



OFFICE OF THE CITY ATTORNEY  
Long Beach, California

**R-1**

CHARLES PARKIN  
City Attorney

MICHAEL J. MAIS  
Assistant City Attorney

July 29, 2020

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

RECOMMENDATION:

- 1) Adopt Resolution Calling for the Placement of a General Tax Measure on the Ballot of the November 3, 2020 General Municipal Election for submission to the qualified voters of the City of Long Beach an ordinance amending Long Beach Municipal Code section 3.80.221, to increase the rate of the general purpose Oil Barrel Production Tax (Barrel) Tax by 15 cents from 15 cents per barrel to 30 cents per barrel, with annual CPI adjustments and suspension limits to the general tax; and
- 2) Adopt Resolution Providing for the Filing of Primary and Rebuttal Arguments and Setting Rules for the Filing of Written Arguments regarding a City Measure to be submitted at the November 3, 2020 General Municipal Election; and
- 3) Adopt Resolution Requesting the Board of Supervisors of the County of Los Angeles to Consolidate a General Municipal Election for a Local Initiative Measure to be held on November 3, 2020 with the Statewide General Election to be held on that date pursuant to Section 10403 of the Elections Code.

DISCUSSION:

Pursuant to your request of July 7, 2020, this office, in consultation with the Departments of Financial Management and Energy Resources, has prepared and now submits the above-described Resolutions for your consideration.

- 1) Resolution Calling for the Placement of a General Tax Measure on the Ballot of the November 3, 2020 General Municipal Election: This Resolution presents a ballot question for submission to the qualified voters of the City of Long Beach relating to an ordinance amending Long Beach Municipal Code section 3.80.221, increasing the rate of the general purpose Oil Barrel Production (Barrel) Tax by 15 cents from 15 cents per barrel to 30 cents per barrel.

MUNICIPAL COUNCIL

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At the July 7, 2020 City Council meeting, the Council directed the City Manager and the City Attorney's office to explore the possibility of an increase to City's general Barrel Tax as a means of providing additional general fund revenue. As part of that exploration, City Council also directed that staff engage stakeholders including the State Lands Commission and local oil producers.

Current Barrel Tax Structure: The City currently has a two-part Barrel Tax structure: a flat 15 cent per oil Barrel Tax (the general tax) and a 33 cent per oil barrel tax (the special tax, Proposition H for Public Safety approved in 2007) that is adjusted annually according to the Consumer Price Index (CPI) on June 1. The total Barrel Tax for the City is currently at 48 cents per barrel of oil produced. For comparison, Signal Hill's Barrel Tax is currently 60 cents per barrel and the tax rate is adjusted annually based on the Producers' Price Index (PPI) for crude petroleum, a more volatile index. Signal Hill expects the rate to be reduced to 45 cents per barrel retroactive to July 1.

Stakeholders: As directed by the City Council, staff met with stakeholders who had an interest in a possible oil Barrel Tax increase. Staff discussed the potential increase to the City's Barrel Tax with California Resources Corporation (CRC). They are by far the largest corporate stakeholder and operate the City and State oil fields. CRC would pay the largest share of the Barrel Tax collected by the City. CRC does not support the oil Barrel Tax increase because it will be a further burden to them trying to recover from the serious financial situation they face as a result of the recent low oil price environment. Other than the CRC, the State and the City, there are no major operators. Most (94%), but not all of the City's Barrel Tax revenue is from oil fields operated by CRC. Due to the complex contracts with the oil owners for Tidelands and Uplands oil fields, CRC pays about 41% of the Barrel Tax, the State pays 36%, and the City pays about 11%. Together this accounts for about 88% of the City's revenue from Barrel Taxes. The only other taxpayer at more than 1% is Signal Hill Petroleum, which pays 3% of the Barrel Tax. Attachment A provides a list of the Long Beach oil producers and their share of the City's oil barrel tax.

Staff also met with the other local oil producers. The local oil producers were not supportive of the proposed tax but did not express a desire to actively oppose it. The California Independent Petroleum Association (CIPA) suggested that the City consider a tax that included oil imports. (Staff is researching the feasibility of such a tax).

Staff also met with the State Lands Commission (SLC). In setting a proposed general Barrel Tax increase, staff was cautioned by initial conversations with the SLC. The SLC reiterated their concerns that a tax increase is inconsistent with the City's responsibilities as a trustee based on a potential claim that it diverts money from the State's trust and inconsistent with the City's responsibilities as an

operator, if the Barrel Tax places a burden on the existing operations and drives down production.

Included as Attachment F is a brief transmittal memo from Bob Dowell, the Director of Energy Resources summarizing stakeholder engagement, along with the letters from SLC, a slide presentation from the CIPA expressing concerns about the proposed tax and suggesting an alternative tax, and notes from the oil producers meeting.

In order to minimize the concerns expressed, one course of action is to set a total Barrel Tax rate that is competitive in the market. A Barrel Tax increase of 12 to 15 cents per barrel can be competitive with the market, depending on what indices other cities use. A 12 to 15 cent increase would place the total Long Beach tax in line with recent Signal Hill oil Barrel Tax rates, so that Long Beach would not stand out in terms of tax rate. Also, by using the more stable consumer price index (CPI) the tax will be relatively consistent. Some of the rates are periodically index adjusted. Signal Hill is one of the cities along with Long Beach that makes periodic adjustments and Signal Hills rates are shown for several different time periods as they vary significantly over time.

It is recommended that the attached proposed ballot measure be approved for placement on the ballot, increasing the current general Barrel Tax by 15 cents, from 15 cents per barrel to 30 cents per barrel, with annual adjustments according to CPI on June 1. When combined with the special purpose tax the total tax would increase from 48 cents to 63 cents per barrel. A 15 cent tax increase would generate an estimated \$1.6 million in the first year. The new tax would take effect on January 1, 2021, or the earliest first of the month thereafter as permitted by law. Further, the new 15 cent oil Barrel Tax will be suspended in any month if realized oil prices are at or below \$20 per barrel.

Attachment B shows cities with an oil Barrel Tax and their rates as most recently provided by them including Long Beach's current rate and the proposed rate.

Proposition 218 generally requires new and increased general taxes and extension of general taxes to be voted on at a general election at which members of the City Council are elected (November 2020). A general tax measure such as this requires approval by a simple majority vote. Revenue derived from the increase, if approved, would be placed in the City's general fund. However, the City Council may consider adopting at a future meeting a non-binding resolution of spending priorities.

2) Resolution Providing for the Filing of Primary and Rebuttal Arguments and Setting the Rules for the Filing of Written Arguments: Consistent with the California Elections Code and the Long Beach Municipal Code, this Resolution sets forth rules and timelines for primary and rebuttal argument writers relating to the Barrel

Tax measure to be submitted to Long Beach voters at the November 3, 2020 General Municipal Election.

3) Resolution Requesting the Board of Supervisors of the County of Los Angeles to Consolidate a General Municipal Election: Consistent with California Elections Code section 10403, this Resolution requests Los Angeles County to consolidate the November 3, 2020 General Municipal Election with the Statewide general election to be held on that date, and to provide any necessary elections services.

This matter was reviewed by Deputy City Attorney Amy Webber on July 22, 2020 and Finance Director John Gross on July 22, 2020.

#### TIMING CONSIDERATIONS

City Council action is requested on July 29, 2020, in order to have sufficient time to bring back a resolution for an oil Barrel Tax increase ballot question to be placed on the November 2020 ballot, no later than August 4, 2020.

#### FISCAL IMPACT

The addition of this ballot question to the November 2020 ballot is estimated to cost \$1.1 million to be funded from City reserves, most likely from the unfunded liability reserve. The oil Barrel Tax currently generates about \$1 million per 10 cents of tax and the proceeds would be placed in the General Fund for general purposes. A 15 cent per barrel increase in the tax would generate about an additional \$1.6 million a year, subject to the escalator clause and subject to the normal reduction in oil production each year (8% to 10%) and subject to potential production spikes and resets due to the addition of new wells if oil prices increased high enough to support the drilling of new wells. Annually, Tidelands Fund oil revenues would be reduced by about \$135,000 and Uplands Fund oil revenue by about \$25,000. The total net revenue increase to the City (all funds) would be about \$1.3 million per year. It is not clear as to whether this increase to the oil barrel tax would impact oil production volumes or oil exploration in Tidelands or other areas. It could be that a 15 cent tax increase per barrel alone has no significant impact. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.


SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

CHARLES PARKIN, City Attorney

By

  
AMY R. WEBBER  
Deputy City Attorney



JOHN GROSS  
Director of Financial Management



BOB DOWELL  
Director of Energy Resources

APPROVED:



TOM MODICA  
City Manager

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- Attachment A: Long Beach Oil Operators and Share of Long Beach Barrel Tax
- Attachment B: Oil Barrel Tax for Various Cities
- Attachment C: Resolution Calling for the Placement of a General Tax Measure on the Ballot of the November 3, 2020 General Municipal Election
- Attachment D: Resolution Providing for the Filing of Primary and Rebuttal Arguments and Setting the Rules for the Filing of Written Arguments
- Attachment E: Resolution Requesting the Board of Supervisors of the County of Los Angeles to Consolidate a General Municipal Election
- Attachment F: Stakeholder input information

**Attachment A**  
**Long Beach Oil Operators and Share of Long Beach Oil Barrel Tax**

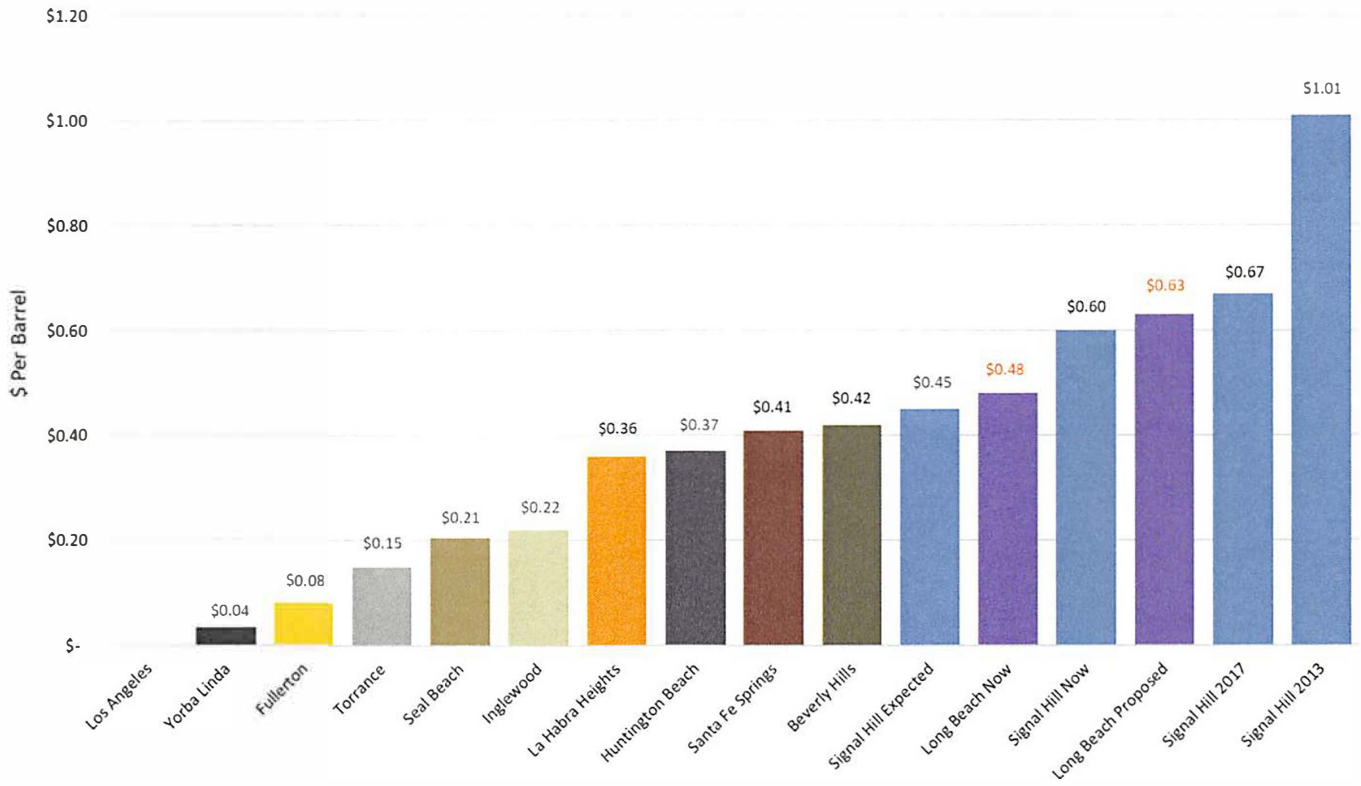
**Listing of Oil Operators located in the City of Long Beach**

#	Operator	% of Bbl Tax Paid
1	CALIFORNIA RESOURCES CORP.	40.580%
2	STATE OF CALIFORNIA	36.449%
3	CITY OF LONG BEACH - TOF	9.038%
4	LBU Townlot	5.516%
5	SIGNAL HILL PETROLEUM, INC. - All Wells	3.085%
6	CITY OF LONG BEACH - UPLANDS	1.683%
7	SYNERGY OIL & GAS, LLC	1.011%
8	WARREN E & P, INC	0.867%
9	THE TERMO COMPANY	0.413%
10	E & T, LLC	0.385%
11	BREITBURN OPERATING LP	0.208%

#	Operator	% of Bbl Tax Paid
12	LANSDALE COMPANY, THE	0.208%
13	S & C OIL CO., INC.	0.124%
14	E & B NATURAL RESOURCES MGMT CORP	0.115%
15	REMORA OPERATING CA, LLC	0.108%
16	THOMAS W SCOTT dba T J INVESTMENTS	0.068%
17	HERLEY-KELLEY, LLC	0.030%
18	MITCHELL-GROSSU OIL COMPANY	0.017%
19	P & M OIL COMPANY, INC	0.009%
20	CRG PROPERTIES LTD	0.000%
21	EXXON MOBILE CORP	0.000%
22	MITCHWIL INVESTMENT, LLC	0.000%

# Attachment B Oil Barrel Tax for Various Cities

**Oil Production Barrel Tax by City**  
July 2020



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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH, CALIFORNIA CALLING FOR THE PLACEMENT OF A GENERAL TAX MEASURE ON THE BALLOT FOR THE NOVEMBER 3, 2020 GENERAL MUNICIPAL ELECTION FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF AN AMENDED ORDINANCE TO INCREASE THE RATE OF THE CITY'S GENERAL PURPOSE OIL BARREL PRODUCTION TAX (BARREL TAX) FROM 15 CENTS PER BARREL TO THIRTY CENTS PER BARREL, WITH ANNUAL CPI INCREASES, TO BEGIN JANUARY 1, 2021, OR THE EARLIEST FIRST OF THE MONTH AS PERMITTED BY LAW

WHEREAS, the City of Long Beach ("City") is authorized to levy an oil barrel production tax (Barrel Tax) for general purposes, pursuant to City Charter, subject to approval by a majority vote of the electorate pursuant to Article XIIIC, Section 2 of the California Constitution ("Proposition 218"); and

WHEREAS, pursuant to section 3.80.221 of Chapter 3.80 of Title 3 of the Long Beach Municipal Code ("LBMC"), the City currently imposes a general purpose Barrel Tax at the rate of 15 cents per barrel upon every person conducting, managing or carrying on the business of oil production from any well located within the City; the revenues from which are deposited in the City's General Purpose Fund and may be used for general City services; and

WHEREAS, the general purpose Barrel Tax was separately adopted and is in addition to the City's special purpose Barrel Tax (LBMC section 3.80.222, also known as "Prop. H"), which is currently imposed at the rate of 33 cents per barrel, the revenues



1 from which are deposited in the City's "Police and Fire Public Safety Oil Production Act  
2 Fund," the proceeds of which may only be used for public safety purposes, including, but  
3 not limited to, equipment, facilities and training, all intended to ensure responses to public  
4 safety needs, natural and man-made disasters and possible acts of terrorism; and

5 WHEREAS, pursuant to City Charter and California Elections Code section  
6 9222, the City Council has authority to place local measures on the ballot to be considered  
7 at a Municipal Election; and

8 WHEREAS, based upon the above, the City Council would like to submit to  
9 the voters a measure increasing the general purpose Barrel Tax rate found in LBMC  
10 section 3.80.221 from 15 cents per barrel to 30 cents per barrel; and

11 WHEREAS, the City Council intends to propose an Ordinance amending  
12 section 3.80.221 of the City's Municipal Code, thereby amending the general purpose  
13 Barrel Tax as described above, subject to voter approval; and

14 WHEREAS, this proposed Ordinance/measure does not amend LBMC  
15 section 3.80.222 and is not intended to increase or alter the rate of the special purpose  
16 Barrel Tax, which shall remain at 33 cents per barrel; and

17 WHEREAS, this proposed Ordinance/measure is a general tax, the revenue  
18 of which will be placed in the City's general fund and will be used to pay for important  
19 general City services; and

20 WHEREAS, on November 6, 1996, the voters of the State of California  
21 approved Proposition 218, an amendment to the State Constitution which requires that all  
22 general taxes which are imposed, extended or increased must be submitted to the  
23 electorate and approved by a majority vote of the qualified electors voting in the election;  
24 and

25 WHEREAS, pursuant to Proposition 218 (California Constitution Article XIIC,  
26 §2(b)), an election for the approval of a new or increased general tax must generally be  
27 consolidated with a regularly scheduled general election for members of the governing  
28 body of the local government; and

1                   WHEREAS, the next regularly scheduled general election at which City  
2 Council members are to be elected is on November 3, 2020; and

3                   WHEREAS, the Ordinance to be considered by the qualified voters and the  
4 terms of approval, and collection and use of the general purpose Barrel Tax are described  
5 and provided for in the ballot measure attached hereto as Exhibit "A" (the "Measure") and  
6 by this reference made an operative part hereof, in accordance with all applicable laws;  
7 and

8                   WHEREAS, Long Beach City Charter section 210 states, in pertinent part,  
9 "[N]either ordinance nor resolution shall be in full force and effect unless it shall have  
10 received the affirmative votes of not less than five (5) members of the City Council."

