

MINUTE ITEM

This Calendar Item No. 38  
was approved as Minute Item  
No. 38 by the State Lands  
Commission by a vote of 2  
to 0 at its 7-22-76  
meeting.

CALENDAR ITEM

7/76  
W 10292  
WNT

38.

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

SUBSIDENCE REMEDIAL PROJECT:  
Westside Industrial Park Storm Drain.

SUBSIDENCE ELEMENTS:

A. City's Analysis: Expenditures for work  
lying within the boundary  
of the Harbor District  
are subsidence costs. The  
work is required to restore  
drainage which has been  
damaged by subsidence of  
the land surface through-  
out the subject areas.

B. Staff Analysis: Subsidence costs are in-  
cluded as estimated by the  
City.

COST OF PROJECT:

A. City's Estimate: \$871,250 (2nd Phase).

Subsidence Portion: \$791,890.

B. Staff Comment: Found reasonable.

FISCAL IMPACT: 100% of the subsidence costs to be borne by the  
State.

STATUTORY AUTHORITY:

A. City's Reference: Ch. 138/64, 1st E. S.,  
Sec. 1(e).

B. Staff Determination: Agreement.

COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970:  
A Negative Declaration was issued by the Long  
Beach City Planning Commission on November 5, 1973.

OTHER PERTINENT INFORMATION:

Details of the project are set forth in corres-  
pondence (dated May 17, 1976, June 3, 1976, and  
June 14, 1976) supplying supportive material and  
making request for prior approval of the Commission.

EXHIBITS:

A. Cost Estimate.  
C. Layout Plan.

B. Vicinity Map.  
D. Negative Declaration.

A 52, 57, 58

S 27, 31

CALENDAR ITEM NO. 38. (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED BUT THAT A NEGATIVE DECLARATION HAS BEEN PREPARED BY THE LONG BEACH CITY PLANNING COMMISSION ON November 5, 1973.
2. CERTIFY THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED IN THE NEGATIVE DECLARATION.
3. DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. APPROVE COSTS PROPOSED TO BE EXPENDED BY THE CITY OF LONG BEACH, INCLUDING SUBSIDENCE REMEDIAL WORK, AS INDICATED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF, FOR THE PERIOD FROM JULY 22, 1976, 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, 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 COMMISSION AUTHORIZE THE EXECUTION OF APPROPRIATE WRITTEN INSTRUMENTS REFLECTING THE COMMISSION'S APPROVAL.

Attachment: Exhibit "A".

EXHIBIT "A"

File No. W 10292

<u>Work Proposed</u>	<u>City Estimated Project Expenditures July 22, 1976 to Termination.</u>	<u>Estimated Subsidence Costs</u>
Westside Industrial Park Storm Drain, Units 1-A and 1-B (Second Phase)	\$871,250	\$791,890

NOTE: The term "1st Phase" covers costs expended for preliminary work subsequent to review of preliminary plans and/or other adequate description. ("1st Phase" costs are restricted to engineering design, field surveys for design purposes, preparation of preliminary and construction plans, special investigation as may be required for design purposes and preparation of specifications for construction.)

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

Breakdown of Subsidence Costs:

<u>Unit</u>	<u>2nd Phase Cost</u>	<u>% Subsidence</u>	<u>Subsidence Amount</u>
1-A	\$800,000	90.08	\$720,640
1-B	71,250	100.00	71,250
TOTAL SECOND PHASE: \$871,250			\$791,890

Subsidence Factor for Unit 1-A:

Subsidence Percent, based on construction costs only

Contract Construction cost today minus Contract Construction Cost 1926 divided by Contract Construction Cost today:

$$\frac{\$556,149.00 - \$54,394.66^*}{\$556,149} = 90.22\%$$

\*So long as the total scope of the project remains unchanged, the 1926 contract construction cost shall be fixed at this amount. The original facility is considered fully depreciated as the 50-year life has elapsed.

EXHIBIT "A" (CONTD.)

An adjustment in the Second Phase subsidence percentage for Unit 1-A is being made to compensate for subsidence costs already withheld in the project First Phase as follows:

	<u>Project Costs</u>
First Phase (Approved)	\$50,000
Second Phase (This application)	<u>800,000</u>
	\$850,000 @ 90.22%
	= \$766,870 Subsidence Cost

A preliminary audit of Long Beach City Engineers Ledger indicates total First Phase expenditures actually incurred were \$48,503.31, of which \$44,880.11 has been or will be reported as subsidence costs at 92.53%.

With approval of \$800,000 Second Phase project costs at 90.22% subsidence costs, total approved funds will be:

First Phase:	\$ 50,000.00	
Second Phase:	<u>800,000.00</u>	
Total:	\$850,000 @ 90.22%	= \$766,870 Subsidence Costs
Actual 1st Phase expended:	\$(48,503.31) @ 92.53%	= \$(44,880.11) Subsidence Costs
Approved Balance:	\$801,496.69	\$721,989.89 Subsidence Costs
Adjusted Subsidence Factor	= $\frac{\$721,989.89}{\$801,496.69}$	= 90.08%
Subsidence Amount	= \$800,000 x 90.08%	= \$720,640.00

Subsidence Factor for Unit 1-B:

Subsidence costs for Unit 1-B will be 100% actual project costs.