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November 18, 2019

The Honorable City Council of the City of Los Angeles

C.F.: 19-0600-S\_\_

Honorable Councilmember Paul Krekorian, Chair and members of the Budget and Finance Committee

Honorable Councilmember Paul Koretz, Chair and members of the Personnel and Animal Welfare Committee

City Hall  
200 North Spring Street, Room 395  
Los Angeles, California 90012

**SUBJECT: REPORT BACK ON ADDITIONAL POSITIONS IN THE OFFICE OF PETROLEUM AND NATURAL GAS ADMINISTRATION AND SAFETY**

Honorable Councilmembers:

**SUMMARY**

During the Fiscal Year 2019/2020 budget deliberations process on May 24, 2019, members of the Budget and Finance Committee inquired about the resources allocated to the Office of Petroleum and Natural Gas Administration and Safety (OPNGAS), Council File 19-0600. The Committee requested a report back on the allocation of two additional positions to support ongoing efforts and anticipated work increase. To that end, the Los Angeles City Council set aside funds in the Unappropriated Balance (UB) for the OPNGAS to hire additional staff. The staff classifications were not set at that time.

This report recommends the OPNGAS be authorized to hire three (3) revenue supporting positions: one Environmental Specialist III (Class Code: 7310-3), one Environmental Specialist II (Class Code: 7310-2), and one Senior Administrative Clerk (Class Code: 1368) as resolution authorities with funding for six months. The total request is \$149,110.



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### RECOMMENDATIONS

1. RESOLVE that the employment authority in the Board of Public Works for of one (1) Environmental Specialist III (Class Code: 7310-3), one (1) Environmental Specialist II (Class Code: 7310-2), and one (1) Senior Administrative Clerk (Class Code: 1368), subject to paygrade determination by the Office of the City Administrative Officer, is approved and confirmed for six months;
2. APPROVE a transfer from the *Unappropriated Balance*, Fund 100/58, in the amount of \$133,110 to Board of Public Works Fund 100/74/1010 (salaries) to fund the above three (3) positions for six months; and
3. APPROVE a transfer from the *Unappropriated Balance*, Fund 100/58, in the amount of \$16,000 to the Board of Public Works Fund 100/74/6010 (supplies) to fund additional office costs.

### TRANSMITTALS

1. Position Description Environmental Specialist III (Class Code 7310-3)
2. Position Description Environmental Specialist II (Class Code 7310-2)
3. Position Description Senior Administrative Clerk (Class Code 1368)
4. Proposed OPNGAS Organization Chart

### DISCUSSION

#### *Background*

In June 2016, the Los Angeles City Council adopted the restoration of the Petroleum Administrator and created the Office of Petroleum and Natural Gas Administration and Safety (OPNGAS) within the Board of Public Works (Board or BPW) (C.F. 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. The Los Angeles Municipal Code Sections 19.47-19.50 enumerate the petroleum administration duties. Recently, the City 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 one-half years, the City Council has made fourteen (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 (5) other City 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

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coordination, responding to dozens of media inquiries, and managing the City's more than forty (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 (6) regular full time positions allocated in the FY19-20 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 2019-20 Fiscal Year Budget Proposal (Council File 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 re-appropriation of Fiscal Year 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.

Additionally, 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 Fiscal Year 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 Board 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.

### ***Cost Estimate & Positions***

#### *Environmental Specialist:*

OPNGAS needs two Environmental Specialist positions in order to coordinate citywide inspections of drill sites and idle well sites in the City of Los Angeles, as well as to assist with the interagency coordination and outreach efforts of OPNGAS. OPNGAS believes that the addition of the Environmental Specialists will speed review of the necessary literature and

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supply the writing skills necessary to ensure the requested report backs are in a timely fashion by Fiscal Year end. *Transmittals 1 & 2* detail the duties and responsibilities to be assigned to these new positions.

