

PERSONNEL AND ANIMAL WELFARE and BUDGET AND FINANCE COMMITTEES' REPORT relative to additional positions for the Office of Petroleum and Natural Gas Administration and Safety (OPNGAS).

Recommendations for Council action:

1. NOTE and FILE the following reports relative to additional positions for the OPNGAS:

a. September 29, 2020 City Administrative Officer (CAO) report.

b. November 18, 2019 Board of Public Works (BPW) report.

2. EXEMPT from the hiring freeze; and, AUTHORIZE the BPW to fill one vacant Management Analyst (Class Code 9184) position in the OPNGAS that has been budgeted for Fiscal Year 2020-21.

Fiscal Impact Statement: The BPW reports that as \$68,000 was placed in the Unappropriated Balance pending designation of the positions by the OPNGAS, tilling three positions for six months will exceed the funds allotted by \$65,110. Since the OPNGAS is funded through the General Fund, the OPNGAS is requesting \$133,110 be transferred from the Unappropriated Balance to BPW Account No. 100/74/1010 to fund these positions and that \$16,000 be transferred from the Unappropriated Balance to BPW Account No. 100/74/6020 to cover the associated office costs. The total impact to the General Fund is \$149,110. This request will support current revenue generation by OPNGAS of approximately \$20 million. Moreover, as these positions will ultimately be assigned to work on the Oil Well Inspection Program, the salary and operational expenses are expected to be covered once that program is approved and staffed; at that time, these costs will be fully supported by crude oil producers within the City.

Community Impact Statement: None submitted.

Summary:

On October 21, 2020, the Personnel and Animal Welfare (PAW) Committee considered a September 29, 2020 CAO and November 18, 2019 BPW reports relative to additional positions for the OPNGAS. According to the CAO, in June 2016, Council adopted the restoration of the Petroleum Administrator and created the OPNGAS within the BPW (Council File No. 15-0387). The Petroleum Administrator is a citywide resource who can provide technical advice and analysis, investigative compliance assessments, facilitate interagency coordination, manage the City's pipeline franchise agreements, and oversee petroleum related facilities. Los Angeles Municipal Code Sections 19.47-19.50 enumerate the petroleum administration duties.

Recently, Council has requested examining and rendering reports and recommendations relative to matters, directly or indirectly, to the exploration for, or production of, Petroleum within the City of Los Angeles, which may be referred to the Board by any department, bureau or office of the City, and obtain requested technical advice. Within the past two and a half years, Council has made 14 petroleum administration requests for various technical reports and evaluations. Completed reports include: establishing the OPNGAS; transferring petroleum administration

functions into BPW; adoption of new pipeline franchise agreements; evaluation of terminating inactive oil districts; creating an annual inspection program for citywide drill sites; and reporting on the potential health impacts of oil and gas operations in the City.

Five other Council requests expired prior to report backs due to limited resources and staff, and an additional half dozen council requests are outstanding, yet to be addressed. These requests are in addition to community engagement event requests, unforeseen emergency incidents across the City, requests from other departments, petrochemical training of city employees, several citywide task forces, external regulatory coordination, responding to dozens of media inquiries, and managing the City's more than 40 pipeline franchise agreements. Each task is complex and technical in nature as there are no other experienced petroleum professionals within the City to respond to the large workload.

The OPNGAS has been staffing up on a phased approach over the past two years. The Office currently has six regular full time positions allocated in the Fiscal Year (FY) 2019-20 budget. The current positions include a Utility Rates and Policy Specialist III (Petroleum Administrator), a Sr. Environmental Engineer, an Environmental Affairs Officer, an Environmental Compliance Inspector, a Sr. Management Analyst I, and a Management Analyst. The Environmental Compliance Inspector position remains unfilled as there is no current civil service list from which to fill, and the pending generation of a new list from the Personnel Department is anticipated near the end of the 2019 calendar year.

In the FY 2019-20 Budget Proposal (Council File No. 19-600), the Budget and Finance Committee issued a report with technical corrections dated 5/24/2019. In that report the BPW was directed to add a new line item (Instruction #110) in the Proposed Budget for Petroleum Administrator contractual services in the amount of \$200,000, partially offset by a reappropriation of the FY 2018-19 Unappropriated Balance (UB) funds for Oil Wells and Facilities Inspection of \$50,000, resulting in a net increase in the contractual services line item of \$150,000 for the fiscal year. Also, the BPW was also directed to create a new line item (Instruction #112) in the Unappropriated Balance with funding for additional staffing, contractual services, and other office support for the OPNGAS, and request the BPW, with the assistance of the City Administrative Officer (CAO), to report on the appropriate position classifications and support needed to assist OPNGAS in its duties in the amount of \$416,000. The instruction included the re-appropriation of unspent funding from the FY 2018-19 Unappropriated Balance allocated for Franchise Valuation and Petroleum Revenue to offset costs in the amount of \$348,000. The net increase in the OPNGAS Unappropriated Balance was \$68,000.

Therefore, the BPW is proposing to use the \$68,000 added to the UB for salaries and cover the remaining \$81,110 with monies currently reserved in the UB allocated for Engineering Consulting Services for the Venice Dual force Project inasmuch as the Venice Dual Force project is not yet ready to commence and the Oil Well Inspection Program is of the highest priority, and for which the City has a contract executed for the implementation study. Finally, the Budget and Finance Committee inquired about the resources allocated to the Office of Petroleum and Natural Gas Administration and Safety. The Committee requested a report addressing the allocation of additional positions and increased support to the Office for both ongoing efforts and an anticipated increase in work.

After consideration and having provided an opportunity for public comment, the PAW Committee moved to note and file the CAO and BPW reports and authorize filling the currently

vacant budgeted Management Analyst position on the OPNGAS. Subsequently, on October 26, 2020, the Budget and Finance Committee also considered this matter and after having provided an opportunity for public comment, the Committee moved to concur with the PAW Committee. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

PERSONNEL AND ANIMAL WELFARE COMMITTEE

MEMBER VOTE

KORETZ: YES
LEE: YES
PRICE: ABSENT

BUDGET AND FINANCE COMMITTEE

MEMBER VOTE

KREKORIAN: NO
PRICE: ABSENT
KORETZ: YES
BLUMNFELD: YES
BONIN: YES

ARL
10/27/20

-NOT OFFICIAL UNTIL COUNCIL ACTS-