
SENIOR COUNSEL, STATE LANDS	1
ASSISTANT COUNSEL	1
ADMINISTRATIVE SERVICES	
INTERMEDIATE TYPIST CLERK	
(STENO UNIT 0.5 - FILES UNIT 0.5,	
PERSONNEL 1.0)	2
DATA PROCESSING TECHNICIAN I	1
LAND SALES AND RECORDS	
TYPIST CLERK	1

NO. OF POSITIONS

TEMPORARY HELP	
CONSULTING ENGINEERS AND SPECIAL CONSULTANTS	
CIVIL ENGINEERING CONSULTANT	1
MISCELLANEOUS	
TEMPORARY HELP	<u>.2</u>
TOTAL	15.2

Attachment
Calendar Item 6 (6 pages)

CALENDAR ITEM

6.

PROPOSED BUDGET, STATE LANDS DIVISION, 1963-64 FISCAL YEAR.

The State Lands Division submitted a proposed expenditure program for the 1963-64 F.Y. in accordance with administrative policy and directives, based on a predetermined allocation (Control No. 97) established by the Department of Finance. Essentially, the allocation granted would provide for operations during 1963-64 at the same level as was provided for the current fiscal year. Minor additions provided in the allocation are:

1. An additional amount in Salaries and Wages to provide for merit salary adjustments;
2. Increases in operating expense allowances to provide for price increases in goods and services;
3. A minor increase in allotments for Contributions to State Employees' Retirement Fund.

The budget submitted by the Division totaled \$1,116,790, exceeding the current year budget (\$1,087,038) by \$29,752, a 2.7% increase.

A review of barometers forecasting activity (current and budget year) indicated that the allotment assigned was inadequate since the Division was being called on to discharge a constantly increasing workload. Briefly summarized, these factors consist of:

1. A 17% increase in the backlog of new transactions in process (work orders) as of July 1, 1962;
2. Increased workload due to:
 - (a) New oil and gas lease development under sequential leasing procedures;
 - (b) The development of technical defenses in multimillion-dollar legal actions (U. S. vs. Anchor Oil, as a prime example);
 - (c) New statutory provisions (Section 6830.1 et seq., Public Resources Code) relating to royalty rates under conditions of secondary recovery of oil through repressurization;
 - (d) Special assignments--studies and reports outside of the scope of normal operations but required by administrative direction;
 - (e) A tremendous increase in activity under the provisions of Chap. 29/56, 1st E.S., as a result of
 - (1) Proposed development by the City of Long Beach of the

CALENDAR ITEM 6. (CONTD.)

eastern area of granted tide and submerged lands for oil and gas extraction;

- (2) an expansion of the City's expenditure program for harbor development;
- (f) The development of new gas fields in northern California affecting State sovereign lands, resulting in a need for negotiating compensatory agreements for gas extraction;
- (g) An assignment to the Division to process and negotiate oil and gas leases and exploration permits for other agencies in State government (Section 8317.12 SAM, added July 1962).

A review of these factors indicated clearly that the Division would be unable to discharge full; its functions in the budget year unless it had additional help, and additional facilities to improve operating techniques. Accordingly, on November 27, 1962, the Division submitted to the Director of Finance and the Budget Division, Department of Finance, a supplementary proposal, relating to its 1963-64 budget. Essentially, this document set forth the need for 13 additional positions and the completion of the installation of its electronic data processing system at a cost of \$108,596, or an increase in the proposed budget of 9.7 percent.

The two proposals (original budget and supplementary) are summarized as to cost, by object category, in the following:

Summary of Budget Proposal Submitted,
Costs Related to this Proposal, and Revised
Budget Proposal for 1963-64 F.Y.

