



October 13, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a contract with Edward White and Company, LLP, to perform an Article 9 review of oil company records for a one-year term, from December 1, 2015 through November 30, 2016, plus two one-year optional renewal periods, in an amount not to exceed \$185,000 annually. (Citywide)

DISCUSSION

City Council approval is requested to enter into a contract with Edward White and Company, LLP (EW), for an annual review of Article 9.

Under the provisions of Article 9 of the Contractor's Agreement for the Long Beach Unit portion of the Wilmington Oil Field, the City, as trustee, is responsible for an annual review of oil company records. The purpose of this review is to determine whether further compensation is due to the City and State for oil transactions over the previous calendar year.

In November 2010, the City Council awarded a contract to EW specific to the annual review of Article 9. The current contract expires on November 30, 2015, and staff is requesting City Council approval for a contract renewal.

EW has over 28 years of experience in conducting reviews of oil company records and has performed the Article 9 review for the City of Long Beach since 1986. The reviews performed by EW between 1990 and 2014 resulted in additional oil revenue to the State of California and to the City of Long Beach.

Staff believes EW is uniquely qualified to perform the annual oil review and requests City Council's approval to move forward with the contract with no annual increase over the term. The California State Lands Commission staff is also requesting the contract with EW be renewed.

This matter was reviewed by Deputy City Attorney Richard Anthony on September 17, 2015, and by Budget Management Officer Victoria Bell on September 18, 2015.

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TIMING CONSIDERATIONS

City Council action is requested on October 13, 2015, to process the necessary contract extension prior to the beginning of the new term December 1, 2015.

FISCAL IMPACT

The cost of this contract, in an annual amount not to exceed \$185,000 is budgeted in the Tideland Oil Revenue Fund (NX 420) in the Long Beach Gas and Oil Department (GO). The entire cost of this review is charged to the State's portion of oil revenue. There is no fiscal impact or local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



EDWARD FARRELL
ACTING DIRECTOR OF LONG BEACH GAS AND OIL

EF:CB:lld

APPROVED:



PATRICK H. WEST
CITY MANAGER