



Legislation Details (With Text)

File #: 11-0710 **Version:** 1 **Name:** CD-8,4,5 - request study session oil funds
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Title: Recommendation to request City Manager to provide a separate Study Session to the City Council on the Uplands Oil Fund and the Tidelands Oil Revenue Fund, including a review for the past 10 years of the budgeted and actual revenues, the budgeted per barrel price and the actual average per barrel price, expenditures and liabilities for the funds, and the impact in budgeted and one-time revenues to the General Fund and Tidelands Operating Fund; and request a quarterly update on the status of the oil revenues.

Sponsors: COUNCILWOMAN RAE GABELICH, EIGHTH DISTRICT, COUNCILMEMBER PATRICK O'DONNELL, FOURTH DISTRICT, COUNCILWOMAN GERRIE SCHIPSKE, FIFTH DISTRICT

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Date	Ver.	Action By	Action	Result
7/19/2011	1	City Council	approve substitute motion	Pass

Recommendation to request City Manager to provide a separate Study Session to the City Council on the Uplands Oil Fund and the Tidelands Oil Revenue Fund, including a review for the past 10 years of the budgeted and actual revenues, the budgeted per barrel price and the actual average per barrel price, expenditures and liabilities for the funds, and the impact in budgeted and one-time revenues to the General Fund and Tidelands Operating Fund; and request a quarterly update on the status of the oil revenues.

The City utilizes the Upland Oil Fund to account for all costs and revenues for the City's proprietary oil interests and for accumulating reserves to pay for the City's portion of well-abandonment and site-clearance liabilities.

The sources of revenue for the Upland Oil Fund are revenues from the City's participation in proprietary oil operations and overhead fees received by the City as Unit Operator for the Tidelands Oil Operations.

Net revenues from the Upland Oil Fund, after the requisite expenditures and reserves, are transferred to the General Fund.

According to the Second Quarter Budget Performance Report to the City Council on June 7, 2011, the General Fund is expected to receive more than \$20 million from the Upland Oil Fund in Fiscal Year 2011. This amount constitutes the fourth largest source of revenue to the General Fund.

In addition to the Uplands Oil Fund, the City also receives revenues in the Tideland Oil Revenue Fund. This fund is used to account for the proceeds from oil operations within the Tidelands area.

With the passage of the Measure D Charter Amendment, the Tidelands Oil Revenue Fund has increased its revenue by \$18 million in the first six months of FY 11. The Harbor Department estimates that, based on current oil prices, will total an additional \$40 million in FY 11 and an additional \$37 million in FY 12.

Due to the significant impact that oil revenues have on the City's General Fund and Tidelands Operating Fund, we request a thorough review and discussion of these funds.

Approve recommendation.

COUNCILMEMBER RAE GABELICH
EIGHTH DISTRICT

COUNCILMEMBER PATRICK O'DONNELL
FOURTH DISTRICT

COUNCILMEMBER GERRIE SCHIPSKE
FIFTH DISTRICT