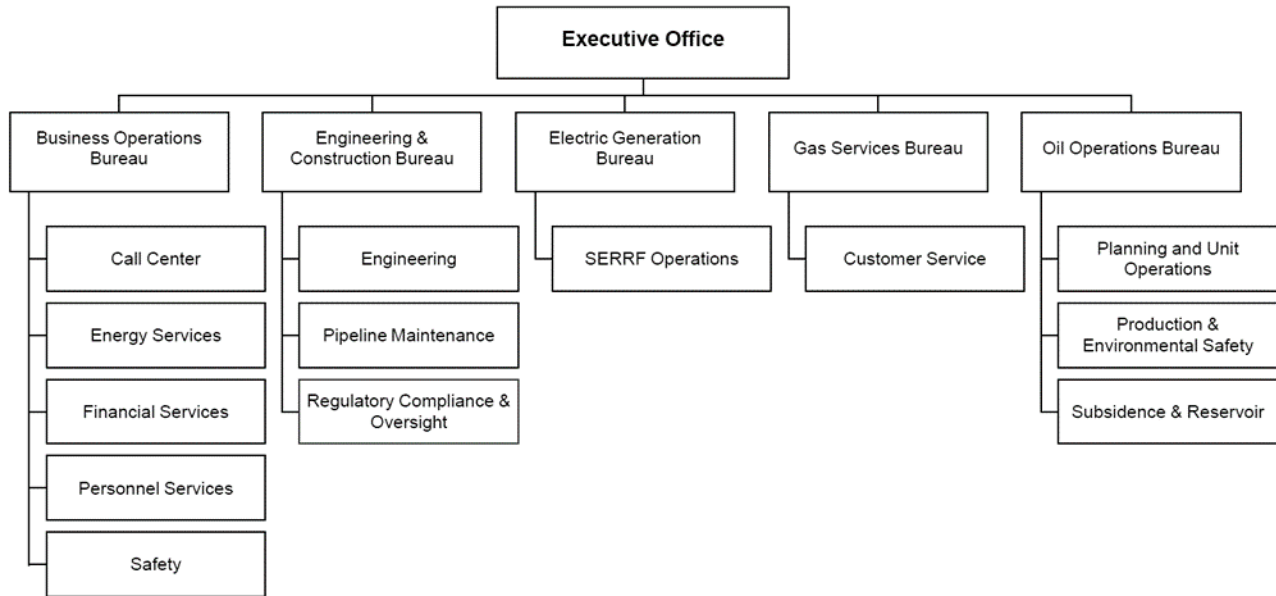


# Energy Resources



Robert Dowell - Director of Energy Resources

Tony Foster – Manager, Business Operations Bureau

Vacant - Manager, Engineering and Construction Bureau

Charles R. Tripp - Manager, Electric Generation Bureau (SERRF)

Edward Farrell - Manager, Gas Services Bureau

Kevin Tougas - Manager, Oil Operations Bureau

# Department Overview

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## **Mission:**

To safely provide reliable price-competitive natural gas utility services to residents and businesses, to commercially accept regional refuse for conversion into electrical power for resale and to decrease dependency on local landfills, and to manage in an environmentally safe manner the City and State's onshore and offshore production of oil and natural gas to maximize production levels and revenues.

## **FY 19 Focus:**

The Energy Resources Department (ER) (formerly known as Long Beach Gas and Oil) consists of three significant enterprise operations: 1) a municipally-owned gas utility that, by customer count, is the seventh largest in the United States, supporting more than 154,000 customer accounts and maintaining 1,900 miles of pipeline; 2) the Southeast Resource Recovery Facility (SERRF) creating electricity from refuse, processing about 400,000 tons of solid waste in Fiscal Year 2018; and, 3) a major oil field operation that produces about 12 million barrels annually with an exemplary environmental safety record.

**GAS** – Since 2012, the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA), has required all natural gas distribution pipeline operators to implement a Distribution Integrity Management Plan (DIMP). DIMP requires ER to periodically perform risk assessments on its pipelines by identifying, ranking and mitigating risks. Through the DIMP process, ER identified four significant risks to the City's gas distribution pipeline system: 1) excavation damage caused by third parties, 2) corrosion damage to older pipelines in the system, 3) past pipeline installation practices, and 4) susceptibility of major pipeline damage in the event of a localized earthquake. These risks are being mitigated through ER's ongoing pipeline replacement program.

In FY 19, ER will continue to focus on updating PHMSA required regulatory compliance documents that support overall distribution and operation activities. In addition, ER is implementing a new Operations and Maintenance policy and procedure manual.

