

BUDGET AND FINANCE COMMITTEE and ORDINANCES FIRST CONSIDERATION relative to establishing the Office of Petroleum and Natural Gas Administration and Safety.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. PRESENT and ADOPT the accompanying ORDINANCE, dated May 24, 2017, amending Sections 12.12(a), 13.18(B), 22.481(a)(4), 22.483(a)(6), 22.484(g)(2)(B) and 22.319 of the Los Angeles Administrative Code (LAAC) to transfer pipeline franchising responsibilities from the Los Angeles Department of Transportation to the Board of Public Works.
2. PRESENT and ADOPT the accompanying ORDINANCE, dated May 24, 2017, amending Chapter 4 of Division 19 of the LAAC, and Article 3 of Chapter I of the Los Angeles Municipal Code, to transfer the Petroleum Administrator function from the City Administrative Officer (CAO) to the Board of Public Works.
3. DEFER action, and HOLD in Budget and Finance Committee, the City Attorney report (No. R17-0177) and Ordinance, dated May 24, 2017, amending Section 5.500 of the LAAC to expand the Council District Real Property Trust Funds to include all pipeline franchises.
4. INSTRUCT the CAO, with the assistance of the Board of Public Works, to prepare a budget proposal for the Office of Petroleum and Natural Gas Administration and Safety within the context of the next Fiscal Year (FY) 2017-18 Financial Status Report (FSR).

Fiscal Impact Statement: None submitted by the City Attorney. Neither the CAO nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

SUMMARY

At a meeting held on July 24, 2017, the Budget and Finance Committee considered City Attorney reports and draft Ordinances, and a Board of Public Works report, relative to amending the LAAC to form the Office of Petroleum and Natural Gas Administration and Safety.

The Board of Public Works Executive Officer and the Petroleum Administrator addressed the Committee on the matter. The Executive Officer provided an overview of each of the draft Ordinances, and reported the actions taken by the Transportation and Public Works and Gang Reduction Committees during their previous consideration of this matter. Both Committees approved the Ordinances and also approved Recommendation Nos. 2, 4, and 5 of the Board of Public Works report dated January 23, 2017 (which have essentially been completed by the preparation of the Ordinances). However, Recommendation Nos. 1 and 3 were not considered by either Committee. Recommendation No. 1 deals with budget and positions for the Petroleum Office for FY 2017-18, and Recommendation No. 3 deals with amending Section 5.500 of the LAAC to provide ongoing funding for the Office of Petroleum and Natural Gas Administration and Safety from 10 percent of Electricity, Natural Gas, Petroleum, et al. Franchise Revenues.

During discussion of the matter, the Board of Public Works Executive Officer noted that the Council has agreed to fund the Office of Petroleum and Natural Gas Administration and Safety and has provided five position resolution authorities in the FY 2017-18 Budget. However, funding for the positions is only for 6 months, and based on the workload of the Petroleum Administrator, additional resources will be necessary. The Committee discussed the Board of Public Works' proposal to amend Section 5.500 of the LAAC to provide ongoing funding for the Office (per Recommendation No. 3 of the Public Works report). The Public Works Executive Officer reported there would be an impact of approximately \$8 million per year on the General Fund if such an Ordinance was adopted.

The Committee Chair expressed concern regarding amending Section 5.500 of the LAAC as a source of funding for the Petroleum Office and the impact it would have on the General Fund, particularly without a plan to identify funding to mitigate that impact. Therefore, the Board of Public Works and the CAO were instructed to submit a budget request for the Petroleum Office within the context of the next FSR.

After consideration, and after providing an opportunity for public comment, the Committee recommended that Council approve City Attorney reports No. R17-0178 and R17-0179 and accompanying Ordinances, defer action and hold in Committee City Attorney report and Ordinance No. R17-0177, and instruct the CAO, with the assistance of the Board of Public Works to report with a budget proposal for the Petroleum Office within the context of the next FY 2017-18 FSR. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE



| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| KREKORIAN: | YES |
| ENGLANDER: | ABSENT |
| KORETZ: | YES |
| BLUMENFIELD: | YES |
| BONIN: | ABSENT |

REW 7/24/17 FILE NO. 15-0387

-NOT OFFICIAL UNTIL COUNCIL ACTS-