



**OFFICE OF THE CITY AUDITOR**  
Long Beach, California

**R-10**

LAURA L. DOUD, CPA  
City Auditor

January 8, 2008

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 for three one-year terms from December 1, 2007 through November 30, 2010 in amounts not to exceed \$195,000 in Fiscal Year (FY) 2008, \$205,000 in FY 2009 and \$215,000 in FY 2010.

**DISCUSSION**

Under provisions of Article 9 of the Contractor's Agreement for the Long Beach Unit, Wilmington Oil Field, the Office of the City Auditor is responsible for causing an annual review of oil company records. The purpose of this review is to determine whether further compensation for oil allocated to certain companies on a calendar year basis is due to the City and State.

In October 2007, the Office of the City Auditor conducted a Request for Proposal process. Three firms submitted proposals and Edward White and Company, LLP was selected. Edward White and Company, LLP has over 20 years experience in conducting reviews of oil company records, and has performed the Article 9 Review for the City of Long Beach since 1986. Over the last 17 years, audit adjustments resulting from the work performed by Edward White & Company resulted in over \$158 million in additional oil revenues to the State and to the City of Long Beach.

The term of the contract is for three one-year terms from December 1, 2007 through November 30, 2010 in amounts not to exceed \$195,000 in FY 2008, \$205,000 in FY 2009 and \$215,000 in FY 2010 for a total over three years not to exceed \$615,000. We note that the \$195,000 contract amount for FY 2008 represents a negotiated fee reduction of \$10,000 from the prior year's agreement.

**TIMING CONSIDERATIONS**

City Council action is requested on January 8, 2008, to allow time for the planning of the audit engagement.

**FISCAL IMPACT**

There is no impact to the General Fund. Sufficient funding for this contract is budgeted in the Tidelands Oil Revenue Fund in the Long Beach Gas and Oil Department (GO).

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Laura L. Doud". The signature is written in black ink and is positioned above the printed name and title.

LAURA L. DOUD  
CITY AUDITOR

LLD:JD:nb