In FY 18, ER completed deployment of an Advanced Metering Infrastructure (AMI) system, more than 154,000 gas meters, that is enabling the City's gas utility customers to utilize an array of interactive tools to monitor and optimize gas consumption. This "smart meter" system greatly enhances privacy and security for utility customers as monthly visits from contract meter readers are no longer necessary. Through AMI, ER has reduced annual vehicle trips by 160,000 with a corresponding reduction in CO<sub>2</sub> emissions of 400,000 pounds every year.

ER continues to lead in the effort to lower greenhouse gas emissions by utilizing natural gas as an economically efficient alternative fuel source. In June 2017, ER began delivering Renewable Natural Gas (RNG or Biogas) to Long Beach Transit for their entire fleet of CNG-powered buses. In 2018, ER began delivering Biogas for the City's fleet of street sweepers and refuse trucks. Since Biogas is collected from decaying organic materials (landfills, livestock operations and waste water treatment) the combustion of Biogas is carbon neutral and does not add to greenhouse gas emissions. ER anticipates the rapid expansion of Biogas fuel to other CNG-powered vehicles throughout the City.

**OIL** - ER is the Unit Operator for the Wilmington Oil Field production activities and holds various interests in smaller oil fields throughout the City. These operations are significant, with over 2,000 active wells. While most net oil revenue goes to the State, Long Beach is anticipated to receive about \$11.4 million in the Tidelands Operating Fund and \$9.1 million in the Uplands Oil Fund in FY 19.

The fluctuating market price for a barrel of oil has a tremendous impact not only on revenue but also on operational decisions and investments in future exploration. For FY 19, ER budgeted the price of oil at \$55 per barrel.

## Department Performance Measures

Key Measure	FY 17 Actual	FY 18 Target	FY 18 Estimate	FY 19 Projection
Number of feet of main pipeline replaced	50,382	10,000	10,000	20,000

Because of the federally required Distribution Integrity Management Plan (DIMP) review, the rate of targeted pipeline replacement is a critical measure to ensure the operational integrity and overall safety of the 1,900 miles of gas pipeline infrastructure. As the AMI project was being completed in FY 18, the pipeline replacement plan focused on large diameter, main pipe so as not to conflict with activity at service addresses. This work is primarily driven by corrosion damage to older pipelines in the system.

Key Measure	FY 17 Actual*	FY 18 Target*	FY 18 Estimate*	FY 19 Projection*
Number of barrels of oil produced (in millions)	10.55	10.5	10.2	10.3

The number of barrels of oil produced indicates the level of oil drilling activity for the year and the natural reservoir decline in oil production rate. \*Unit operator only.

Key Measure	FY 17 Actual	FY 18 Target	FY 18 Estimate	FY 19 Projection
Number of tons of waste processed at SERRF	426,000	460,000	400,000	440,000

The measure indicates the amount of waste that was kept out of local landfills. The fluctuations in tonnage listed are within the normal fluctuation of a 29-year-old facility of this type. It is expected to experience additional outages some years due to the age of equipment at the facility. Additionally, the lower production levels in FY 18 is due to unplanned outages and replacement of the facility's bottom ash conveyors.

Key Measure	FY 17 Actual	FY 18 Target	FY 18 Estimate	FY 19 Projection
Number of gas emergency service calls completed	5,640	5,500	6,208	5,500

Emergency service calls are received and dispatched by the Gas Services Bureau which operates a 24/7 emergency dispatch center. Reported leak calls are dispatched immediately for response and action.

