



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: County Executive
Office
Department No.: 012
For Agenda Of: February 10, 2009
Placement: Departmental
Estimated Tme: 30 mins
Continued Item: Yes
If Yes, date from: File No: 08-01027
Vote Required: Select_Vote

TO: Board of Supervisors

FROM: Department Michael F. Brown, County Executive Officer, 568-3404
Director
Contact Info: John Baker, Assistant CEO/Director of P&D, 568-3570

SUBJECT: Onshore Oil Inspection Plan

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

1. Consider a reorganization to place onshore and off shore oil operation oversight in the same division in Planning and Development,
2. Consider providing additional personnel resources to the onshore oil operation oversight and, if approved,
3. Provide staff with the direction on the source of revenue to accomplish the operational changes.

Summary Text:

At the Board meeting of January 13, 2009 the Supervisors accepted a bi-monthly report regarding recommendations to improve enforcement and oversight of onshore oilfield operations. As a result of its discussion, the Board asked staff to return with additional recommendations to provide for more aggressive enforcement of the provisions of the Petroleum and Fire Codes. Staff from Fire Prevention and Petroleum Divisions assessed all the appropriate activities that are necessary to implement both codes. The determination of the activity level was then translated into the most effective organization of personnel resources and related equipment to complete those activities.

The results of the analysis is a recommendation that the Board of Supervisors consider:

1. Consolidation of all oil facility operational oversight – both onshore and off shore – in a single organizational unit; the recommended unit is the Energy Division in the Planning and Development Department,
2. The addition of a project manager position to oversee the onshore oil operations,
3. The addition of a Fire Protection/Petroleum Engineer to complete technical, professional reviews of onshore oil facilities as part of an annual permitting process as well as participating in the response and analysis of facility releases and spills,
4. The addition of one more Petroleum Inspector to supplement existing staff to complete well inspections, respond to releases and conduct follow-up inspections for documented deficiencies, and
5. Provide electronic field devices to increase the efficiency of inspection staff in completing reviews of oil facilities.

Attachment A is a chart depicting the proposed organization to oversee onshore and off shore oil operations. There is no proposed change to the manner in which off shore oversight is conducted.

Attachment B is a spreadsheet which outlines the tasks required to aggressively implement the Fire and Petroleum Codes, the responsibilities of the operators in relation to the tasks and the distribution of personnel to properly complete the tasks. Emergency response will still be handled by Fire Department engine companies. Personnel in those companies that normally respond on an emergency basis will be specifically trained to address those releases and make determinations regarding shut down orders. Hazardous materials personnel will remain responsible for tasks related to cleanup immediately following releases.

The onshore oil companies currently pay an annual well inspection fee of \$91 per well for Petroleum Division inspections. There are 2500 wells that are currently part of the inspection program (total revenue of \$227,500). In order to fund the stepped up activities, more financial resources will be necessary. The costs for a Project Manager, Petroleum/Fire Engineer and one additional Petroleum Inspector will be approximately \$375,000 on an annualized basis. To properly equip field personnel with hand held computers and wireless links for data transmission will mean a one-time expenditure of approximately \$25,000 with an annual ongoing cost of \$2000 for the data transmission.

Background:

In January of 2008, a program of reporting to the Board of Supervisors regarding onshore oil activities was initiated following some significant releases of oil. A five pronged approach was recommended to the Board to address the Board's concerns. A number of code modifications were approved by the Board over the next 12 months. These included a High Risk Operator ordinance and improvements to the Fire Code for funding emergency response and inspection activities. On January 13, 2009, the Board asked staff to assess the resources necessary to more aggressively enforce the Petroleum and Fire Codes.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

Narrative: The cost associated with this program (\$377,000 ongoing and \$25,000 one-time) must be borne by an appropriation from the General Fund or an increase in fees to the operators. If an increase in charges is to be pursued, it will require an adjustment from \$91 per well to approximately \$240 per well.

Staffing Impacts:

Augmentation of this program will require the addition of a Project Manager, Fire/Petroleum Engineer and a Petroleum Inspector.

Attachments:

Authored by: John Baker

cc: