

MINUTE ITEM

23. PROPOSED BUDGET, STATE LANDS DIVISION, 1964-65 FISCAL YEAR - W.O. 4730.

During discussion of the proposed budget for the 1964-65 Fiscal Year, Calendar Item 17 attached, the Chairman called attention to the need for a much higher level position in Sacramento to act as Assistant to the Executive Officer, and to handle technical problems and the increasing volume of legislative liaison and also to provide particular emphasis on policy responsibilities relative to the State's interest in natural gas.

UPON MOTION MADE BY COMMISSIONER ANDERSON, SECONDED BY COMMISSIONER CRANSTON, AND WITH CHAIRMAN CHAMPION ABSTAINING FROM VOTING BECAUSE OF HIS POSITION AS DIRECTOR OF FINANCE, THE COMMISSION APPROVED THE PROPOSED BUDGET OF THE STATE LANDS DIVISION, DEPARTMENT OF FINANCE, FOR THE FISCAL YEAR 1964-65, IN THE TOTAL AMOUNT OF \$1,678,934, INCLUSIVE OF CONTRIBUTIONS TO (1) STATE EMPLOYEES' RETIREMENT, (2) HEALTH AND WELFARE, AND (3) SOCIAL SECURITY PROGRAMS; AND ALSO APPROVED THE ESTABLISHMENT OF 20.4 ADDITIONAL POSITIONS, AS FOLLOWS:

	<u>NO. OF POSITIONS</u>
EXECUTIVE - SACRAMENTO	
ADMINISTRATIVE ASSISTANT I	1
INTERMEDIATE STENO-CLERK	1
LEGAL - LOS ANGELES	
ASSISTANT COUNSEL	1
ADMINISTRATIVE SERVICES - LOS ANGELES	
ASSISTANT PERSONNEL ANALYST	1
DATA PROCESSING TECHNICIAN I	1
AUDITS - LOS ANGELES AND LONG BEACH	
SUPERVISING AUDITOR - STATE LANDS DIVISION	1
GENERAL AUDITOR III	2
GENERAL AUDITOR II	1
MINERAL RESOURCES - LOS ANGELES, SANTA BARBARA, HUNTINGTON BCH.	
SENIOR MINERAL RESOURCES ENGINEER	1
ASSOCIATE MINERAL RESOURCES ENGINEER	2
OIL GAUGERS	3
INTERMEDIATE ACCOUNT CLERK	1
INTERMEDIATE STENOGRAPHER	1
COMMERCIAL AND RECREATIONAL LEASING - LOS ANGELES	
SENIOR LAND AGENT	1
ASSOCIATE LAND AGENT	1
TEMPORARY HELP	
MISCELLANEOUS	.8
OVERTIME	.6
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TOTAL	20.4

Attachment  
Calendar Item 17 (4 pages)

CALENDAR ITEM

17.

PROPOSED BUDGET, STATE LANDS DIVISION, 1964-65 FISCAL YEAR.

The State Lands Division has submitted a proposed expenditure program for the 1964-65 Fiscal Year in accordance with administrative policy and directives, based on a predetermined allocation (Control No. 104) established by the Department of Finance. Essentially, the allocation granted would provide for operations during 1964-65 at a slightly increased level over that provided in the current fiscal year. Additions provided in the allocation were:

1. An additional amount of \$19,121 to provide for merit salary adjustments.
2. An amount of \$80,740 to provide for anticipated growth for inspection and engineering services.

The budget submitted by the Division within the allocation totaled \$1,586,514, and exceeded the current year budget (\$1,488,739) by \$97,775.

A review of barometers forecasting activity (current and budget year) was undertaken in the light of the Division being called on to discharge a constantly increasing workload. Briefly summarized, these factors consist of:

1. Continuance of the policy relating to sequential leasing for oil and gas extraction from tide and submerged lands. This policy has as a corollary an attendant increase in lease planning and administrative workload.
2. Adoption by the Commission at its meeting of September 16, 1963, of a program for administering the remaining vacant State school lands.
3. Additional duties assigned to the Division as the result of legislation enacted at the 1963 session of the Legislature.
4. Workload resulting from Departmental planning and review activities, and expanded inquiries by Legislative Committees.
5. A tremendous expansion in activity in Long Beach under the provisions of Chapter 29/56, 1st E.S., where contracts will be let for (1) continued development and production of the Wilmington Field area, presently contracted to Long Beach Oil Development Company; and (2) the exploration and development of the "East Wilmington" Field.

Both of these agreements will be let during the fiscal periods 1963-65. These projects are both vast and complex undertakings.

A review of these factors indicated that the Division would not be able to discharge functions within the allocation resulting from significant expansion:

CALENDAR ITEM 17. (CONTD.)

in activity rates not under the control of the Division. Accordingly, on October 14, 1963, the Division submitted to the Director of Finance a supplementary proposal relating to its 1964-65 budget detailing, as a minimum, the need for six additional positions at Long Beach, plus two items of one-time expenditure amounting to \$38,500, or an overall increase of \$92,420 in excess of the allocation. Thus the total budget proposal became \$1,678,934, or 12.8 percent higher than the budget for the current year.