## FY 18 Accomplishments

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- Replaced approximately 10,000 feet of main pipeline (the pipeline that runs under streets) Also, replaced 24,000 feet of service pipeline (pipeline that connects from the main pipeline to the customer's meter) in 2018.
- Installed new natural gas mains and services at development projects including Riverdale, Crescent Heights (Signal Hill) and Douglas Park.
- Implemented a new US Department of Transportation (DOT) rule requiring excess flow valves or curb valves be installed on each new or replaced service pipeline.
- Completed a thorough upgrade to the Operations and Maintenance policies and procedures manual.
- Responded to 14,000 requests for locating and marking underground gas pipeline facilities to minimize damage to gas pipelines associated with excavations.
- Conducted a survey for natural gas leaks on ER pipeline facilities representing about 30 percent of the City.
- Repaired 200 leaks on gas main and service pipelines.
- As part of ER's DIMP, and ongoing commitment to reducing pipeline damage and to ensure the safety to residents, ER is continuing a multi-year sewer line inspection program to identify and repair any gas service pipelines that may encroach upon customer-owned sewer laterals. In 2018, approximately 1,000 sewer lines were inspected.
- A federally mandated safety audit will be held in July 2018 by the California Public Utilities Commission acting as agent for the Federal DOT.
- Work is underway to refurbish the protective coatings and pipe hangers for 10 pipelines suspended beneath bridges.
- A major Department-wide all day emergency exercise was held with support from LAPD and the City Emergency Operations Center.
- Developed plans for the return of the Huntington Beach Pipeline, leased to Southern California Gas Company, to ER. The work includes removal of pipeline in conjunction with the widening of the 405 Freeway, purging the pipeline of natural gas from the Huntington Beach power plant to the City Gate at 7th and Studebaker.
- Manage the City and State's oil and natural gas operations consisting of over 2,000 active wells producing about 30,000 barrels of oil and nearly 11 million cubic feet of gas per day. The operations drilled approximately 44 wells and ensured adequate water injection into the subsurface to manage subsidence. The subsidence management program maintained stable elevations as verified by results obtained from approximately 540 elevation benchmarks throughout the oil field.
- SERRF processed its 13.9 millionth ton of refuse since opening in July 1988. That equals about 6.5 million megawatts of electricity produced. On average, SERRF provides 218,000 megawatts of energy each year, enough to support 31,000 households or 65,000 electric vehicles.
- Helped 6,000 low-income customers receive discounted utility bills.
- Handled more than 280,000 customer inquiries through the Utility Call Center with calls regarding gas, water, sewer and refuse services.
- Local supplies and favorable index pricing has allowed ER to maintain average residential gas bills that were similar to other Southern California gas utilities.
- Estimates safely completing 107,963 gas and water customer service orders and responding to 6,208 gas emergency calls during and after regular business hours.

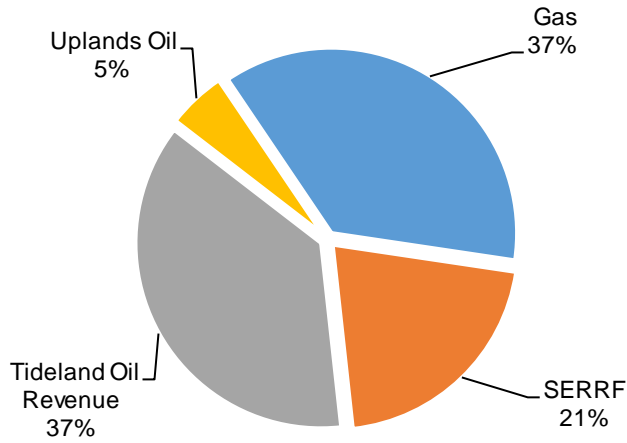
## FY 18 Accomplishments

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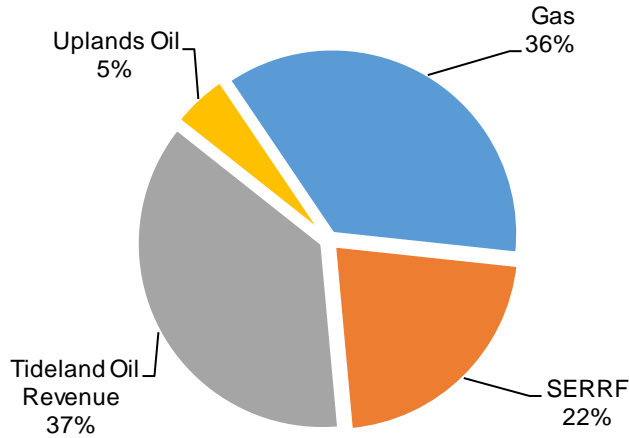
- Estimates completing 3,132-meter exchange upgrades to AMI compatible meters which will complete the residential AMI installation efforts.
- Installed 885 AMI smart points to compatible meters currently in the field.
- Utility Services processed monthly utility bills for 165,000 customer accounts generating \$225 million in annual revenue.
- SERRF generated \$20 million in electricity sales.
- Continues to engage in price-protection strategies to ensure customers are not unduly impacted by unforeseen seasonal price spikes.
- Fully complied with the requirements of the California Global Warming Solutions Act (AB32) by successfully meeting targeted reductions and carbon credit auction consignment obligations.

