

16. CONSIDERATION OF SUBSIDENCE COSTS PROJECTS, LONG BEACH - L.B.W.O. 10,213.

After consideration of Calendar Item 8 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION APPROVES SUCH COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, INCLUDING SUBSIDENCE REMEDIAL WORK, AS INDICATED ON EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF, FOR THE PERIOD JULY 20, 1965, TO TERMINATION DATE; SUBJECT TO THE CONDITIONS, HOWEVER, THAT THE AMOUNTS, IF ANY, OF EACH OF THE ITEMS TO BE ALLOWED ULTIMATELY AS SUBSIDENCE COSTS, DEDUCTIBLE UNDER SECTION 4(a) OF CHAPTER 138, STATUTES OF 1964, 1ST E.S., 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. FURTHER, THE EXECUTIVE OFFICER, THE ASSISTANT EXECUTIVE OFFICER, OR THE SUPERVISING MINERAL RESOURCES ENGINEER ARE AUTHORIZED TO EXECUTE APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSION'S CONDITIONAL APPROVAL.

Attachment

Calendar Item 8 (3 pages)

8.

CONSIDERATION OF SUBSIDENCE COSTS PROJECTS, LONG BEACH - L.B.W.O. 10,213.

On July 2, 1965, the Commission determined that the expenditure of approximately \$18,720,000 by the City of Long Beach from its share of tideland oil revenues for the construction of the Entrance Channel Bridge within the boundaries of the Harbor District is in accordance with the provisions of Section 6, of Chapter 138, Statutes of 1964, 1st Extraordinary Session, subject to the condition that the work conform in essential details to the plans and background material previously submitted. The Commission further determined that the expenditures for Oil Facilities Raising shall be subject to a finding by the Executive Officer that the retention of such wells at such cost is economically justified or, alternatively, a finding by the Executive Officer that the City has made adequate efforts to seek approval by the Unit Working Interest Owners of the abandonment of said wells, the cost of the retention of which is not economically justified.

As distinct from the capital improvement aspects of the bridge project requiring attention of the Commission as set forth above, the City of Long Beach, through the Office of the City Attorney, also filed request for prior approval of the Commission of the expenditure of tideland oil revenues for remedial and protective measures to be taken against subsidence of the land surface. These expenditures will cover the purchase of property that is under the sideslopes of the earth fill, the earth fill itself, raising of oil facilities, construction of retaining wall, and additional lengths of steel foundation piling. Refer to Exhibits A, B, C, D, E, F, G, H, and I for location and descriptions of the work.

This project has received initial staff review and is considered to contain some "subsidence costs" as defined in Section 1(e) of Chapter 138, Statutes of 1964, 1st E.S., but not necessarily all of those costs as estimated by the City of Long Beach.

At the meeting of the Commission on March 25, 1959, the Chairman directed that the opinion of the Attorney General be requested as to the establishment of the principles of cost deductions by the City of Long Beach and for State participation in any enhanced values of properties acquired by the City with the aid of subsidence deductions.

The opinion of the Attorney General's office, dated November 19, 1959, is summarized in two parts:

- "1. The basic principle applicable to the determination of subsidence costs available to the City in connection with land acquisitions necessitated by subsidence is that such costs are limited to the amounts by which the costs of acquiring, filling, and otherwise rehabilitating the private lands exceed their ultimate value for purposes unrelated to subsidence.

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- "2. Where lands are acquired by the City through the expenditure of express trust moneys with the aid of subsidence deductions, said lands are trust assets of which the State has beneficial title; however, the State does not participate in the ownership, revenues, or enhanced values of said lands except in its capacity as beneficiary of said trust."

With the basic principles set forth by the Attorney General as a guide, the staff has determined estimated subsidence costs in the bridge project as indicated in Exhibit "A". The percent of subsidence costs shown on Exhibit "A" is intended for use against all bridge subprojects until such time as the work is completed and a final engineering review and audit can be accomplished, at which time any necessary adjustments will be made.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE SUCH COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, INCLUDING SUBSIDENCE REMEDIAL WORK, AS INDICATED ON EXHIBIT "A" ATTACHED AND HEREBY MADE A PART HEREOF, FOR THE PERIOD JULY 20, 1965, TO TERMINATION DATE; SUBJECT TO THE CONDITIONS, HOWEVER, THAT THE AMOUNTS, IF ANY, OF EACH OF THE ITEMS TO BE ALLOWED ULTIMATELY AS SUBSIDENCE COSTS, DEDUCTIBLE UNDER SECTION 4(d) OF CHAPTER 138, STATUTES OF 1964, 1ST E.S., 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. IT IS FURTHER RECOMMENDED THAT THE EXECUTIVE OFFICER, THE ASSISTANT EXECUTIVE OFFICER, OR THE SUPERVISING MINERAL RESOURCES ENGINEER BE AUTHORIZED TO EXECUTE APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSIONS CONDITIONAL APPROVAL.

Attachment
Exhibit "A"

EXHIBIT "A"

LONG BEACH WORK ORDER NO. 10,213 - Project and Estimate Submitted by the Port of Long Beach, ENTRANCE CHANNEL BRIDGE.

<u>ITEM</u>	<u>AFE</u>	<u>WORK PROPOSED</u>	<u>LBHD ESTIMATED SUB-PROJECT EXPENDITURES JULY 20, 1965 TO TERMINATION</u>	<u>ESTIMATED SUBSIDENCE COSTS</u>
1.	534	Entrance Channel Bridge Structure		
		A. Contract -	\$ 12,743,000	
		B. Contingency	637,000	
		C. Engineering	1,250,000	
			\$ 14,630,000	\$ 146,300
2.	534	Supplemental Cost of West Approach		
		A. Property Purchase	\$ 1,221,000	
		B. Earth Fill	900,000	
		C. Retaining Walls	162,000	
		D. Raise Oil Facility	691,000	
		E. Contingency	744,000	
		F. Engineering	372,000	
			<u>4,090,000</u>	<u>2,357,400</u>
			\$18,720,000	\$2,503,700 (13.4%)

Note: 1. The term "1st Phase" consists of costs of preliminary work expended subsequent to review of preliminary plans and/or other adequate description. (Typical "1st Phase" costs are engineering design, contract administration and advertising, preparation of site by Harbor Department forces.) For work within the same approved time period, any excess of "1st Phase" approved costs over actual expenditures may be added to "2nd Phase" approvals after date of "2nd Phase" approvals.

2. The term "2nd Phase" consists of additional costs approved subsequent to review of detail construction plans and/or other data sufficient to guide construction operations.