

MINUTE ITEM

10/7/71
DAL

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

The attached Calendar Item 22 was submitted for information only, no Commission action thereon being necessary.

Attachment:

Calendar Item 22 (2 page)

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

The Commission, at its meeting of April 23, 1970, requested the City of Long Beach to report on a quarterly basis as to its effectiveness in reducing the expenditures by the Field Contractor for the Long Beach Unit in order to maximize the net profits payments to the City and to the State.

The City has submitted, as their fourth quarter cost reduction report, data from the June 1971 Budget Control Statement, without comment. This data has been reviewed by the Division.

The data indicates that, for the 1970-1971 budget period, expense type expenditures were \$3,489,000 (9%) less than original budget funds. Expenditures for capital investment were \$5,297,000 (57%) less than original budget funds or \$6,807,000 (63%) less than budget funds as modified. Most of this underage was due to cancellation of proposed development wells, and to investment projects commenced during the 1970-1971 budget period and not completed by June 30, 1971. Staff analysis indicates that in order to complete these projects, it was necessary to augment the 1971-1972 budget by \$3,354,000. Administrative overhead was reduced \$191,000 as a result of these expenditures being lower than anticipated.

Expenditures against the 1970-1971 modified budget plus provision for incomplete projects amounted to \$45,278,000 or 89% of original budget funds, resulting in an effective total reduction of 11%.