# FY 19 Budget

## FY 19 Revenues by Fund



## FY 19 Expenditures by Fund



## Fund Impact

Fund	Revenues	Expenditures*	Fund Impact
Gas	88,280,835	85,247,619	3,033,216
SERRF	50,166,100	51,537,062	(1,370,962)
Tideland Oil Revenue	89,209,421	87,538,397	1,671,024
Uplands Oil	12,239,561	11,543,099	696,463
<b>Total</b>	<b>239,895,917</b>	<b>235,866,177</b>	<b>4,029,741</b>

\*Includes Transfer to Other Funds of \$29,046,288

## Summary of Changes\*

<b>Gas Fund</b>	<b>Impact</b>	<b>Position</b>
Adjust budgeted revenues for Gas transmission charges to be more aligned with actual projected revenue.	(900,000)	-
Reduce budgeted revenues for pipeline lease funds as a 25-year pipeline lease agreement between the City and Southern California Gas will expire.	3,359,186	-
Reduce budget for the meter reading services of Corix, which is no longer needed upon the completion of the AMI Project.	(2,500,000)	-
Add a Construction Inspector II to provide oversight and inspection to the most complex gas pipeline construction projects and minimize department overtime.	125,270	1.00
Upgrade an Administrative Analyst II to an Administrative Analyst III in the Energy Services Division to align with the increasing complexity of the position due to changes in federal and State regulations.	9,808	-
Change the title of the Gas Supply and Business Officer to the Energy Services Officer.	-	-

<b>Tideland Oil Revenue Fund</b>	<b>Impact</b>	<b>Position</b>
Adjust budgeted revenues and expenses to align with actual projections for Tidelands crude oil sales and oil field unit expenses.	(3,108,462)	-

<b>Upland Oil Fund</b>	<b>Impact</b>	<b>Position</b>
Adjust budgeted revenues and expenses to align with actual projections for Uplands crude oil sales and oil field unit expenses.	(67,371)	-

<b>SERRF Fund</b>	<b>Impact</b>	<b>Position</b>
Increase budgeted revenues to recognize the final payment of a 30-year bond financing agreement for the SERRF facility.	(11,900,000)	-
Increase budgeted revenues to reflect projected increases in Private Hauler/Burn and Disposal revenues.	(2,376,150)	-
Reduce budgeted revenues to reflect changes in anticipated sources of revenue, including lower electricity sales when the current SERRF power purchase agreement with Southern California Edison is renewed, and the end of litigation settlement payment between facility building Dravo Corporation.	15,374,036	-
Increase budget to reflect projected costs for SERRF operations and maintenance and general insurance charges.	634,600	-

\* For ease of review, reallocations of resources within departments, offsets, adjustments, and minor changes have not been included. As figures reflect the net impact to a fund, an increase in expense is shown as a positive number (cost/hit to fund) and a decrease in expense is shown as a negative number (savings/benefit to fund). Accordingly, a decrease in revenue is shown as a positive number (cost/hit to fund), and an increase in revenue is shown as a negative number (savings/benefit to fund).

# Business Operations Bureau

**Key Services:**

- 1. Personnel Management**
  - Payroll Processing, Auditing
  - Employee Training and Development
  - Coordination of Employee Benefits
  - Recruitment, selection and onboarding
  - Protected Leave Administration
  - Workers Compensation/Return-to-work
  - Administrative Investigations
  - Performance Management
- 2. Occupational Safety Compliance**
  - Manage Cal-OSHA compliance for general industry activities
  - Assess occupational safety training requirements and ensure compliance
  - Evaluate incident trends and implement measures for mitigating loss
  - Advise on corrective actions for identified or recognized hazards
- 3. Financial Oversight and Budget Management**
  - Forecasting Revenue/Expenditures
  - Collect/Review/Coordinate Year-to-Year Budget Changes
  - Estimates to Close Input
  - Personnel Records/ Org Year-to-Year Changes
  - MOU Development/Review
  - Accounting for all Funds (Gas, Gas Prepay, Uplands, SERRF, SERRF JPA, TORF)
  - Payment Processing (Payables/Receivables)
  - Article 9 Recalculation/ Redistribution
  - Oil Revenue Distribution (State, City, Contractor, Working Interest Owners)
  - Asset Capitalization
- Financial Statements and Management Reports
- 4. Natural Gas Supply Management**
  - Gas Demand/Supply Analysis
  - Gas Procurement
  - Large Customer Support
  - Monthly Gas Rate Calculations and Fee Schedule
  - Gas Nominations/Curtailment
  - SoCal Gas Rate Case Monitoring
  - Energy Rebate Program
- 5. ER Material & Supply Management**
  - Material/Supply Procurement
  - Material/Supply Distribution
  - Inventory Control
- 6. Government Affairs / Public Information / Regulatory Compliance**
  - Website Update/Support
  - Public Records Act Request
  - Information Update/Tracking
  - AB32 Regulatory Compliance
  - Customer Communication
- 7. Call Center Operations**
  - Receive/Respond to Customer Service Calls
  - Develop Customer Service Orders
  - Support Implementation of New CIS
  - Setting up New Accounts
  - Billing Quality Control and Meter Reading
  - Closing Accounts/Final Billing
- 8. Executive Leadership / Strategic Projects**
  - Inter-departmental coordination
  - New initiatives Oversight
  - Policy Development
  - Operational Coordination