11                  NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
12 follows:

13                   Section 1.    Incorporation of Recitals.  The foregoing recitals are true and  
14 correct and are hereby incorporated and made an operative part of this Resolution.

15                   Section 2.    Calling of Election.  The City Council, by the affirmative vote of  
16 not less than five (5) of its members, hereby calls and orders to be held in the City of Long  
17 Beach on Tuesday, November 3, 2020, a General Municipal Election for the purpose of  
18 submitting the Measure attached hereto as Exhibit "A" and incorporated herein by this  
19 reference to the qualified electors of the City.

20                   Section 3.    The City Council, pursuant to City Charter and California  
21 Elections Code section 9222, hereby orders that the following question be submitted to the  
22 qualified electors of the City of Long Beach at the General Municipal Election to be held on  
23 November 3, 2020:

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"LONG BEACH COMMUNITY SERVICES GENERAL PURPOSE OIL PRODUCTION TAX INCREASE MEASURE. To provide funding for community healthcare services; air/ water quality/ and climate change programs; increase childhood education/ youth programs; expand job training opportunities; and maintain other general fund programs, shall a measure be adopted increasing Long Beach's general oil production tax from 15¢ to 30¢ per barrel, subject to annual adjustments, generating approximately \$1,600,000 annually, until ended by voters, requiring audits/ local control of funds?"	YES
	NO

Section 4. Conduct of Election. The City Clerk is authorized, instructed, and directed to coordinate with the Los Angeles County Registrar of Voters/Elections Division to procure and furnish any and all official ballots, printed matter and all supplies, equipment and paraphernalia that may be necessary in order to properly and lawfully conduct the election. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

Section 5. Pursuant to California Elections Code Section 9280, the City Council hereby directs the City Clerk to transmit a copy of the Barrel Tax Measure to the City Attorney. The City Attorney shall prepare an impartial analysis of the Measure, not to exceed 500 words in length, showing the effect of the Measure on the existing law and the operation of the Measure, and transmit such impartial analysis to the City Clerk not later than the deadline for submittal of primary arguments for or against the Measure.

Section 6. The impartial analysis shall include a statement indicating whether the Measure was placed on the ballot by a petition signed by the requisite number of voters or by the City Council. In the event the entire text of the Measure is not printed on the ballot, nor in the voter information portion of the sample ballot, there shall be printed immediately below the impartial analysis, in no less than 10-font bold type, the following: "The above statement is an impartial analysis of Ordinance or Measure \_\_\_\_\_. If you desire a copy of the ordinance or measure, please call the Office of the City Clerk at [insert phone number] and a copy will be mailed at no cost to you."

1           Section 7. Notice of the election is hereby given and the City Clerk is  
2 authorized, instructed and directed to give further or additional notice of the election, in  
3 time, form and manner as required by law.

4           Section 8. Placement on the Ballot. The full text of the Measure shall not  
5 be printed in the voter information guide, and a statement shall be printed in the ballot  
6 pursuant to Elections Code §9223 advising voters that they may obtain a copy of this  
7 Resolution and the Measure, at no cost, upon request made to the City Clerk.

8           Section 9. Filing with County. The City Clerk shall, not later than the 88th  
9 day prior to the General Municipal Election to be held on Tuesday, November 3, 2020, file  
10 with the Board of Supervisors and the County Clerk – Registrar of Voters of the County of  
11 Los Angeles, State of California, a certified copy of this Resolution.

12           Section 10. Public Examination. Pursuant to California Elections Code  
13 §9295, this Measure will be available for public examination for no fewer than ten (10)  
14 calendar days prior to being submitted for printing in the voter information guide. The City  
15 Clerk shall post notice in the Clerk’s office of the specific dates that the examination period  
16 will run.

17           Section 11. The City Treasurer is hereby authorized and directed to  
18 appropriate the necessary funds to pay for the City's cost of placing the Measure on the  
19 election ballot.

20           Section 12. The City Council finds that this Resolution is not subject to the  
21 California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity  
22 will not result in a direct or reasonably foreseeable indirect physical change in the  
23 environment), and 15060(c)(3) (the activity is not a project as defined in Section 15378) of  
24 the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has  
25 no potential for resulting in physical change to the environment, directly or indirectly.

26           Section 13. Severability. The provisions of this Resolution are severable  
27 and if any provision of this Resolution is held invalid, that provision shall be severed from  
28 the Resolution and the remainder of this Resolution shall continue in full force and effect,

1 and not be affected by such invalidity.

2 Section 14. This resolution shall take effect immediately upon its adoption  
3 by the City Council, and the City Clerk shall certify the vote adopting this Resolution.

4 I hereby certify that the foregoing resolution was adopted by the City Council  
5 of the City of Long Beach at its meeting of \_\_\_\_\_, 2020, by the following vote:

6

7 Ayes: Councilmembers: \_\_\_\_\_  
8 \_\_\_\_\_  
9 \_\_\_\_\_  
10 \_\_\_\_\_

11 Noes: Councilmembers: \_\_\_\_\_  
12 \_\_\_\_\_

13 Absent: Councilmembers: \_\_\_\_\_  
14 \_\_\_\_\_

15 Recusal(s): Councilmembers: \_\_\_\_\_  
16 \_\_\_\_\_

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18

19 \_\_\_\_\_  
City Clerk

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OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
411 West Ocean Boulevard, 9th Floor  
Long Beach, CA 90802

EXHIBIT "A"

(General Purpose Oil Barrel Tax Ordinance/Measure)

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ORDINANCE NO.

AN ORDINANCE OF THE PEOPLE OF THE CITY OF LONG BEACH, CALIFORNIA, AMENDING SUBSECTION 3.80.221.A OF THE LONG BEACH MUNICIPAL CODE INCREASING THE RATE OF THE CITY'S GENERAL PURPOSE OIL BARREL PRODUCTION TAX (BARREL TAX) BY 15 CENTS, FROM 15 CENTS PER BARREL TO 30 CENTS PER BARREL

(NOTE: Additions are shown in ***bold italics*** and deletions are shown in ~~strikeout~~)

THE PEOPLE OF THE CITY OF LONG BEACH DO ORDAIN AS FOLLOWS:

Section 1. Pursuant to \_\_\_\_\_, subject to the approval of a majority of the voters of the City of Long Beach at the General Municipal Election so designated by the City Council in a separate resolution placing the proposal on the ballot for such election, Section 3.80.221.A of the Long Beach Municipal Code is hereby amended to read as follows:

3.80.221 Tax on oil production.

Notwithstanding any other provision of this Chapter 3.80, the provisions of this Section 3.80.221 and Section 3.80.223 shall apply to the business license tax on the business of oil production.

"A. Every person conducting, managing or carrying on the business of oil production from any well located in the City, including the City when functioning in the capacity of a unit operator, shall pay an annual business license tax to the City of ~~fifteen cents (\$0.15)~~ ***thirty cents (\$0.30)*** per barrel produced, subject to annual adjustments for

1 inflation/deflation. In the event that the price per barrel on the monthly  
2 average of the daily WTI (West Texas Intermediate Crude Index) is reported  
3 in an amount less than twenty dollars (\$20.00) for any month, the rate of this  
4 general tax on oil production as described above shall be temporarily  
5 suspended only for that same month. In the event that the WTI ceases to  
6 exist or otherwise becomes impractical to use, the City shall substitute an  
7 index which is reasonably comparable. For the purposes of this Section, the  
8 general tax shall be automatically adjusted on June 1st of each year, upward  
9 or downward, equivalent to the most recent change in the annual average of  
10 the Consumer Price Index as published by the United States Department of  
11 Labor for the Los Angeles-Riverside-Orange County, CA, area ("CPI"). For  
12 purposes of calculating the annual inflation/deflation factor under this  
13 Section, the base year shall be the year ended December 31, 2019. Rates  
14 shall first be adjusted on June 1, 2021, and annually thereafter, based upon  
15 the annually calculated change from the base year. The June 1, 2021  
16 adjustment shall be for the change in the CPI for the year ending December  
17 31, 2020, and the adjusted rate shall first be applied to the entire payment  
18 due on September 30, 2021.”