	No. of Positions			Budget	Additional	Revised
	B.P.*	A.R.*	R.B.*	Proposal 1963-64	Require- ments	Budget Need 1963-64
Personal Services:						
Authorized Positions	120.2	-0-	120.2	\$919,834	\$	\$ 919,834
Proposed New Positions	2.2	13.0	15.2	16,501	90,852	107,353
Estimated Salary Savings	-3.0	-2.0	-5.0	-29,370	-16,376	-45,746
Net Totals, Salaries and Wages	119.4	11.0	130.4	\$906,965	\$ 74,476	\$981,441
State Employees' Retirement				68,975	5,551	74,526
State Health and Welfare				6,960	390	7,350
Totals, Personal Services	119.4	11.0	130.4	\$982,900	\$ 80,417	\$1,063,317
Operating Expenses						
(See Footnote A)				197,858	23,828	221,686
Equipment (See Footnote B)				13,532	4,351	17,883
Reimbursements				-77,500	-0-	-77,500
Total Expenditures	119.4	11.0	130.4	\$1,116,790	\$108,596	\$1,225,386
					(9.7%)	

* B.P. =Budget Proposal; A.R.=Additional Requirements; R.B. =Revised Budget

CALENDAR ITEM 6. (CONTD.)

Footnote A

Operating Expenses:

E.D.P. Equipment - Rental and Supplies	\$22,828
Travel	1,000
Total Additional Operating Expenses	<u>\$23,828</u>

Footnote B

Equipment:

Office Equipment - 12 Desks and Chairs at \$260.00	\$3,120
E.D.P. Equipment	1,231
Total Additional Equipment	<u>\$4,351</u>

Attention is invited to the following figures which not only indicate an exceptionally low ratio of costs of operations to revenues produced and accounted, but also indicate that costs of Division operations compared with revenues will continue to drop during 1963-64.

1937-38 F.Y. (State Lands Commission created by Ch. 5/38)

Total revenues remitted to State Treasury	\$1,490,993
Total cost of operations, inclusive of Retirement	\$ 122,026
Percent of operating cost to revenue	8.2

1961-62 F.Y. (Most current year of operations)

Total revenues remitted to State Treasury (includes revenues derived under Ch. 29/56, 1st E.S.)	\$25,326,984
Total cost of operations, inclusive of Retirement, Health and Welfare Benefits	\$ 996,099
Percent of operating cost to revenue	3.9

1963-64 F.Y. (Proposed Operations)

Total revenues (estimated)	\$34,910,000
Total operating requirements (inclusive of supplementary proposal)	\$ 1,225,386
Percent of operating cost to revenue	3.5

PROPOSED NEW POSITIONS

Proposed new positions for the State Lands Division require the approval of the Commission.

CALENDAR ITEM 6. (CONTD.)

New procedures promulgated by the Budget Division, Department of Finance, necessitate the setting forth as "proposed new" any positions: (1) of limited duration as the result of legislative action; and (2) any increases in blanket positions for Temporary Help.

The Division's budget for 1963-64 contains the following proposed new positions in accordance with the Budget Division directive heretofore mentioned.

Land Sales and Records

Typist Clerk - 1

Extension of a position limited to one year by legislative action (used in connection with the installation and subsequent maintenance of the Division's data processing system of land records).

Temporary Help

Consulting Engineers and Special Consultants

Civil Engineering Consultant - 1

(By legislative action, this position was transferred from the Colorado River Boundary Commission to the State Lands Division as of the 1962-63 Fiscal Year. Services being rendered are for the Boundary Commission and are billed to the latter agency under service agreement.)

Miscellaneous

Temporary Help - .2

(Additional help to provide for sick leave and vacation relief for Oil Gaugers; Huntington Beach, Santa Barbara.)

The following positions were proposed in the Division's supplementary budget submission:

	<u>No. of Positions</u>
Executive	
Administrative Assistant I	1
Mineral Resources	
Los Angeles	
Assistant Mineral Resources Engineer	3
Long Beach	
Assistant Mineral Resources Engineer	1
Santa Barbara	
Petroleum Production Inspector I	1
Oil Gauger	1
Audits	
Long Beach	
General Auditor II	1
Legal	
Senior Counsel, State Lands	1
Assistant Counsel	1

CALENDAR ITEM 6. (CONTD.)

	<u>No. of Positions</u>
Administrative Services	
Intermediate Typist Clerk (Steno Unit 0.5 - Files Unit 0.5, Personnel 1.0)	2
Data Processing Technician I	<u>1</u>
Total	13

IT IS RECOMMENDED THAT THE COMMISSION APPROVE:

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CALENDAR ITEM 6. (CONTD.)

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