**FY 19 Funding Sources:** Gas Fund 97%, Tideland Oil Revenue Fund 3%

Business Operations	Actuals FY 17	Adjusted* FY 18	Adopted** FY 19
Revenues	101,042,732	85,345,856	81,842,218
Expenditures	70,086,700	69,896,498	55,923,494
FTEs	60.17	60.67	64.67

\*Amounts as published in the FY 19 Proposed Budget released July 3, 2018

\*\*Amounts exclude all-years carryover.



## Business Operations Bureau

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### **Narrative:**

The implementation of the California Global Warming Solutions Act of 2006 (AB 32) was extended to include the natural gas industry (including distributors such as ER). By regulation, ER is required to complete annual Green House Gas (GHG) emission reports. These reports are verified by a third party and are in accordance with AB 32's "Cap and Trade" provisions. The final program rules for natural gas distributors under the "Cap and Trade" provisions, which were adopted earlier this year by the California Air Resources Board, required ER to engage in purchasing carbon credits beginning in February 2015.

The June 2014 approval by the City Council of ER's Advanced Metering Infrastructure (AMI) initiative marked the beginning of full implementation which was estimated to take three-years. During FY 15, ER kicked-off the AMI "Proof of Concept" phase supporting full software installation/integration and the small-scale testing (about 1,000 meters) of the system. After the successful completion of the "Proof of Concept" phase, the program moved to full implementation in February 2016. The project installed approximately 154,000 smart gas meters across the City and was completed on schedule in December 2017. AMI is the industry standard as all major gas and electric utilities statewide including Southern California Edison, Southern California Gas Company, San Diego Gas and Electric, Pacific Gas and Electric, and numerous municipal utilities, such as the Los Angeles Department of Water and Power, have already replaced, or are in the process of replacing their manually read meters with Smart Meter systems. Long Beach will benefit from improved metering efficiency, improved customer information, reduced operational costs, and reduced carbon emissions as AMI is fully deployed.

ER will continue to outreach and market opportunities for converting to natural gas as a clean energy alternative. Projects include: working with the Aquarium of the Pacific and multifamily housing developers to support utilization of natural gas fired fuel cells; construction of a compressed natural gas (CNG) fueling station in the harbor to support a clean-fuel alternative for transportation of goods in and out of the Ports of Long Beach and Los Angeles; and, expanded implementation of biogas purchases and distribution supporting clean-fuel credits for transportation customers.

Changes in FTE counts between FY 18 and FY 19 were made to reflect appropriate funding source.

# Engineering & Construction Bureau

**Key Services:**

- 1. Gas Emergency Response (Pipeline)**
  - Emergency Response to leak calls from public
  - Leak Investigations
- 2. Gas Pipeline Repair & Installation**
  - Alter gas pipelines in response to requests by customers
  - Replace sections of gas pipelines
  - Disconnect pipelines for building demolition
  - Maintain and repair gas pipelines
  - Install gas pipelines in response to customer requests
  - Bridge Patrol and repairs
- 3. Cathodic Protection and Corrosion Control**
  - Survey cathodic protections systems as required by PHMSA
  - Maintain cathodic protection system facilities
  - Construction cathodic protection systems
  - Pipeline casing inspection
  - Monitor pipeline for internal corrosion
- 4. Gas Pipeline Systems Regulatory Compliance and Safety Training**
  - Maintain Emergency Valves as required by PHMSA
  - Survey the gas system for leaks
  - Maintain district regulator stations as required by PHMSA
  - Review/upgrade/maintain PHMSA required plans
  - Train and test employees and contractors to PHMSA requirements
- 5. Underground Service Alert Response**
  - Locate and mark underground gas pipelines prior to excavation by third parties
- 6. Gas Construction Inspection and Project Management**
  - Inspect and coordinate ER and developer/contractor pipeline projects for compliance with standards
  - Investigate requests by customers for new or changed gas service and meter requirements
  - Manage pipeline construction projects
- 7. Gas System Engineering, Design & Records Maintenance**
  - Engineer and design gas pipelines on capital projects
  - Produce specifications, plans and cost estimates for capital pipeline construction projects
  - Produce drawings and acquire permits
  - Produce reports for PHMSA audit inspections
  - Maintaining and updating project work orders
  - Maintaining and updating GIS
- 8. Gas Telemetry & Calibrations**
  - Maintain City Gate and Local Producer sites
  - Monitor natural gas quality to ensure the potential for internal corrosion is mitigated
  - Measurement Reporting
  - Instrument Calibrations
  - SCADA network maintenance