19  
20 Section 2. The Barrel Tax set forth herein shall be collected and  
21 administered in the manner set forth in Chapter 3.80 of the Long Beach Municipal Code.

22 Section 3. Pursuant to Article XIII B of the California Constitution, the  
23 appropriation limit for the City of Long Beach will be increased by the maximum projected  
24 aggregate collection authorized by the levy of this general tax, as indicated in Section 1,  
25 in each of the years covered by this Ordinance plus the amount, if any, by which the  
26 appropriation limit is decreased by law as a result of the levy of the general tax set forth  
27 in this Ordinance.

28 Section 4. If any portion of this Ordinance is declared invalid by a court



OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
411 West Ocean Boulevard, 9th Floor  
Lona Beach, CA 90802

1 of law or other legal body with applicable authority, the invalidity shall not affect or  
2 prohibit the force and effect of any other provision or application of the Ordinance that is  
3 not deemed invalid. The voters of the City hereby declare that they would have  
4 circulated for qualification and/or voted for the adoption of this Section, and each portion  
5 thereof, regardless of the fact that any portion of the initiative may be subsequently  
6 deemed invalid.

7 Section 5. Pursuant to California Constitution Article XIII C §(2)(b) and  
8 California Elections Code §9217, this Ordinance shall take effect only if approved by a  
9 majority of the eligible voters of the City of Long Beach voting at the General Municipal  
10 Election to be held on November 3, 2020, and shall become effective as of  
11 \_\_\_\_\_, 2020.

12 Section 6. The Mayor is hereby authorized to attest to the adoption of  
13 this Ordinance by the People voting thereon on November 3, 2020, by signing where  
14 indicated below.

15  
16 I hereby certify that the Long Beach Barrel Tax Ordinance was PASSED,  
17 APPROVED, AND ADOPTED by the People of the City of Long Beach on the 3rd day of  
18 November, 2020.

19  
20 Dated: \_\_\_\_\_

\_\_\_\_\_  
ROBERT GARCIA, MAYOR

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23  
24 ATTEST: \_\_\_\_\_

APPROVED AS TO FORM:

25  
26 \_\_\_\_\_  
27 MONIQUE DE LA GARZA  
City Clerk

\_\_\_\_\_  
CHARLES PARKIN  
City Attorney

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OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
411 West Ocean Boulevard, 9th Floor  
Long Beach, CA 90802-4684

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH, CALIFORNIA, PROVIDING FOR THE FILING OF PRIMARY AND REBUTTAL ARGUMENTS AND SETTING RULES FOR THE FILING OF WRITTEN ARGUMENTS REGARDING A CITY MEASURE TO BE SUBMITTED AT THE NOVEMBER 3, 2020 GENERAL MUNICIPAL ELECTION

WHEREAS, a General Municipal Election is to be held in the City of Long Beach, California on November 3, 2020, at which there will be submitted to the voters the following measure:

<b>“LONG BEACH COMMUNITY SERVICES GENERAL PURPOSE OIL PRODUCTION TAX INCREASE MEASURE.</b> To provide funding for community healthcare services; air/ water quality/ and climate change programs; increase childhood education/ youth programs; expand job training opportunities; and maintain other general fund programs, shall a measure be adopted increasing Long Beach’s general oil production tax from 15¢ to 30¢ per barrel, subject to annual adjustments, generating approximately \$1,600,000 annually, until ended by voters, requiring audits/ local control of funds?”	Yes
	No

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. Primary Arguments. That the City Council authorizes (i) the Mayor, City Council or any member(s) of the City Council, (ii) any individual voter eligible to vote on the above measure, (iii) a bona fide association of such citizens or (iv) any combination of voters and associations, to file a written argument in favor of or against the City measure, accompanied by the printed name(s) and signature(s) of the author(s) submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code of

1 the State of California, and to change the argument until and including the date fixed  
2 below by the City Clerk, after which no arguments for or against the City measure may be  
3 submitted to the City Clerk.

4           The deadline to submit arguments for or against the City Measure pursuant  
5 to this Resolution is declared by the City Clerk to be August 14, 2020 at 4:30 p.m. Each  
6 argument shall not exceed three hundred (300) words and shall be filed with the City  
7 Clerk, signed, and include the printed name(s) and signature(s) of the author(s)  
8 submitting it, or if submitted on behalf of an organization, the name of the organization,  
9 and the printed name and signature of at least one of its principal officers who is the  
10 author of the argument.

11           Section 2.    Rebuttal Arguments. Pursuant to Section 9285 of the  
12 Elections Code of the State of California, when the City Clerk has selected the primary  
13 arguments for and against the City Measure which will be printed and distributed to the  
14 voters, the Clerk shall send copies of the primary argument in favor of the Measure to the  
15 authors of the primary argument against, and copies of the primary argument against to  
16 the authors of the primary argument in favor. The authors or persons designated by  
17 them may prepare and submit rebuttal arguments not exceeding two hundred fifty (250)  
18 words. The rebuttal arguments shall be filed with the City Clerk not later than August 24,  
19 2020 at 4:30 p.m. Rebuttal arguments shall be printed in the same manner as the  
20 primary arguments. Each rebuttal argument shall immediately follow the primary  
21 argument which it seeks to rebut.

22           Section 3.    Prior Resolutions. That all previous resolutions providing for  
23 the filing of primary and rebuttal arguments related to City measures are repealed.

24           Section 4.    November 3, 2020 Election. That the provisions of Sections 1  
25 and 2 shall apply only to the election to be held on November 3, 2020, and shall then be  
26 repealed.

27           Section 5.    This resolution shall take effect immediately upon its adoption  
28 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2020 by the following vote:

Ayes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Recusal(s): Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

City Clerk

OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
411 West Ocean Boulevard, 9th Floor  
Long Beach, CA 90802-4664

OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
411 West Ocean Boulevard, 9th Floor  
Lona Beach, CA 90802-4664

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 3, 2020 WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THAT DATE PURSUANT TO §10403 OF THE ELECTIONS CODE

WHEREAS, on July 29, 2020, the City Council of the City of Long Beach called a General Municipal Election to be held on November 3, 2020 for the purpose of submitting to the voters the question relating to an increase in the City's general purpose Oil Barrel Production (Barrel) Tax, by fifteen cents, from fifteen cents per barrel to thirty cents per barrel; and

WHEREAS, it is therefore desirable that the General Municipal Election be consolidated with the Statewide General Election to be held on the same date and that within the City the precincts, polling places and election officers of the two elections be the same, and that the election department of the County of Los Angeles canvass the returns of the General Municipal Election and that the election be held in all respects as if there were only one election;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. Request for Consolidation. Pursuant to the requirements of §10403 of the Elections Code, the Board of Supervisors of the County of Los Angeles is hereby requested to consent and agree to the consolidation of a General Municipal Election with the Statewide General Election on Tuesday, November 3, 2020, for the

1 purpose of submitting to the voters the following question relating to the amendment to  
2 the City's general purpose Oil Barrel Production (Barrel) Tax in Long Beach Municipal  
3 Code Section 3.80.221(A), by fifteen cents, from fifteen cents per barrel to thirty cents per  
4 barrel.

5 Section 2. Measure Language. A measure is to appear on the ballot as  
6 follows:

<p>7 <b>"LONG BEACH COMMUNITY SERVICES GENERAL</b> 8 <b>PURPOSE OIL PRODUCTION TAX INCREASE MEASURE.</b> To 9 provide funding for community healthcare services; air/ water 10 quality/ and climate change programs; increase childhood 11 education/ youth programs; expand job training opportunities; and 12 maintain other general fund programs, shall a measure be 13 adopted increasing Long Beach's general oil production tax from 14 15¢ to 30¢ per barrel, subject to annual adjustments, generating 15 approximately \$1,600,000 annually, until ended by voters, 16 requiring audits/ local control of funds?"</p>	Yes
	No

14 Section 3. Canvass of Returns. The County election department is  
15 authorized to canvass the returns and perform all other proceedings incidental to and  
16 connected with the General Municipal Election. The Election shall be held in all respects  
17 as if there were only one election, and only one form of ballot shall be used. Pursuant to  
18 California Elections Code Sections 10403 and 10418, the election will be held and  
19 conducted in accordance with the provisions of law regulating the Statewide General  
20 Election.

21 Section 4. Necessary Steps. The Board of Supervisors is requested to  
22 issue instructions to the County election department to take any and all steps necessary  
23 for the holding of the consolidated election.

24 Section 5. Costs. The City Council determines and declares that the City  
25 will pay to the County the reasonable and actual expenses incurred by the County by the  
26 consolidation of the General Municipal Election with the Statewide General Election. The  
27 City shall reimburse the County for services performed when the work is completed and  
28 upon presentation to the City of a properly approved bill. The City Manager of the City of

1 Long Beach is authorized and directed to pay for the expenses incurred after receiving a  
2 statement from the County of Los Angeles.

