



## City of Long Beach

Working Together to Serve

**Memorandum  
3rd Council District**

**Date:** July 16, 2010

**To:** Honorable Mayor Foster and Members of the City Council

**From:** Gary DeLong, Councilmember, 3<sup>rd</sup> District *GD*  
Suja Lowenthal, Councilmember, 2<sup>nd</sup> District *SL*

**Subject:** Charter Amendment Committee Agenda Item

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### Port of Long Beach

Recently City Auditor Laura Doud completed an audit of the Tidelands Transfer. Among her recommendations were:

1. Modify the existing practice such that the Tidelands Transfer is not deducted from the base upon which the maximum transfer amount is calculated.
2. Restructure the Tidelands Transfer such that 80% of the projected transfer occurs on October 1<sup>st</sup> based on the Harbor's unaudited change in Net Assets as of September 30<sup>th</sup>, with the remaining 20% to be transferred to the Tidelands Operating Fund upon issuance of the Harbor's audited financial statements.

Unfortunately, the Board of Harbor Commissioners were not able to adopt the City Auditor's recommendations as they believed the City's existing Charter language was not as clear as it could be. Accordingly, it would appear to be appropriate to clarify the existing Charter language to include the following modifications. These modifications will not only support the City Auditor's recommendations, but will also provide clarity regarding the City's responsibility over Oil operations.

1. Base the transfer on a percent of Gross Revenue rather than Net Harbor Income.
2. Provide that although the final sum transferred may not exceed the above amount, the actual transfer may occur after the close of the fiscal year but prior to the final audited financial statement.
3. Clarify the fact that the City through its Department of Oil Properties has sole control over actions relating to oil and other hydrocarbons in the City, including the Harbor district.