**FY 19 Funding Source:** Gas Fund 100%

<b>Engineering &amp; Construction</b>	<b>Actuals FY 17</b>	<b>Adjusted* FY 18</b>	<b>Adopted** FY 19</b>
Revenues	6,599,047	8,301,612	8,334,341
Expenditures	20,750,476	22,727,346	23,188,434
FTEs	89.44	88.34	85.00

\*Amounts as published in the FY 19 Proposed Budget released July 3, 2018

\*\*Amounts exclude all-years carryover.

## Engineering & Construction Bureau

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**Narrative:**

The U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA) require that certain inspections and surveys be performed on all natural gas distribution systems. Surveys for gas pipeline leaks include business districts, hospitals, schools and churches, which must be checked annually and residential areas, of which 20 percent must be checked annually. In addition, inspections are required on all valves necessary for emergency operation, all corrosion control areas and all district regulator stations. ER accomplished all required surveys and inspections in FY 18. As part of a PHMSA required Damage Prevention Program, in FY 18, ER responded to over 14,000 requests for locating and marking City-owned underground gas pipelines.

The bureau is requesting to add a Construction Inspector II to provide oversight and inspection to the most complex gas pipeline construction projects and minimize department overtime. Additional changes in FTE counts between FY 18 and FY 19 were made to reflect appropriate funding source.

# Electric Generation Bureau

**Key Services:**

**1. Waste-to-Energy Operations**

- Facility Operations
- Site inspection, daily contractor oversight
- Permit and other regulatory expenses
- Insurance
- Facility bond repayment

**2. Narcotics Destruction**

- Provide safe access to SERRF combustors
- Scheduling

**3. SERRF Administration**

- Regulatory Compliance management
- Contract management
- Budget preparation, tracking and forecasting
- Public policy analysis
- Refuse Marketing (ensuring sufficient refuse quantities)
- Accounts Payable
- Public outreach, Industry leadership

**FY 19 Funding Source:** SERRF Fund 100%

<b>Electric Generation</b>	<b>Actuals FY 17</b>	<b>Adjusted* FY 18</b>	<b>Adopted** FY 19</b>
Revenues	49,311,834	51,263,986	50,166,100
Expenditures	46,501,927	50,917,573	51,537,062
FTEs	3.50	3.50	3.50

\*Amounts as published in the FY 19 Proposed Budget released July 3, 2018

\*\*Amounts exclude all-years carryover.

**Narrative:**

The Waste-to-Energy Program includes the operation of the Southeast Resource Recovery Facility (SERRF), which is a mass-burn waste-to-energy facility that incinerates residential and commercial refuse. A portion of the electricity generated is used to power SERRF (15 percent), while the remainder is sold to Southern California Edison (SCE). The facility helps keep Long Beach refuse rates competitive in the market and provides a positive alternative to the environmental impacts of sending waste to a landfill. As a public service, SERRF also works with federal, state, and local law enforcement agencies to destroy narcotics and drug-related paraphernalia. In FY 17, over 533,000 pounds of confiscated material were destroyed.

With the closure of the Puente Hills Landfill in November 2013, SERRF continues to experience a significant increase in operational costs. The waste ash generated by SERRF was previously used at the Puente Hills Landfill, with no disposal fee charged to SERRF. Now it is necessary to haul waste ash to the El Sobrante Landfill and pay a disposal charge. This has resulted in an increase of approximately \$6.0 million in operational expenses annually.

In anticipation of SERRF achieving 30 years of operation in December of 2018, staff is working now to address a number of milestones that will occur. For example, facilities bonds will be fully paid reducing operational costs, and the electrical generation contract between the City of Long Beach and Southern California Edison will end. Staff has begun the process of negotiating agreements with CALISO and Southern California Edison to sell power after the expiration of the current power purchase agreement. Staff has also pursued an aggressive policy to increase its private hauler refuse disposal fees to offset higher operational costs. Staff is also identifying operational agreements that take advantage of some newer green technologies in addressing the City's waste disposal needs. SERRF is a proven asset at providing environmentally sound solutions to the City's waste disposal, and with new solutions, it can continue well into the future.