3 Section 6. Filing of Resolution. The City Clerk is hereby directed to file a  
4 certified copy of this resolution with the Board of Supervisors and the election department  
5 of the County of Los Angeles.

6 Section 7. This resolution shall take effect immediately upon its adoption  
7 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

8 I hereby certify that the foregoing resolution was adopted by the City  
9 Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2020  
10 by the following vote:

11  
12 Ayes: Councilmembers: \_\_\_\_\_  
13 \_\_\_\_\_  
14 \_\_\_\_\_

15  
16 Noes: Councilmembers: \_\_\_\_\_  
17 \_\_\_\_\_

18 Absent: Councilmembers: \_\_\_\_\_  
19 \_\_\_\_\_

20 Recusal(s): Councilmembers: \_\_\_\_\_  
21 \_\_\_\_\_


22  
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24 \_\_\_\_\_  
City Clerk

OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
411 West Ocean Boulevard, 9th Floor  
Lona Beach, CA 90802-4664

28

CITY OF  
**LONG BEACH**  
**ENERGY RESOURCES**

M E M O R A N D U M

Date: July 24, 2020  
To: John Gross, Director of Financial Management  
From: Robert Dowell, Director of Energy Resources   
Subject: Stakeholder Input on Potential Increase to City's Oil Barrel Tax

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As directed by the City Council on July 7th, Energy Resources has collected feedback from stakeholders on the proposed increase to the City's oil barrel tax.

A teleconference meeting was held with the State Lands Commission (SLC) staff on July 13, 2020. The SLC also provided a letter that is attached. The SLC raised concerns with the City in its dual role as a trustee for the State and as a municipality with authority to administer local taxes. The City had a follow up meeting with SLC on July 22, 2020. In that meeting, SLC Chief Counsel advised that the State could potentially pursue a lawsuit against the City if it followed through with an increase to the City's current oil barrel tax. SLC advised the City to provide additional time for SLC to analyze the barrel tax proposal and consult with the California Attorney General's Office. SLC also expressed concerns about the legality of the entire oil barrel tax in relation to the State's share, not just the proposed increase.

On July 20, 2020, we met with local oil producer stakeholders on the proposed barrel tax increase. Attached is a summary of their input. Overall the local producers were not supportive of the barrel tax increase, which should not be surprising. However, they did not express a desire to actively oppose the proposed barrel tax increase. We also received a presentation from the California Independent Petroleum Association (CIPA). CIPA recommended the City look at placing fees or taxes on oil imports since that volume is 16 times greater than local production. My staff will pursue the oil import tax with the Port of Long Beach to determine its legality and feasibility. The presentation from CIPA is also attached.

Please let me know if you have any questions.



**Potential Barrel Tax Increase Stakeholder Input - July 20, 2020 Meeting**

At the stakeholder meeting held on July 20, 2020 with City staff, local oil producers were not supportive of the City's proposed oil barrel tax increase, but did not seem to be interested in aggressively opposing it. They would be much more supportive of the barrel tax increase if it did not go into effect until oil prices reached \$50 or \$55 per barrel range.

A summary of the questions and issues discussed with local oil operators at the July 20<sup>th</sup> stakeholder meeting are sorted into the following four main categories:

- **Oil barrel tax approval process**
  - What will be included in the City's staff report to Council for the next public discussion on the proposed barrel tax increase? When will the City's staff report be available to the public for review?
  - What voter approval percentage would be needed for this barrel tax increase to pass?
  - Any changes to how the existing barrel tax is utilized? Can the current Prop H portion be allocated to another purpose?
  - Will the barrel tax language on the ballot make a connection between local oil production and social equity if the tax is a general tax and not a special tax?
  - Does the base barrel tax go away at lower oil prices?
  - They emphasized that residents who are mineral interest owners and live in the City, will also be paying their portion of the proposed barrel tax increase.
  
- **Timing of the increase to the oil barrel tax**
  - The timing is not right for the oil industry. Oil companies are presently cutting jobs and salaries, implementing layoffs and filing for bankruptcy. The City's proposed increase to the current barrel tax will make it more difficult for them to remain profitable. They overwhelmingly suggested waiting on implementing any increase to the current barrel tax until the oil prices are in the \$50/55 per barrel range.
  - CRC is opposed if it singles out Long Beach production and makes it even harder to invest locally and compete with supertanker oil imports that don't hire Long Beach residents or pay significant fees or taxes to the City. CRC believes any increase in fees or taxes should treat locally produced and imported barrels equally, and not take effect until the impacts of COVID-19 are resolved.
  
- **What will the oil barrel tax revenue be used for?**
  - Does the barrel tax increase go to the general fund tax or a whole new barrel tax?
  - Is this a general tax or a targeted tax like Prop H?
  - Concern that it is a general tax and that the money may not go to social equity issues.

- **General questions and comments**

- Will the CIPA presentation provided at the July 20<sup>th</sup> stakeholder be given to the mayor or the council?
- Are there any other new revenue sources being explored other than the barrel tax increase?
- A social equity fee on oil imports - Has this been looked at?
- Has the City reached out to anyone other than SLC and oil operators? Wanted to know if we reached out to labor unions that work in the oil industry.
- Will the City staff report have an analysis on job loss or impacts to the local economy?
- If the City wants a sustainable tax, it should look to something else other than taxing local oil production. (Relates to the fact that local oil production is declining each year.)
- Additional barrel tax could reduce local jobs and investment into local oil operations in the City and accelerate the decrease in local production.
- Concern that this may be part of an overall plan by the government to tax and regulate oil out of business.

**CALIFORNIA STATE LANDS COMMISSION**  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825-8202



*Established in 1938*

JENNIFER LUCCHESI, *Executive Officer*  
(916) 574-1800 Fax (916) 574-1810  
California Relay Service TDD Phone 1-800-735-2929  
from Voice Phone 1-800-735-2922

**Contact Phone: (916) 574-0393**  
**Contact Fax: (916) 574-1855**

July 7, 2020

Honorable Mayor Robert Garcia  
411 W. Ocean Blvd.  
Long Beach, CA 90802  
[mayor@longbeach.gov](mailto:mayor@longbeach.gov)

Long Beach City Council  
411 W. Ocean Blvd.  
Long Beach, CA 90802

RE: Agenda Item NB-23 – Oil Barrel Production Tax

Dear Mayor Garcia and Members of the City Council:


On July 3, 2020, California State Lands Commission (Commission) staff received notice that the Long Beach City Council scheduled Agenda Item NB-23 for the Tuesday, July 7, 2020 City Council meeting. Agenda item NB-23 recommends that the City Council request that the City Manager engage the Commission and other stakeholders regarding potential modifications to the Oil Barrel Production Tax. Commission staff appreciates the recommendation and acknowledgment of the necessity of conferring with the Commission, especially given the City's role as the State's trustee and operator of the Long Beach Unit and West Wilmington operation. Of immediate concern to staff is the fact that the agenda item also requests that the City Attorney take immediate steps to prepare all necessary documents by August 4, 2020 to place a ballot measure on the November 2020 ballot for an increase in the Oil Barrel Production Tax. This latter request is concerning because Commission staff only just received notice of this agenda item and has not had an opportunity to fully analyze the legal issues presented by City staff's recommendation.

While Commission staff understands the City's rationale for the proposed tax, staff is concerned that the proposed tax increase may improperly affect the City's fiduciary responsibilities as trustee for the State, as well as its contractual obligations as the unit operator for the Long Beach Unit and West Wilmington. More specifically, staff is concerned that the tax may already have resulted in an inappropriate redirection of State funds, that any increase in the existing tax may exacerbate the injury, and the increase may not be in the best interests of the State. This isn't the first time that staff

**ATTACHMENT F**

has registered its concerns. When the City Council considered a similar tax increase at its July 3, 2012 council meeting (Agenda Item NB-33), Commission legal staff submitted the enclosed comment letter. Many of the same legal concerns apply to the presently proposed ballot measure, and Commission legal staff needs the opportunity to analyze the proposal, in full, and consult with the California Attorney General's Office before a ballot measure is considered for the November 2020 ballot.

Commission staff thanks City Council Member Richardson and City Staff for taking time on the afternoon of July 7, 2020 to discuss the proposed ballot measure. Commission staff appreciates the long-standing collaborative relationship with City staff and the work that the City does as trustee and unit operator. Commission staff looks forward to working with the City on the issues presented therein.

Sincerely,  
DocuSigned by:  
  
D4AAC71802234D2...  
Seth Blackmon  
Chief Counsel

cc: Charles Parkin, City Attorney  
Andrew Vogel, Supervising Deputy Attorney General

Enc. July 3, 2012 Letter from Jessica Rader, Staff Counsel, California State Lands Commission, to Honorable Mayor Bob Foster and Long Beach City Council

**CALIFORNIA STATE LANDS COMMISSION**  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825-8202



**CURTIS L. FOSSUM**, *Executive Officer*  
(916) 574-1800 FAX (916) 574-1810  
*California Relay Service from TDD Phone 1-800-735-2929*  
*from Voice Phone 1-800-735-2922*

**Contact Phone:** (916) 574-1850  
**Contact FAX:** (916) 574-1855

**SENT VIA ELECTRONIC MAIL**

July 3, 2012

File Ref: G05-03

Honorable Mayor Bob Foster  
City of Long Beach  
333 West Ocean Boulevard  
Long Beach, CA 90802

City Council  
City of Long Beach  
333 West Ocean Boulevard  
Long Beach, CA 90802

RE: Agenda Item NB-33: Public Safety and Infrastructure Oil Production Fee

Dear Mayor and Members of the City Council:

The California State Lands Commission staff understands that the city of Long Beach City Council has scheduled an agenda item, Agenda Item NB-33, for the July 3, 2012 council meeting that seeks to have the City Attorney draft a local ballot measure for the November ballot that would significantly increase the City's tax on oil production within the city limits. While Commission staff has had only limited time to review the item, it appears that the Council is considering combining and significantly increasing two flat taxes into a single tax on each barrel of oil produced that is tied to posted oil prices. Commission staff would like to take this opportunity to express our concern about how this tax on oil production could affect the City's fiduciary responsibilities as a trustee for the state and contractual obligations as the unit operator for both the Long Beach Unit and West Wilmington oil and gas operations. Commission staff also wants to offer our availability and assistance should the Council want additional information. Commission staff urges the Council to either not approve Item NB-33 or to reschedule a vote until such time after the staff of the City and Commission have had a chance to discuss this matter further.

The state's sovereign tide and submerged lands within the City were legislatively granted, in trust, to the City pursuant to Chapter 676, Statutes of 1911, as amended. As a result of these legislative grants, the City holds these sovereign tide and submerged lands, in trust, pursuant to both the common law Public Trust Doctrine and the

statutorily created trust grants, for the benefit of all the citizens of California. *Mallon v. City of Long Beach* (1955) 44 Cal. 2d 199, 209. This also includes those assets held by the Port of Long Beach. As with a private trust, the City, as trustee, must manage and utilize the state and Port's lands and their revenues solely for trust purposes and needs. The City is a trustee, both as to the lands themselves and as to the proceeds derived therefrom. *City of Long Beach v. Morse* (1947) 31 Cal. 2d 254, 257.

In addition to the City's role as a trustee over sovereign assets, including those that are held by the Port, the City is also the unit operator for both the Long Beach Unit and West Wilmington oil operations. As a result of being the unit operator, the City has legal obligations to the units that is separate from, and in addition to, its obligations as a trustee. Increasing the tax on the magnitude of what is proposed might very well conflict with the City's contractual legal obligations to both units as an operator if such an increase in the costs associated with development of the units distorts the economics of the development for the two units such that the unit contractor no longer finds it economical to develop. The state and the Port are the two primary participants of the operations, which mean that the direct and indirect effects of the tax will primarily affect state and Port revenues.

With this background, Commission staff offers the following comments for the Council's consideration.

First, from Commission staff's initial research, at least 60% of the oil that will be subject to this tax is produced from lands managed by the City as trustee either for the state or the Port. Commission staff is concerned that this appears to be an attempt by the City, in conflict with the City's duties as a trustee, to tax the state's tidelands trust revenues and to divert those revenues that are otherwise trust-restricted to the City's general fund. The net profits generated from the Port's portions of the units are required to go into the tidelands trust fund, whereas those generated from the state's portions are required to go to the state's General Fund. At today's prices, the proposed oil production tax is an approximate 400% increase over the existing production tax, which will have a deleterious effect on the net profits received by the state and the Port.

Second, the scenario mentioned in the City's staff report discusses the possibility of oil prices dropping significantly which would result in a tax of \$1.00 per barrel. It seems highly unlikely that the tax assessed would ever be the \$1.00 per barrel, as adjusted, as that would require oil prices dropping to \$50 per barrel. If oil prices drop that low (or lower), it is unlikely that oil, at least at the two units where the City is the unit operator, will continue to be economical to produce. The enactment of the \$1.00 per barrel tax will only serve to tilt the economics in favor of terminating production and thus terminating whatever revenue that the City is intending to capture with this tax. The cessation of production will not only remove the City's proposed production tax revenue, it will also terminate the many other sources of revenue that the two units produce for the tidelands trust, the City, and the state.

Third, it is not clear what the production fee, particularly when applied to the oil produced from the units, is intended to "appropriately compensate the City" for as stated at Agenda Item NB-33, page 3. The City is already well compensated. Just from the state's share of the West Wilmington operations alone, over the next ten years at \$100

**ATTACHMENT F**

per barrel oil, the City will receive approximately \$85 million for its general fund through current assessed taxes, management fees and cost overrides paid to the City. This is separate from and in addition to what the City receives from the Port's share of the West Wilmington operation and the Long Beach Unit operation.

Commission staff is appreciative of its relationship with the City's staff and the work that the City does in managing the public trust lands, trust assets and both oil operation units. As the Legislature's delegated trustee of these public trust lands and trust assets, the City has the primary responsibility and authority to administer the trust on a day-to-day basis and to manage its granted public trust lands and assets for the benefit of all the people of California. Thank you for the opportunity to comment on Agenda Item NB-33.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jessica Rader".

JESSICA RADER  
Staff Counsel

cc: Christopher Garner  
J. Charles Parkin

The Following Presentation is by the  
California Independent Petroleum Association (CIPA)



# Proposed Tax Ballot Initiative Needs Broad-Based and Sustainable Revenue Sources

Presentation provided by CIPA

When reviewing opportunities to fund programs implemented as a result of the Framework for Reconciliation, the City should:

1. Identify **stable and broad-based revenue sources**, particularly to address impacts on disadvantaged Long Beach communities that arise from regional industrial activity and transportation
2. Evaluate objectively **the implications of increased City taxes on local production, manufacturing, local jobs and utility costs**, as well as the City's anticipated revenues
3. **Maintain strong incentives for investment, balanced development and job growth in Long Beach, with opportunities focused on underserved communities**
4. Pursue **greater self-sufficiency with local workers in Long Beach meeting more of our needs from local energy resources of all types**, to reduce California's dependence on imported oil, natural gas and electricity.

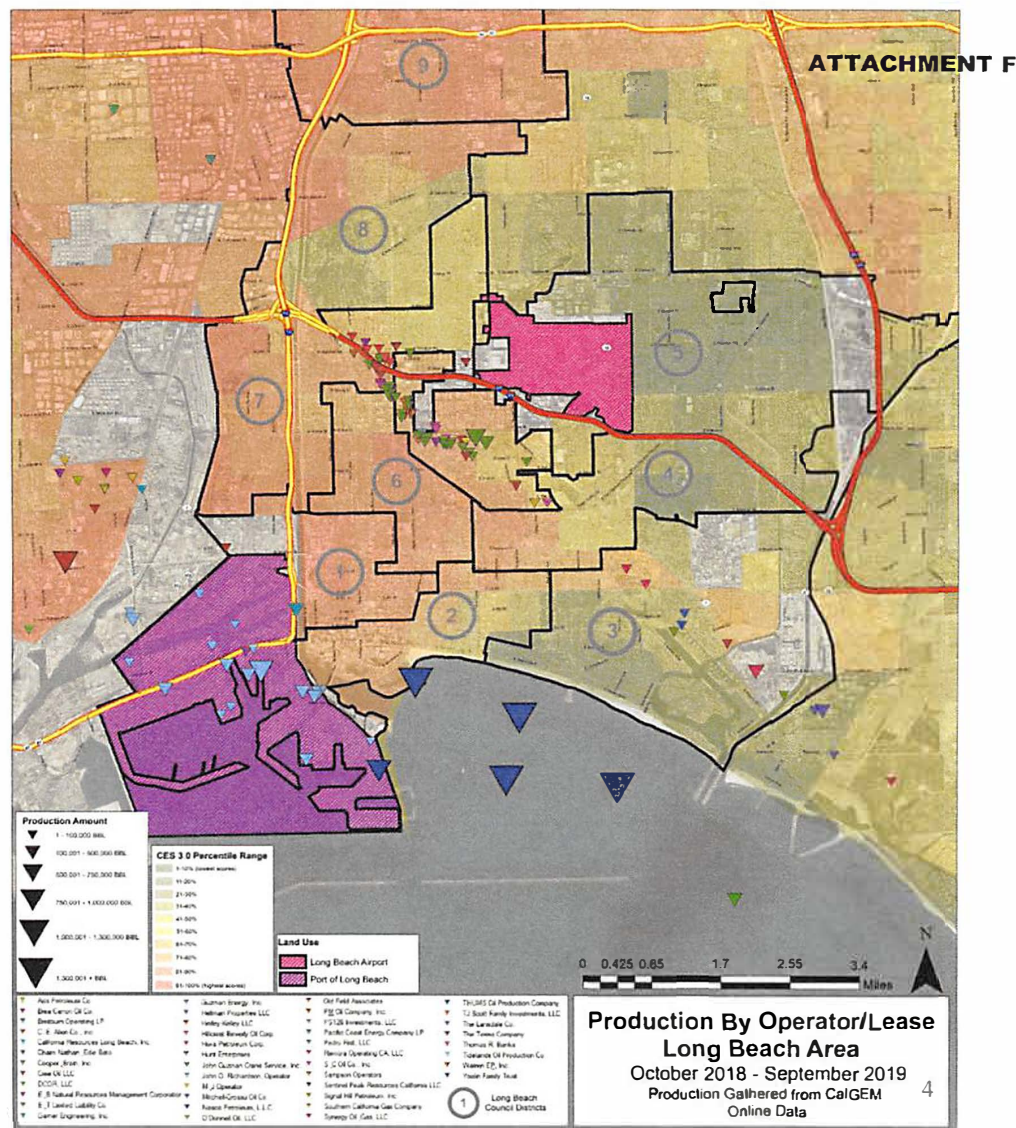
## Long Beach Oil Production Contributes Substantially to the City

