

MINUTE ITEM

5/27/71
CVB

18. QUARTERLY REPORT, REDUCTION OF EXPENDITURES, LONG BEACH UNIT, SECOND QUARTER 1970-1971 FISCAL YEAR.

The attached Calendar Item 15 was submitted for information only, no action thereon being necessary.

Attachment:

Calendar Item 15 (1 page)

QUARTERLY REPORT, REDUCTION OF EXPENDITURES, LONG BEACH UNIT, SECOND QUARTER
1970-1971 FISCAL YEAR.

The Commission, at its meeting of April 23, 1970, requested the City of Long Beach, as part of its stewardship in administering the Long Beach tidelands, to make every effort to reduce costs in the Long Beach Unit so as to maximize the net profit payments to the City of Long Beach and to the State of California and to achieve maximum economic oil recovery.

Additionally, the Commission requested the City to report, on a quarterly basis starting with June 1970, as to its effectiveness in reducing the expenditures by the Field Contractor for the Long Beach Unit.

The cost-reduction report for the second quarter of the 1970-1971 fiscal year has now been submitted by the City of Long Beach. This report indicates that expense expenditures will be reduced by \$3,724,000, with a resulting reduction in administrative overhead of \$138,000. Additionally, it is expected that \$3,702,000 provided for capital investments, with accompanying 4% administrative overhead of \$148,000, will not be expended. These changes, totaling \$7,712,000, represent over 15 percent of the original 1970-1971 budget approved for the Long Beach Unit.