# Gas Services Bureau

## Key Services:

1. **Customer Service**
  - Emergency Response
  - Meter Turn-On and Turn-Off Orders
  - Pilot Lighting
  - Gas Appliance Service/Safety Inspection
  - Billing Related Service Orders
2. **Gas Metering and Regulation (and related activities)**
  - New Meter Installation
  - Meter Proving
  - Meter Maintenance and Painting
3. **Service Order Dispatching and System Control**
  - AMI Data Management and Reporting
  - AMI Meter Management and Installation
  - Prepare and Route Daily Work orders
  - Receive and Dispatch After Hours Emergency and Priority Service Calls
  - Pressure Monitoring and Gate Station Control
  - Monitor Gas Quality
  - Instrument Calibrations

**FY 19 Funding Source:** Gas Fund 100%

Gas Services	Actuals FY 17	Adjusted* FY 18	Adopted** FY 19
Revenues	3,105,057	2,273,727	2,388,727
Expenditures	7,995,247	7,890,795	7,613,977
FTEs	60.38	61.88	62.22

\*Amounts as published in the FY 19 Proposed Budget released July 3, 2018

\*\*Amounts exclude all-years carryover.

## Narrative:

The Gas Services Bureau continues to provide outstanding service to the residents of Long Beach and Signal Hill. Field Service Representatives safely completed more than 107,000 service orders, most which were scheduled for next day service. Leak response numbers continued to increase over the previous year, but with completion of the residential AMI installations, leak response numbers are expected to decline.

In FY 18, the Gas Service Bureau has been fully involved with AMI implementation and has completed the residential installation phase. Resources were reorganized into a new AMI/Meter Support work group and tasked with installing more than 8,000 AMI meters and devices on the more complicated meter sets throughout the city. With full implementation, Gas Services will manage new functions including AMI device and data management.

In FY 18, AMI/Meter Support personnel focused primarily on replacing or retrofitting the remaining high volume and commercial/industrial meter installations. These high-volume meters' upgrades are being managed and upgraded entirely with in-house personnel. Completion of this final AMI installation phase is expected in early FY 19.

Full implementation of the AMI project is expected to even further reduce customer service wait times. The AMI installations have provided the ability to better monitor a "soft close" policy which will reduce appointment times significantly. Gas Services estimates an increase in the availability of same day service orders in FY 19. By reducing certain service orders that previously mandated a physical meter read, resources will be more available for service calls. With this understanding, Gas Services has strengthened its training program to ensure the highest levels of customer service.

Changes in FTE counts between FY 18 and FY 19 were made to reflect appropriate funding source.

# Oil Operations Bureau

**Key Services:**

**1. Subsidence Mitigation**

- Conduct field wide elevation surveys at least twice a year
- Prepare elevation maps and annual elevation report to City Council
- Prepare annual budget for State Land Commission approval
- Continuous elevation monitoring via GPS system
- Set voidage balancing guidelines and continuously monitor for compliance
- Meetings with field contractor

**2. Oil Spill Prevention and Response**

- Ensure oil field environmental regulatory compliance
- Oil field inspections
- Participate in audits
- Facility project approval
- Review maintenance programs and capital investments
- Oil well and pipeline abandonment

**3. Oil Field Planning and Contract Management**

- Calculate abandonment liability
- Coordinate with POLB on port development impacts to oil operations
- Oil sale measurement and quality verification
- Oil field procurement approval
- Working interest owner support
- Long Beach Unit annual plan and program plan
- Estimate of oil operations and City budget

**4. Optimization of Oil and Gas Production**

- Reservoir management
- Oil field life planning
- Conduct engineering reviews of proposed drilling and investment well work
- Economic investment justification approval

**FY 19 Funding Sources:** Tideland Oil Revenue Fund 88%, Uplands Oil Fund 12%

Oil Operations	Actuals FY 17	Adjusted* FY 18	Adopted** FY 19
Revenues	89,953,820	110,045,344	97,164,531
Expenditures	86,734,538	112,989,250	97,603,210
FTEs	18.50	18.00	18.00

\*Amounts as published in the FY 19 Proposed Budget released July 3, 2018

\*\*Amounts exclude all-years carryover.

**Narrative:**

The oil assets managed by ER continue to provide for a viable transfer of revenue to the Tidelands Operating Fund and the Uplands Oil Fund. The FY 19 Budget is based on an average realized price at \$55 per barrel.