- **The City operates the Wilmington Field as a unique public-private partnership in trust for the State Lands Commission and 7,000 Long Beach townlot owners**
- **The City has the largest oil receipts per barrel of any city in California or the U.S.**
  - Over \$1 billion to City coffers from the Wilmington Field since 2003
  - \$4.75 per barrel from Wilmington Field production in calendar year 2019
- **Long Beach production supports 2,000 local jobs**
  - Diverse workers earn middle-class wages with benefits without the need for a college degree
  - Many Long Beach oil workers are union members in the United Steelworkers or the Building and Construction Trades
- **Long Beach producers invest resources and volunteer time to community non-profits that provide key public services**
- **The Wilmington Field has award-winning safety and environmental programs**
  - One of the 2 major California fields with a carbon intensity below the primary imported grades from Saudi Arabia
  - CRC received highest climate disclosure ranking among U.S. oil & gas companies from CDP [Carbon Disclosure Project]
  - THUMS and Tidelands have received multiple workforce safety awards from the National Safety Council
  - THUMS islands are certified by the Wildlife Habitat Council

# Wilmington Field production is not located in disadvantaged communities

Production is concentrated in industrial areas of the Port

Triangles are proportional to amount of oil produced throughout the City

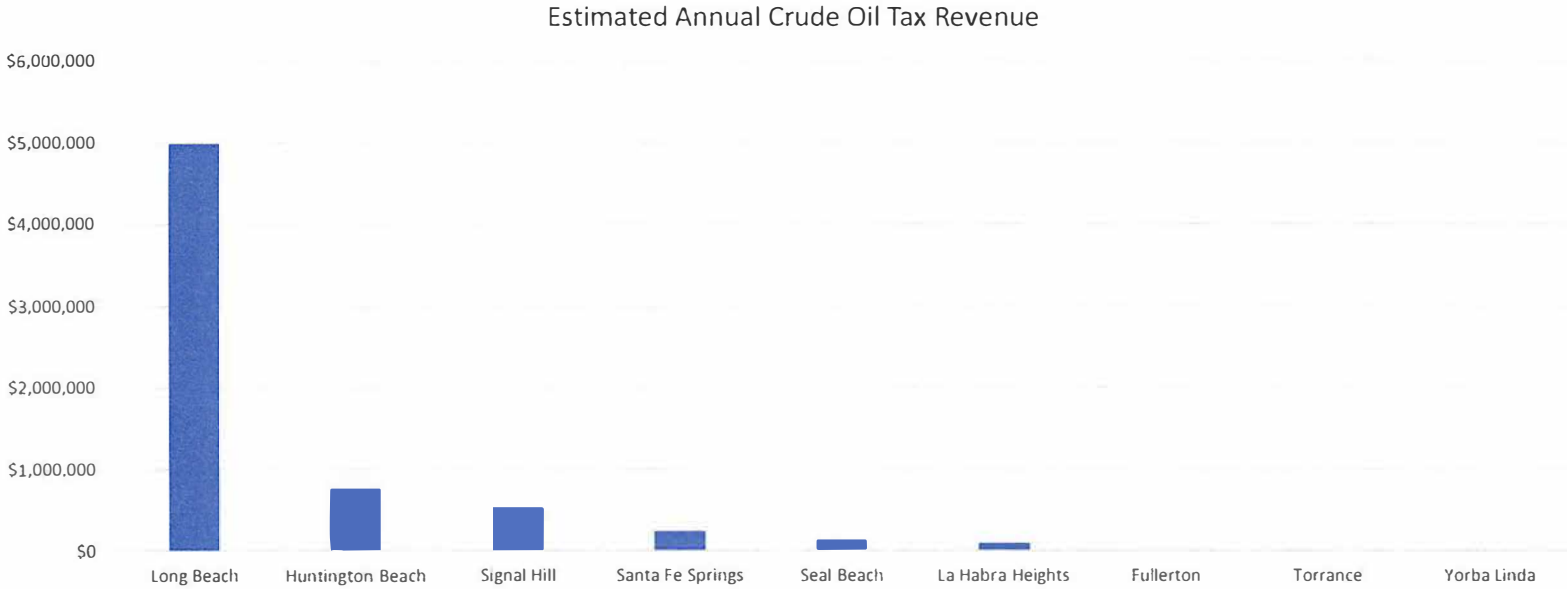


The City's Revenues Per Barrel from the Wilmington Field Exceed Any Other City in California or the U.S.

Long Beach currently receives \$4.75 per barrel from the Wilmington Field

City Revenue Source	\$MM	\$/BBL
Share of Profit	20.9	2.15
Production Tax	4.5	0.47
Admin Overhead	4.2	0.43
LB Energy Resources OH	4.5	0.46
Property Tax Proceeds	2.9	0.30
Land Rental	2.7	0.28
Utility Users Tax	2.6	0.27
Pipeline Fees	1.5	0.15
Well Permits	1.3	0.13
Recycled Water Billings	1.1	0.11
<b>TOTALS*</b>	<b>46.2</b>	<b>4.75</b>

Long Beach's existing per barrel production tax revenues alone are also far higher than other cities



A 31% increase in the oil production tax would put Long Beach \$0.18 per barrel above FY20 Signal Hill rate

FY19 Production in Long Beach: 10.6 million barrels

	Current Tax	Proposed Tax
Production Tax	\$0.48/Bbl*	\$0.63/Bbl
Tax Revenue	\$5.1 million	\$6.7 million
Increase		+\$1.6 million

NOTE: Signal Hill's FY19 rate (\$0.60) is not a reasonable target for Long Beach

- Signal Hill's FY20 rate is just \$0.45 -- **below Long Beach's current rate**
- Signal Hill's rate adjusts with the Crude Oil Producer Price Index and fluctuates wildly
- Long Beach is tied to the Consumer Price Index and always increases

\*Effective June 1, 2020

# Unprecedented Economic Impacts to Local Industry

- COVID-19 rapid reduction of energy demand
- Saudi-Russia oil price war
- Supertanker parking lot offshore Long Beach
- Local producers and workers have continued to operate safely and responsibly as essential critical infrastructure workers
- Targeting them with taxes will impact local investment and jobs, decreasing total oil revenues for State Lands, 7,000 townlot owners and local operators
- Ironically, increasing the oil production tax by 31% could cut field investment, and reduce the City's and State Lands' total revenues from the Wilmington Field



