



Creating a Stronger Community

Support Grows for Revenue Generating Measure on May 1 Ballot

By Laura L. Doud, City Auditor



I have been honored to serve as your City Auditor for the past six months and I certainly look forward to the next 3 years in office. During this time, one of the most enjoyable parts of my job has been to meet with community groups and discuss with them not only what the job of the Auditor actually entails, but engage them in one of my current projects, the Police and Fire Public Safety Act. This measure will be on the May 1 City-wide ballot and, as the main proponent, I encourage everyone to get involved and support this measure.

First, however, let me tell you what the office of the City Auditor actually does. According to the City Charter, the Auditor is the "general auditor of all city departments, commissions and agencies. Additionally, the City Auditor shall produce audited financial statements, conduct operational reviews, perform revenue compliance audits, verify the cash in the City treasury, oversee all payments to City vendors and contractors and conduct fraud investigations."

Furthermore, my mission statement directs that all the work done by my office to promote excellence in government, protect the public's interests and assets, ensure that City resources are used efficiently and appropriately and provide stewardship and transparency in the use of City funds in order to improve the quality of, and confidence in, City decision making.

Yes, it's a big job—and I love it!

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I and all the staff at the City Auditor's office are constantly seeking to ensure that all monies that are due to the City are identified and collected, and we also have made a commitment to find potential new sources of revenue in order to fund city services and serve city residents. In so doing, this past fall we followed up on an audit that had been conducted on the city's "oil production tax" several years ago.

The oil production tax (OPT) is a tax that is levied on oil producers—not on consumers. It is a fee that is paid by the companies who are producing oil from the oil resources in the city. In 1990, an ordinance was created which mandated a set fee for "every person conducting, managing or carrying on the business of oil from any well located in the City of \$0.15 per barrel." In 1990 when this ordinance was passed, the cost oil was \$24.50 per barrel. In 2006, the per barrel cost of oil averaged \$67.28.

This ordinance and the set fee of \$0.15 per barrel was never updated even though the cost of oil itself nearly tripled. Working with Mayor Bob Foster, Councilmember Gary DeLong and companies engaged in the oil production business here in Long Beach, we determined that the fee should be raised to \$0.40 per barrel.

This increase was not decided upon randomly. Rather, we reviewed the oil production tax in neighboring cities, examined the costs of extracting oil here in Long Beach and discussed the proposed increase with all stakeholders. It was agreed that increasing the fee to \$0.40 was a fair and equitable rate for all—and would reap substantial financial benefits for the city.

On January 23, 2007 I proposed to the Mayor and the City Council that the existing ordinance be revised and that the rate should be increased to \$0.40 per barrel. The Council agreed. Further, under Councilmember Gary DeLong's leadership, the Council decided that 100% of the revenue from this fee should be dedicated to police and fire protection. Entitled The Police and Fire Public Safety Oil Production Act, the Council voted to put the measure on the May 1 ballot as "Measure H."

What does passage of "Measure H" mean to the residents of Long Beach? Updating the tax means that an estimated \$3.7 million in additional revenue will come to the City and be used for public safety purposes. This means more police officers, new fire equipment and other critical public safety needs can be funded. All this, and without any general tax increase on citizens here in Long Beach. Further, since the oil extracted in Long Beach is not high enough quality for gasoline but rather is used for industrial purposes, the increased fees that the producers will pay will not be passed on to consumers. Remember, the oil producers were part of the discussion—they too agreed that an increase of this amount was both fair and equitable.

I am now talking to community groups, public opinion leaders and everyone I can to ask for support for "Measure H." In fact, just a few weeks ago the Long Beach Area Chamber of Commerce voted to endorse Measure H. I am very grateful for the support of The Chamber and look forward to working with its members to promote passage of "Measure H." You will be hearing a lot more about "Measure H" in the near future.

Again, thank you for allowing me to serve as your City Auditor. I pledge that I will continue to work everyday to find ways to increase revenue to the City, protect your tax dollars and have a world class auditing office working for you, the residents of Long Beach.