

MINUTE ITEM

11/19/70  
CVB

25. APPROVAL OF ACCEPTANCE OF CASH SETTLEMENT AS COMPENSATION FOR EXCESSIVE DIESEL FUEL CHARGES, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 23 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION, PURSUANT TO CHAPTER 138/1964, 1ST. E.S., THE LONG BEACH UNIT AGREEMENT, AND THE FIELD CONTRACTORS' AGREEMENT, APPROVES ACCEPTANCE BY THE CITY OF LONG BEACH, AS UNIT OPERATOR FOR THE LONG BEACH UNIT, OF A CASH SETTLEMENT AS REIMBURSEMENT FOR EXCESSIVE DIESEL FUEL CHARGES IN THE AMOUNT OF \$90,829.58 FROM THE FIVE OIL COMPANIES COMPRISING THE FIELD CONTRACTOR FOR THE PERIOD NOVEMBER 1, 1967, THROUGH MARCH 31, 1970.

Attachment:

Calendar Item 23 (1 page)

A 39, 44 & 68  
S 32 & 37  
M

947

APPROVAL OF ACCEPTANCE OF CASH SETTLEMENT AS COMPENSATION FOR EXCESSIVE DIESEL FUEL CHARGES, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

The City Auditor of the City of Long Beach, during his audit of the Field Contractor for the Long Beach Unit, determined that THUMS Long Beach Company, as agent for the five oil companies composing the Field Contractor (i.e., Texaco, Humble, Union, Mobil, and Shell), had not purchased the Long Beach Unit's diesel fuel requirements by competitive bid.

All purchases of diesel fuel by THUMS Long Beach Company were made from THUMS' five parent companies and charged as a Unit Expense at a price approximately \$0.03 per gallon in excess of the bid prices for comparable diesel fuel paid by the Long Beach Public Transportation Company. The Long Beach Public Transportation Company was chosen for comparison because its purchases were similar in volume to the purchases made by THUMS.

The City of Long Beach presented its findings to the Field Contractor and asked that the Long Beach Unit be reimbursed for the excess charges. The five oil companies comprising the Field Contractor offered to settle the matter by paying the Long Beach Unit \$75,540.55, representing the difference between the price charged by the five companies and the prices paid by the Long Beach Public Transportation Company during the period January 1, 1968, through March 31, 1970.

Subsequent audit of the Field Contractors' records by the Divisions' Long Beach Operations staff indicated a difference of \$90,829.58 instead of \$75,540.55. The five oil companies comprising the Field Contractor have now agreed to pay the Long Beach Unit \$90,829.58 as reimbursement for excess diesel fuel charges from November 1, 1967, through March 31, 1970.

THUMS Long Beach Company is now selecting its diesel fuel supplier by competitive bid, and has entered into a purchase agreement for the period April 1, 1970, through March 31, 1971, at a price lower than that being paid by the Long Beach Public Transportation Company. This lower fuel price will be reflected in increased State revenue from the Long Beach Tidelands.

The Division has verified the quantities and prices paid during the period November 1, 1967, through March 31, 1970, and confirms that the proposed settlement of \$90,829.58 fairly represents the cumulative monetary difference between nonbid and competitive bid procedures.

The Office of the Attorney General has reviewed this proposed settlement, finding it fair and reasonable, and has recommended approval of its acceptance by the City of Long Beach.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO CHAPTER 138/1964, 1ST. E.S., THE LONG BEACH UNIT AGREEMENT, AND THE FIELD CONTRACTORS' AGREEMENT, APPROVE ACCEPTANCE BY THE CITY OF LONG BEACH, AS UNIT OPERATOR FOR THE LONG BEACH UNIT, OF A CASH SETTLEMENT AS REIMBURSEMENT FOR EXCESSIVE DIESEL FUEL CHARGES IN THE AMOUNT OF \$90,829.58 FROM THE FIVE OIL COMPANIES COMPRISING THE FIELD CONTRACTOR FOR THE PERIOD NOVEMBER 1, 1967, THROUGH MARCH 31, 1970.