Attention is invited to the fact that the State's cost of administering operations under Chapter 29/56, 1st E.S., at Long Beach has actually been reduced through the passage of Chapter 1398/63. This legislation provides that the State's expenses relating to this program are to be reimbursed from the Long Beach gross oil revenues. Therefore, the Division's operating cost has been reduced substantially, but not as a result of any reduction in workload. Since these reimbursements flow to the California Water Fund, they are not reflected as a reduction of the budget submitted.

The two budget proposals (original and supplementary) are summarized in the following table:

Summary of Budget Proposal Submitted  
Costs Related to this Proposal and Revised  
Budget Proposal for 1964-65 F.Y.

	<u>Number of Positions</u>			<u>Budget</u>	<u>Additional</u>	<u>Revised</u>
	<u>Proposed</u>	<u>Addi-</u>	<u>Revised</u>	<u>Proposal</u>	<u>Require-</u>	<u>Budget Need</u>
	<u>Budget</u>	<u>tional</u>	<u>Budget</u>	<u>1964-65</u>	<u>ments</u>	<u>1964-65</u>
<b>Personal Services:</b>						
Authorized Positions	134.4	-0-	134.4	\$1,034,382	\$	\$1,034,382
Workload and Adm. Adj.	-1.0		-1.0	-10,400		-10,400
Proposed New Positions	14.4	6.0	20.4	98,421	48,984	147,405
Estimated Salary Savings	-6.6	-0.2	-6.8	-46,000	-2,000	-48,000
Net Totals, Salaries and Wages	141.2	5.8	147.0	\$1,076,403	\$46,984	\$1,123,387
Retirement, Health and Welfare				94,949	4,699	99,648
Totals, Personal Services	141.2	5.8	147.0	\$1,171,352	\$51,683	\$1,223,035
Operating Expense (See Footnote A)				489,950	38,500	528,450
Equipment (See Footnote B)				8,812	2,237	11,049
Reimbursements				-83,600	-0-	-83,600
Total Expenditures				\$1,586,514	\$92,420	\$1,678,934

Footnote A

Operating Expenses:  
Addition to Santa Barbara Office \$13,500  
Document Reproduction Sac. Office 25,000  
Total Additional Operating Expenses \$38,500

Footnote B

Equipment  
Office Equipment-6 Desks/Chairs \$1,560  
1 I.B.M. Electric Typewriter 418  
1 Adding Machine 259  
Total Additional Equipment \$2,237

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PROPOSED NEW POSITIONS

Proposed new positions for the State Lands Division require the approval of the Commission. The Division's budget for 1964-65 contains proposed new positions as follows:

	<u>No. of Positions</u>
Executive - Sacramento	
Administrative Assistant I	1
Intermediate Steno-Clerk	1
Legal - Los Angeles	
Assistant Counsel	1
Administrative Services - Los Angeles	
Assistant Personnel Analyst	1
Data Processing Technician I	1
Audits - Los Angeles	
General Auditor III	1
Mineral Resources - Los Angeles, Santa Barbara, Huntington Beach	
Associate Mineral Resources Engineer	1
Oil Gaugers	3
Intermediate Account Clerk	1
Commercial and Recreational Leasing - Los Angeles	
Senior Land Agent	1
Associate Land Agent	1
Temporary Help	
Miscellaneous	.8
Overtime	<u>.6</u>
Total	14.4

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

	<u>No. of Positions</u>
Mineral Resources - Long Beach	
Senior Mineral Resources Engineer	1
Associate Mineral Resources Engineer	1
Intermediate Stenographer	1
Audits - Long Beach	
Supervising Auditor - State Lands Division	1
General Auditor III	1
General Auditor II	1

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IT IS RECOMMENDED THAT THE COMMISSION APPROVE:

1. THE PROPOSED BUDGET OF THE STATE LANDS DIVISION, DEPARTMENT OF FINANCE, FOR THE FISCAL YEAR 1964-65, IN THE TOTAL AMOUNT OF \$1,678,934, INCLUSIVE OF CONTRIBUTIONS TO (1) STATE EMPLOYEES' RETIREMENT, (2) HEALTH AND WELFARE AND (3) SOCIAL SECURITY PROGRAMS;
2. ESTABLISHMENT OF POSITIONS AS FOLLOWS:

	<u>NO. OF POSITIONS</u>
EXECUTIVE - SACRAMENTO	
ADMINISTRATIVE ASSISTANT I	1
INTERMEDIATE STENO-CLERK	1
LEGAL - LOS ANGELES	
ASSISTANT COUNSEL	1
ADMINISTRATIVE SERVICES - LOS ANGELES	
ASSISTANT PERSONNEL ANALYST	1
DATA PROCESSING TECHNICIAN I	1
AUDITS - LOS ANGELES AND LONG BEACH	
SUPERVISING AUDITOR - STATE LANDS DIVISION	1
GENERAL AUDITOR III	2
GENERAL AUDITOR II	1
MINERAL RESOURCES - LOS ANGELES, SANTA BARBARA, HUNTINGTON BEACH	
SENIOR MINERAL RESOURCES ENGINEER	1
ASSOCIATE MINERAL RESOURCES ENGINEER	2
OIL GAUGERS	3
INTERMEDIATE ACCOUNT CLERK	1
INTERMEDIATE STENOGRAPHER	1
COMMERCIAL AND RECREATIONAL LEASING - LOS ANGELES	
SENIOR LAND AGENT	1
ASSOCIATE LAND AGENT	1
TEMPORARY HELP	
MISCELLANEOUS	.8
OVERTIME	.6
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TOTAL	20.4