



PRESS RELEASE

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For Immediate Release

Long Beach City Auditor Laura Doud Reveals a Projected Decline in Oil Revenue Up To \$301 Million by 2035 *The City of Long Beach Needs to Plan for an Oil Revenue Shortfall Which Will Impact Funding for Essential City Services*

Long Beach, CA – Long Beach City Auditor Laura Doud today released the [Review of Economic Impacts to the City of Long Beach Associated with California's Anticipated Transition Away from Crude Oil and Natural Gas Production](#) conducted by Tom Walker of Evans & Walker, Consulting Petroleum Engineers. The City of Long Beach (City) derives revenue from oil and gas operations including various taxes and fees through 14 oil operators with over 2,700 wells. The report found the City is projected to have a decline in oil revenue up to \$301 million by 2035 due to oil production decline and the potential passage of Senate Bill 1137 (SB1137).

In 2023, the total oil revenue generated for the City was \$56.5 million. The report forecasts a 54% decrease in oil revenue to \$26 million by 2035 due to the natural oil production decline of six percent annually which is expected until the oil field may generally cease production for economic reasons. A 63% revenue decline to \$21 million by 2035 is projected with both the natural oil production decline and the potential passage of SB1137, which if passed by the voters in the 2024 November elections would ban new oil production wells or retrofits within 3,200 feet of homes, schools, and hospitals. In total, the City's cumulative oil revenue decrease would be \$279 million from 2024 through 2035, increasing to \$301 million if SB1137 passes.

The decrease in oil production and oil revenue will have a significant impact on funding essential City services and projects. For reference, the \$56.5 million in oil revenue in 2023 funded the following:

- Tidelands (51% of annual oil revenue) \$28.7 million
 - A majority of oil revenue funds infrastructure improvements and vital safety services to Long Beach's waterfront in the Tidelands area. The [City Auditor's Harbor Initiative Impact Summary report](#) highlights these major projects and services funded by Tidelands funds including bluff improvements, a 3-mile shoreline walking path, ADA beach mobility mats, Colorado Lagoon restoration, playgrounds, sand berms, clearing storm debris, and year-round lifeguard beach patrol.
- General Fund and Uplands (41% of annual oil revenue) \$23.4 million
 - Oil revenue is also crucial to the General Fund used by the City for numerous operating expenses including public safety, maintenance of streets, trees and parks, library services, and public health programs. This also includes oil revenue through Measure US, a tax on oil producers, which helps fund youth, educational, health, and environmental programs.
- Proposition H (6% of annual oil revenue) \$3.1 million
 - Proposition H (Public Safety Oil Production Act) adjusted the tax on oil producers with this revenue mandated for public safety. The [City Auditor's Public Safety Oil Production Act Impact Summary report](#) provides additional detail on the public safety initiatives funded by this additional tax on oil production including homelessness outreach and assistance, mental health services, and life-saving fire operations.
- Other (2% of annual oil revenue) \$1.3 million
 - The remaining oil revenue goes to the City's Utilities Fund and Community Development.

"Oil revenue has a long history in funding services and projects that safeguard the environment, improve infrastructure, enhance beaches, and keep residents safe," said Long Beach City Auditor Laura Doud. "With the anticipated decline in oil production and oil revenue, the City needs to develop and execute alternative strategies to bridge the revenue shortfall for capital projects, public safety operations, and all other essential City services that residents rely upon."

Additionally, there are costs for abandoning oil wells as oil production decreases to protect against environmental impacts. The report found that the City is projected to sufficiently cover asset retirement obligations, while the State of California's (State) abandonment reserve contribution is insufficient to cover its share of obligations. The State has the largest share of obligations associated with oil and gas operations in the City. The State is currently transferring 50% of their net oil operation revenue into their asset retirement reserve fund, capped at \$2 million monthly. Maintaining this level of funding will not build the State abandonment reserves sufficiently to cover State obligations by the end of 2035, with the State's portion of the abandonment costs projected to only be 50% funded.

The complete Review of Economic Impacts to the City of Long Beach Associated with California's Anticipated Transition Away from Crude Oil and Natural Gas Production can be viewed [here](#).

About the Long Beach City Auditor's Office

The Long Beach City Auditor's Office's mission is to make Long Beach better through independent audits and fraud investigations. The Office works to provide assurance City funds are spent as intended, promote transparency and accountability of City operations, and prevent fraud, waste and abuse of City resources. For more information visit CityAuditorLauraDoud.com and connect with the Office @LBCityAuditor on [Facebook](#), [Instagram](#) and [X](#). Sign up to receive email [updates](#) and download the MyAuditor App at the [App Store](#) or [Google Play](#).

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