Oil imports into  
POLB are 16  
times greater  
than local  
production



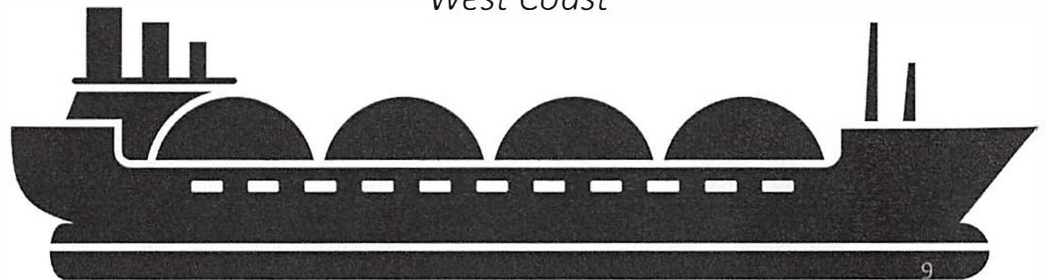
## Total Production in the City

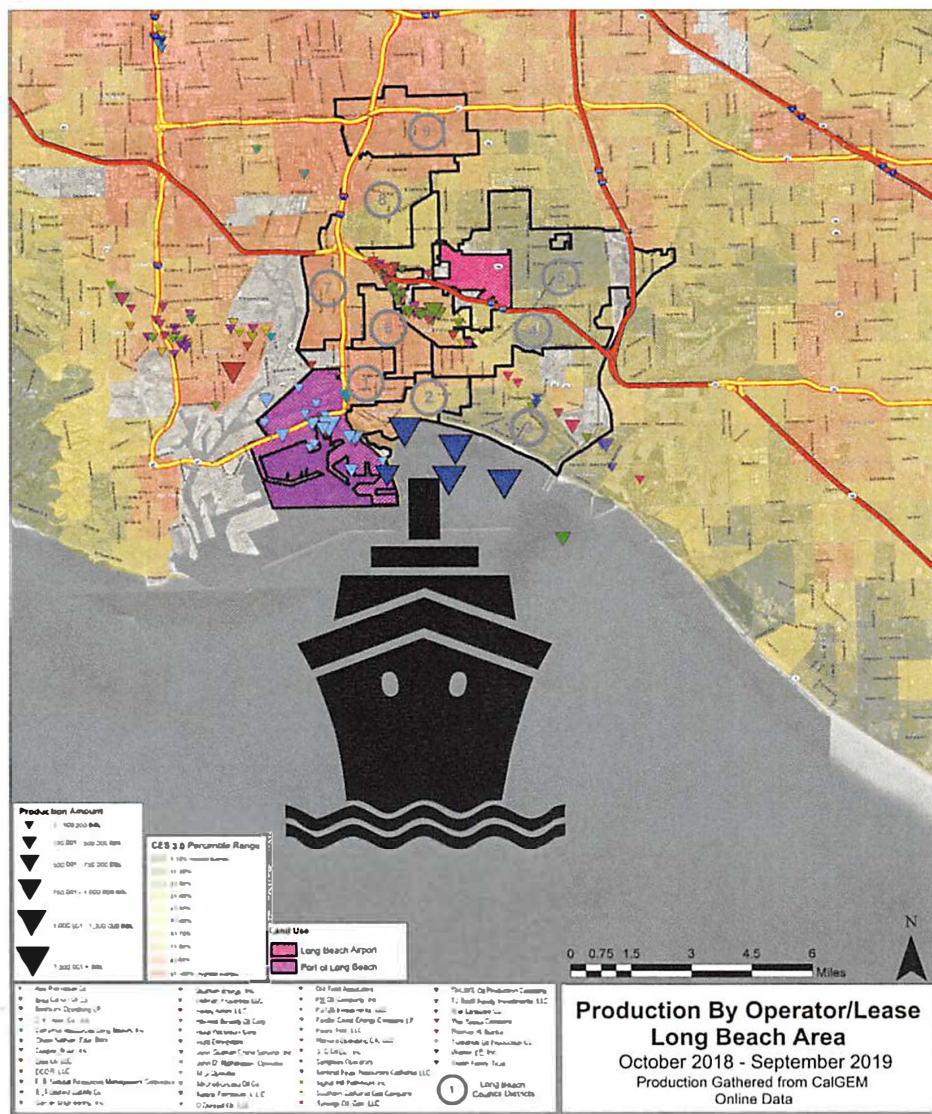
10.6 MM barrels/year in FY19



Supertankers imported 169 MM barrels  
through POLB in FY19

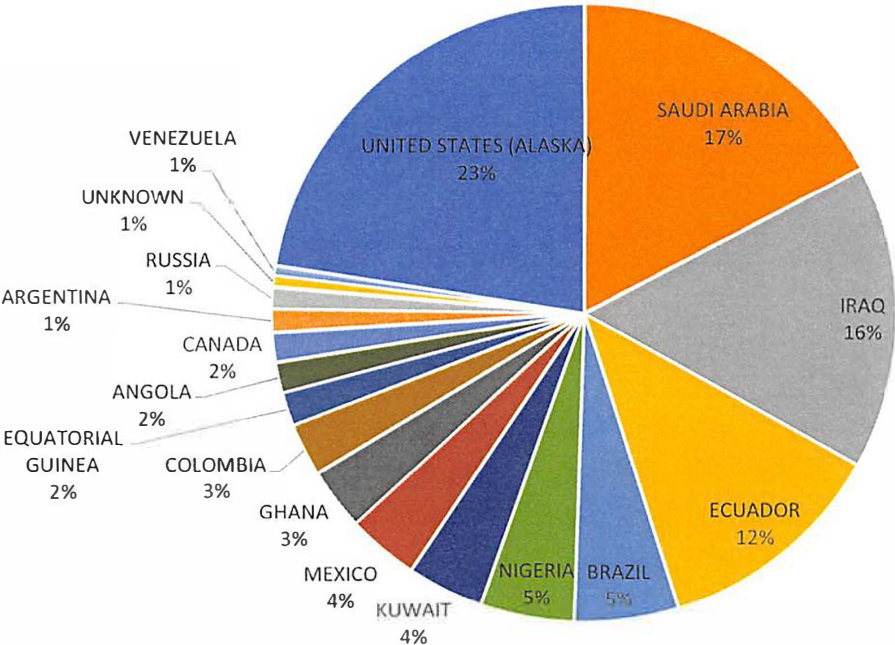
*Long Beach is the leading supertanker destination on the  
West Coast*





To-scale comparison of oil imports into POLB, which are 16 times greater than local production

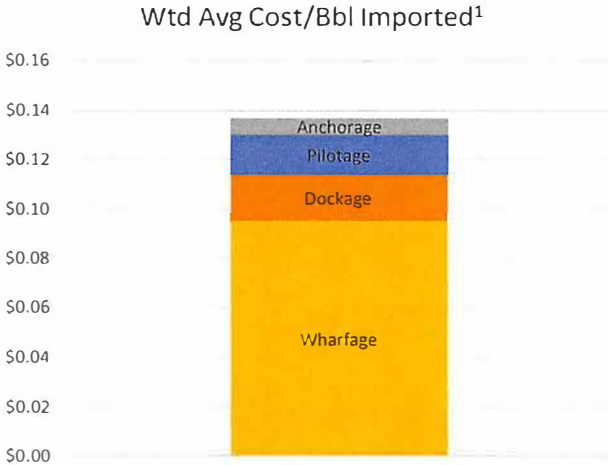
# Long Beach is the West Coast's Leading Supertanker Destination



FY19 Imports = 169 MMBbbls

The City's existing \$0.48 oil production tax per barrel is triple the \$0.14 in fees per barrel from imported oil

### Estimated Fees Paid to POLB for Supertanker Imports



Fees are paid by ship owners, shippers (refineries), or 3<sup>rd</sup> party companies operating in the Port

<sup>1</sup>Based on FY2019 import volumes from ClipperData and port tariffs from POLB Tariff 4

A **\$0.009 equity fee per barrel** on imported and locally produced oil would generate **\$1.62 million per year** in funding for social equity programs, more than a \$0.15 per barrel tax increase on local production only

FY2019:

169 million barrels imported into the POLB

10.6 million produced locally

- Adding a \$0.009 per barrel Social Equity Fee on imported and locally produced oil would keep:
  - POLB fees low (<\$0.15 per barrel)
  - The City's oil production tax (\$0.49 per barrel) high but manageable
- Avoid singling out State Lands and Long Beach townlot owners, businesses and workers, who can't pass the cost of the oil production tax along
- The fee on supertanker barrels can be effectively spread generally across Southern California consumers and businesses, so it doesn't single out Long Beach residents

A modest Social Equity Fee applied equally to all sources would help meet equity goals for residents without jeopardizing existing Long Beach production and jobs

# A smaller fee, applied equally on all imported and locally produced oil

## GOALS

1. Identify **stable and broad-based revenue sources**, particularly to address impacts on disadvantaged Long Beach communities that arise from regional industrial activity and transportation
2. Evaluate objectively **the implications of increased City taxes on local production, manufacturing, local jobs and utility costs, as well as the City's anticipated revenues**
3. **Maintain strong incentives for investment, balanced development and job growth in Long Beach, with opportunities focused on underserved communities**
4. Pursue **greater self-sufficiency with local workers in Long Beach meeting more of our needs from local energy resources of all types**, to reduce California's dependence on imported oil, natural gas and electricity.

## OUTCOMES

1. Including **both imported and locally produced oil provides a broader source or funding** with more **stable** sources.
2. **Increases City revenues and decreases the impact to State Lands and Long Beach townlot mineral owners, businesses and workers**
3. Ensures that producers continue to invest in Long Beach by keeping **production economically viable to sustain middle-class jobs for local residents**, particularly from disadvantaged communities
4. Ensures that Long Beach and California retain **local sources of energy** of all kinds.