

45. APPROVAL OF AGREEMENT ESTABLISHING PRINCIPLES AND GUIDELINES, SUBSIDENCE PROJECT COST ALLOWANCE, TOWN LOT, REPLACEMENT FACILITIES, WHARF CONSTRUCTION; CITY OF LONG BEACH - L.B.W.O. 10,157.

After consideration of Calendar Item 36 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION APPROVES THE AGREEMENT WITH THE CITY OF LONG BEACH AS SET FORTH IN THE EXECUTIVE OFFICER'S LETTER DATED FEBRUARY 2, 1968 (EXHIBIT "A"), ESTABLISHING CERTAIN GUIDELINES AND PRINCIPLES FOR ALLOWANCES BY THE STATE FROM ITS SHARE OF TIDELAND OIL REVENUE OF COSTS OF SUBSIDENCE REMEDIAL AND PROTECTIVE WORK IN THE CITY OF LONG BEACH, I.E., TOWN LOT PURCHASE, RAISING AND REHABILITATION; REPLACEMENT ALLOWANCES FOR SUBSIDENCE FACILITIES; AND COSTS ASSOCIATED WITH CONSTRUCTING WHARVES ABOVE OPTIMUM LEVELS TO PROVIDE FOR LATER SUBSIDENCE; AND AUTHORIZES THE EXECUTIVE OFFICER TO EXECUTE ANY OTHER NECESSARY DOCUMENTS.

Attachment

Calendar Item 36 (2 pages)

36.

APPROVAL OF AGREEMENT ESTABLISHING PRINCIPLES AND GUIDELINES, SUBSIDENCE PROJECT COST ALLOWANCE, TOWN LOT, REPLACEMENT FACILITIES, WHARF CONSTRUCTION; CITY OF LONG BEACH - L.B.W.O. 10,157.

Pursuant to the provisions of Ch. 29/1956, 1st E.S., and Ch. 138/1964, 1st E.S., the City of Long Beach has proceeded with a program of subsidence damage alleviation and protection to its land areas and facilities after requesting and obtaining conditional prior approval for the various projects from the Commission. Due to the emergent nature of the work and the difficulty encountered by the City in preparing unchangeable plans prior to construction, an agreed procedure was implemented whereby the Commission gave prior approval subject to the conditions that the amounts, if any, of each of the items to be allowed ultimately as subsidence costs, deductible under the referred statutes, 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 that the work conform in essential details to the plans and background material heretofore submitted to the Commission.

Deductions during the course of the work are made by the City, from its monthly remittance of tideland oil revenue to the State, in the amount of subsidence allowances currently due as based upon the preliminary estimates used by the Commission in its prior approval.

Although subsidence costs are being incurred on current construction work and future remedial subsidence work is projected, a substantial number of projects completed in the field have been delayed in the determination of final adjustments to subsidence allowances (credit or debit the State) because of different convictions of the staffs of the State and City as to principles and guidelines to be followed.

Discussions have been held with representatives of the executive and legal staffs of the City, with the consultant for the Joint Committee on Public Domain also in attendance, during which agreement was reached on basic principles subject to concurrence of the Commission and of City management. Said preliminary agreement was verified in an exchange of letters of understanding, copies of which are attached as Exhibit "A". Additional material in Exhibits "B", "C", "D" and "E" is provided to inform the Commission as to the general magnitude of the estimated costs and the descriptive features of the work.

The Office of the Attorney General participated in all the negotiations leading to the agreement, and has advised that the procedure is legally proper. The Auditor General was informed as to the principles under deliberation and his discussion and comment invited.

In view of the complex nature and initial divergence of opinions on this subject, the staff, with the concurrence of other State representatives, is of the opinion that the proposed agreement is as favorable a compromise as it is possible to make and is in the State's best interests.

CALENDAR ITEM 36. (CONTD.)

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE AGREEMENT WITH THE CITY OF LONG BEACH AS SET FORTH IN THE EXECUTIVE OFFICER'S LETTER DATED FEBRUARY 2, 1968 (EXHIBIT "A"), ESTABLISHING CERTAIN GUIDELINES AND PRINCIPLES FOR ALLOWANCES BY THE STATE FROM ITS SHARE OF TIDELAND OIL REVENUE OF COSTS OF SUBSIDENCE REMEDIAL AND PROTECTIVE WORK IN THE CITY OF LONG BEACH, I.E.; TOWN LOT PURCHASE, RAISING AND REHABILITATION; REPLACEMENT ALLOWANCES FOR SUBSIDENCE FACILITIES; AND COSTS ASSOCIATED WITH CONSTRUCTING WHARVES ABOVE OPTIMUM LEVELS TO PROVIDE FOR LATER SUBSIDENCE; AND AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE ANY OTHER NECESSARY DOCUMENTS.