

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT relative to centralization of the oversight of petroleum and natural gas operations within the City of Los Angeles.

Recommendations for Council action pursuant to Motion (Wesson - Koretz - Bonin - Cedillo):

1. INSTRUCT the Petroleum Administrator, with the assistance of the City Planning Department (CPD), Los Angeles Fire Department (LAFD), Department of Recreation and Parks (RAP), Los Angeles Department of Building and Safety (LADBS), Bureau of Sanitation (BOS), Bureau of Engineering (BOE), Chief Legislative Analyst (CLA), City Administrative Officer (CAO) and City Attorney, to report in regard to providing an extensive identification of the functions, roles, and associated resources in each City Department related to petroleum, crude oil, natural gas and gas storage field oversight functions that can be transferred to the Office of Petroleum and Natural Gas Administration and Safety with said report to include consideration of:

a. The centralization of petroleum-related functions to include:

- i. Inspection protocols
- ii. Inspection frequency
- iii. Bonding
- iv. Permitting
- v. Conditions
- vi. Zoning administration
- vii. Accounting
- viii. Subsidence
- ix. Code enforcement
- x. Leasing
- xi. Construction permit reviews
- xii. Methane mitigation
- xiii. Other related oil and gas activities

b. Where identified functions cannot be transferred, the report should make recommendations on methods to integrate work flows and increase collaboration between each Department and the Office of Petroleum Administration.

- c. Identify and recommend amendments to the Los Angeles Municipal Code (LAMC) and corresponding budget resources to reflect the recommended new organizational structure.
2. INSTRUCT the City Petroleum Administrator, with the assistance of Los Angeles City Certified Unified Program Agency (CUPA), LAFD, CPD, RAP, LADBS, BOS, BOE, CLA, CAO and City Attorney to report in regard to:
  - a. Amending the LAMC to modernize, eliminate conflicts, and enhance the petroleum administration function and oversight; including a comprehensive fee study to identify full cost recovery of associated resources needed to implement each recommended code change.
  - b. Providing a series of operational recommendations to improve data management, graphic information systems, interagency coordination, inspection frequency, permitting enhancements, zoning hearings, community participation, environmental justice, regulatory enforcements, well abandonment liability, environmental remediation, comprehensive staff trainings, methane mitigation procedures, and policy support for oil and gas actives across the City.
3. INSTRUCT the Petroleum Administrator, with the assistance of the Port of Los Angeles, Los Angeles Department of Water and Power, Los Angeles World Airports, CLA and CAO report in regard to methods of enhancing coordination and integrated work flows related to oil and gas activities across the City, such as pipeline lease agreements, oil well management, oil well abandonments, royalties, refined petroleum product movement, refinery safety, marine oil terminals, oil well inspections and spill prevention and response.
4. INSTRUCT the Petroleum Administrator, with the assistance of the City Personnel Department, CLA and CAO to report in regard to the re-establishment of the Petroleum Administrator classification and related petroleum job families of classifications, such as petroleum engineer, pipeline engineer, petroleum geologist, oil field inspector, petroleum technician, and any other related job classification.
5. INSTRUCT the Petroleum Administrator, with the assistance of external agencies such as the South Coast Air Quality Management District, Los Angeles County Public Health Department, Los Angeles Regional Planning Department, Los Angeles County Assessor's Office, Los Angeles Regional Water Quality Board, California Department of Oil, Gas, and Geothermal Resources, California Public Utility Commission, California Office of State Fire Marshall, California Department of Fish and Wildlife, California Division of Occupational Safety and Health, California Accidental Release Prevention, US Environmental Protection Agency, and the Federal Pipeline and Hazardous Materials Safety Administration, to report in regard to recommendations for enhancing communications, safety coordination, emergency preparedness, and potential terms to be included in future memorandum of understandings with each agency to clearly delineate roles, communication methods and partnership opportunities related to oil and gas activities within the City of Los Angeles.

Fiscal Impact Statement: Neither the CAO nor the CLA has completed a financial analysis of

this report.

Community Impact Statement: None submitted.

Summary:

On August 21, 2018, your Committee considered a Motion (Wesson - Koretz - Bonin - Cedillo) relative to centralization of the oversight of petroleum and natural gas operations within the City of Los Angeles. According to the Motion, in April 2015, Council began the process of reviewing and enhancing the administrative oversight of petroleum and natural gas operations within the City of Los Angeles. Several motions were introduced and advanced with respect to hiring a full-time petroleum administrator. On April 12, 2016, the CLA and CAO released a report which discusses the current structure of administrative oversight and the high level of need for an organization change to centralized oversight of all petroleum, natural gas, and other related activities within the City. Also, the report outlines citywide one-time and on-going needs from the DCP, BOS, DBS, LAFD, and BOE.

The various departments identified specific needs for support in the area of Petroleum Administration, including permitting, pipeline franchises, emergency preparedness, oil production facilities, idle and active wells, abandoned and unknown wells, state and federal regulations, natural gas storage fields, pipeline safety, as well as methane mitigation. A new full time Petroleum Administrator was hired and placed under the Board of Public Works in the Office of Petroleum and Natural Gas Administration and Safety. Over the past sixty years, the petroleum administration functions have changed to a decentralized set of activities carried out by various Department across the City.

The Petroleum Administrator is tasked with performing duties defined in Division 19 of the Los Angeles Administrative Code (LAAC), which include: examining and reporting on matter related to the exploration and production of petroleum within the City, administering and determining compliance with all provisions of oil and gas leases, and performing any other duties respecting petroleum which may be requested by the Mayor, City Council and other City Departments. Additionally, the utility pipeline franchise agreements and management functions have been recently transferred from the Los Angeles Department of Transportation to the Office of Petroleum and Natural Gas Administration and Safety.

LAMC Section 13.01 is the governing oil section over Urbanized Oil Districts (O-Districts) and drilling of oil and gas wells. It sets the standard conditions for land use approval and gives authority to multiple agencies within the City for oversight of oil and gas operations. It was first established in 1946, with several amendments in the 1960s and ratified in the 2000 charter reform. The oversight of oil and gas operations are a serious matter which impact the health and safety of workers and residents across the City. Moving from a decentralized administrative process to a modern centralized administrative regime that will enhance public safety, provide greater efficiency in deliver high quality public services, improve communications, and strengthen public health protections. The scope and need of the petroleum administration function has changed over the decades beyond a single person and it's now time that the City reorganize to effectively meet the 21st century needs of urban oil and gas oversight. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion as detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	YES
KREKORIAN:	YES
CEDILLO:	YES
O'FARRELL:	ABSENT

ARL  
8/21/18

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**