*Senior Administrative Clerk:*

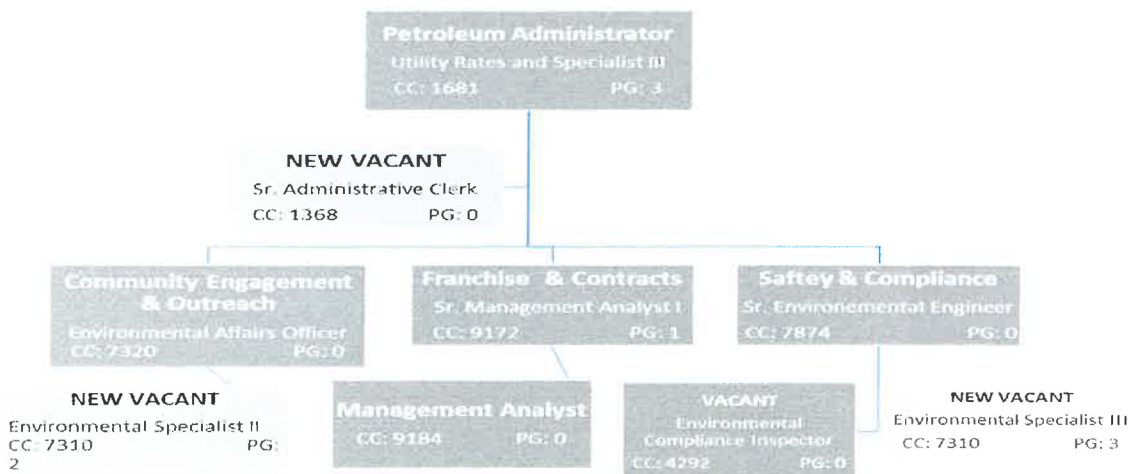
One Senior Administrative Clerk position will provide needed clerical support for the Petroleum Administrator and all program functions of OPNGAS. The administrative support will assist the three divisions within the Office to achieve a balanced workload for all staff and increase productivity. Transmittal 3 details the duties and responsibilities of the position.

Were OPNGAS to hire at Step 8 of each of the three (3) positions, the current salary cost would be:

<u>Position and Class Code:</u>	<b>Maximum Annual Salary</b>	<b>Six Months Funding at Step 8 (January to June 2020)</b>
Environmental Specialist III (Class Code 7310-3)	\$120,582.00	\$108,179.28
Environmental Specialist II (Class Code 7310-2)	\$108,346.32	\$97,196.40
Senior Administrative Clerk (Class Code 1368)	\$67,818.24	\$60,844.32
<b>Annual Salary Total</b>	<b>\$296,746.56</b>	<b>\$133,110.00</b>

However, OPNGAS anticipates that hiring would take time and that only six-month salary would be needed for the positions, which would total \$133,110 and exceeds the \$68,000 set aside for staffing. In addition to which, approximately \$16,000 will be required to supply computers, a copier and supplies for the new hires. The additional \$81,110 (\$65,110 for salaries, \$16,000 supplies, etc.), in funding would allow for the hiring of three (3) positions for the second half of FY 19-20. Additionally, OPNGAS anticipates controlling expenses on pending projects during the remainder of FY 2019-2020 to cover the additional staffing costs.

The following organization chart, below and *Transmittal 4*, depicts the proposed structure in relation to existing and proposed resources:



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*Related Costs:*

OPNGAS will need additional computers, supplies and a copier for use by the division:

<u>Fund From</u>	<u>Fund To</u>	<u>Description</u>	<u>Amount</u>
100/58	100/74/6020	Computers with Monitors	\$7,500
100/58	100/74/6020	Copier Lease	\$3,500
100/58	100/74/6020	Operating Supplies	\$5,000
Total Cost Estimate			\$16,000

**FISCAL IMPACT**

As \$68,000 was placed in the UB pending designation of the positions by the Office, filling three (3) positions for six months will exceed the funds allotted by \$65,110. Since OPNGAS is funded through the General Fund, OPNGAS is requesting \$133,110 be transferred from the UB to the BPW Account 100/74/1010 account to fund these positions and that \$16,000 be transferred from the UB to BPW Account 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 which time, these costs will be fully supported by crude oil producers in the City of Los Angeles.

Respectfully Submitted,

**DR. FERNANDO CAMPOS**  
EXECUTIVE OFFICER

**UDUAK-JOE NTUK**  
PETROLEUM ADMINISTRATOR

If you have any questions, please call me at (213) 978-1697 or via email at [Uduak.Ntuk@lacity.org](mailto:Uduak.Ntuk@lacity.org).