

20. PROPOSED EXPENDITURE OF TIDE LAND OIL REVENUE FOR SUBSIDENCE REMEDIAL WORK, CITY OF LONG BEACH, LOS ANGELES COUNTY - W 10291.

After consideration of Calendar Item 19 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, INCLUDING SUBSIDENCE REMEDIAL WORK, AS INDICATED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF, FOR THE PERIOD FROM OCTOBER 25, 1973, TO TERMINATION DATE; SUBJECT TO THE CONDITIONS THAT THE AMOUNTS, IF ANY, OF EACH OF THE ITEMS TO BE ALLOWED ULTIMATELY AS SUBSIDENCE COSTS, DEDUCTIBLE UNDER SECTION 4(d) OF CHAPTER 130/1964, 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 COMMISSION AUTHORIZES THE EXECUTION OF APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSION'S CONDITIONAL APPROVAL.

Attachment:

Calendar Item 19 (4 pages)

PROPOSED EXPENDITURE OF TIDELAND OIL REVENUE
FOR SUBSIDENCE REMEDIAL WORK
CITY OF LONG BEACH

SUBSIDENCE REMEDIAL PROJECT:

Construction of a Maintenance and Materials Yard in the Town Lot Area of the Long Beach Harbor District.

SUBSIDENCE ELEMENTS:

A. City's Estimate:

Nineteen percent (on a preliminary basis).

B. Staff Analysis:

On August 23, 1973, the City made request that this matter be considered at the September meeting of the Commission since the City anticipates that work will commence during the latter part of September and expenditures will be made shortly thereafter.

The City's revised request of August 23, 1973, was made at such late date that staff was unable to complete necessary reviews dealing with the background data supporting the Harbor Department estimate of subsidence allowances for replaced buildings and facilities in the existing maintenance yard. On the other hand, staff agrees that some subsidence elements exist in the project; namely, the utilities being replaced in Water Street adjacent to the new site.

The staff herein recommends to the Commission that it give prior approval to the recognition of subsidence costs in the utility portion of the project and allow current deductions during the progress of the work against costs expended against the utility elements. Staff further recommends that no current deductions be made against any possible allowances for buildings and/or facilities replacement. The subsidence cost allowance, if any, for buildings and/or facility replacements will be made on the basis of an engineer and audit review after completion of the work.

CALENDAR ITEM NO. 19. (CONTD)

Staff estimate of the subsidence percent of the cost of utility work as related to the total estimated cost of the project is 2.57 percent.

COST OF THE PROJECT:

- A. City's Estimate: \$2,400,000 (including subsidence and non-subsidence costs.)
- B. Staff Comment: Found reasonable.

STATUTORY AUTHORITY:

- A. City's Reference: Chapter 138/1964, 1st E.S., Section 1(e).
- B. Staff Determination: Agreement.

OTHER PERTINENT INFORMATION:

Details of the construction are set forth in the background material, and in letters dated July 12, 1973, and August 23, 1973, from the City Attorney requesting prior approval.

EXHIBITS:

- A. Cost Estimate.
B. Vicinity Sketch.
C. Detail Sketch.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, INCLUDING SUBSIDENCE REMEDIAL WORK, AS INDICATED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF, FOR THE PERIOD FROM OCTOBER 25, 1973, TO TERMINATION DATE; SUBJECT TO THE CONDITIONS THAT THE AMOUNTS, IF ANY, OF EACH OF THE ITEMS TO BE ALLOWED ULTIMATELY AS SUBSIDENCE COSTS, DEDUCTIBLE UNDER SECTION 4(d) OF CHAPTER 138/1964, 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 COMMISSION AUTHORIZE THE EXECUTION OF APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSION'S CONDITIONAL APPROVAL.

Attachment: Exhibit "A"

EXHIBIT "A"

W 10291

<u>ITEM</u>	<u>AFE</u>	<u>WORK PROPOSED</u>	<u>LBHD ESTIMATED SUB-PROJECT EXPENDITURES OCTOBER 25, 1973 TO TERMINATION</u>	<u>ESTIMATED SUBSIDENCE COSTS</u>
1	909	Town Lot Area; L.B.H.D. MAINTENANCE AND MATERIALS YARD (2nd Phase)	\$2,226,000	\$57,208 (2.57%)
		\$2,400,000 minus \$174,467*	\$2,225,533 use \$2,226,000	

NOTE:

1. The term "1st Phase" covers 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" covers additional costs approved subsequent to review of detail construction plans and/or other data sufficient to guide construction operations.

*Costs expended by the City for AFE 909 as of July 31, 1973

EXHIBIT "A" (CONTD)

W 10291

CITY SUMMARY COST ESTIMATE

Buildings	\$1,355,000
Fence & Gates	22,000
Landscaping	15,000
Paving	170,000
Yard Utilities	150,000
Water Street Utilities	52,000
Oil Facilities Relocations by Mobil	<u>36,000</u>
Direct Costs	\$1,800,000
Contingency	300,000
Engineering	<u>300,000</u>
Total	\$2,400,000

Water Street Utilities	\$ 52,000
Contingencies	9,000
Engineering	<u>9,000</u>
	\$ 70,000
\$70,000 @ 88%* subsidence	\$ 61,600
Estimated subsidence percent	2.57%
	<u>61,600</u>
	2,400,000

*Subsidence allowance for compromise agreement of April 1968 with respect to depreciation allowance for Town Lot Area Utility replacement