The FY 19 Budget supports a transfer of \$11.4 million to the City's Tidelands Operating Fund as its proportionate share in the profits from the Wilmington Oil Field operations; and, an anticipated transfer of \$9.1 million from the Uplands Oil Fund to the General Fund from the City's oil interests' profits as well as the administrative fee earned as Unit Operator.

The FY 19 Budget will continue to allow ER to manage the performance of the City and State's onshore and offshore oil and natural gas operations in a manner to protect the environment and avoid subsidence, while strengthening the oil fields fiscal sustainability. These total resources will allow the operation to manage over 2,000 wells in the Wilmington field, direct the drilling of approximately 53 new wells, survey 540 benchmarks, ensure the injection of more water into the reservoir than the total fluids produced, and produce approximately 10.3 million barrels of oil.

## Financial Summary by Category

	Actual FY 17	Adopted* FY 18	Adjusted** FY 18	Adopted* FY 19
<b>Revenues:</b>				
Property Taxes	-	-	-	-
Other Taxes	-	-	-	-
Franchise Fees	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Use of Money & Property	95,447,488	74,786,216	114,786,216	101,938,132
Revenue from Other Agencies	-	-	-	-
Charges for Services	139,079,599	127,427,620	127,427,620	110,850,434
Other Revenues	1,673,850	1,239,824	1,239,824	12,765,788
Interfund Services - Charges	13,811,553	13,776,865	13,776,865	14,341,563
Intrafund Services - General Fund Charges	-	-	-	-
Harbor & Water P/R Rev Trsfs	-	-	-	-
Other Financing Sources	-	-	-	-
Operating Transfers	(0)	-	-	-
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<b>Total Revenues</b>	<b>250,012,491</b>	<b>217,230,525</b>	<b>257,230,525</b>	<b>239,895,917</b>
<b>Expenditures:</b>				
Salaries, Wages and Benefits	23,902,931	26,046,841	26,554,656	26,878,848
Overtime	521,484	360,883	360,884	360,884
Materials, Supplies and Services	158,214,085	144,811,321	177,216,750	166,853,895
Internal Support	7,588,733	8,200,227	8,557,611	9,692,997
Capital Purchases	3,972,730	1,488,455	8,372,627	1,488,455
Debt Service	1,883,767	2,005,445	2,005,445	1,544,810
Transfers to Other Funds	35,985,161	31,013,489	41,353,489	29,046,288
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<b>Total Expenditures</b>	<b>232,068,889</b>	<b>213,926,660</b>	<b>264,421,462</b>	<b>235,866,177</b>
<b>Personnel (Full-time Equivalents)</b>	<b>231.99</b>	<b>232.39</b>	<b>232.39</b>	<b>233.39</b>

\* Amounts exclude all-years carryover. See budget ordinance in the back of this document.

\*\* Amounts as published in the FY 19 Proposed Budget released July 3, 2018.

## Personnel Summary

Classification	FY 17 Adopt FTE	FY 18 Adopt FTE	FY 19 Adopt FTE	FY 18 Adopted Budget	FY 19 Adopted Budget
Director	1.00	1.00	1.00	213,369	217,636
Accountant I	1.00	-	-	-	-
Accountant II	2.00	-	-	-	-
Accountant III	2.00	2.00	2.00	170,756	174,171
Accounting Clerk III	1.00	2.00	2.00	96,189	101,874
Accounting Technician	0.50	0.50	0.50	24,016	24,496
Administrative Analyst II	2.00	2.00	-	163,382	-
Administrative Analyst III	1.00	1.00	3.00	94,613	278,141
Administrative Officer	-	1.00	1.00	112,409	114,658
Administrative Officer-Oil Properties	1.00	-	-	-	-
Assistant Administrative Analyst II	1.00	2.00	2.00	123,669	128,317
Civil Engineering Associate	1.00	-	-	-	-
Clerk Typist III	4.00	3.00	3.00	132,672	140,972
Construction Inspector I	2.00	2.00	2.00	168,936	178,540
Construction Inspector II	6.00	6.00	7.00	554,603	651,114
Customer Service Representative III	25.00	25.00	25.00	1,213,809	1,269,796
Customer Service Representative II-NC	3.67	3.67	3.67	150,159	153,171
Customer Service Supervisor II	4.00	4.00	4.00	278,088	270,334
Customer Service Supervisor III	1.00	1.00	1.00	76,736	64,307
Customer Services Officer	1.00	1.00	1.00	89,101	90,883
Department Safety Officer	1.00	1.00	1.00	95,471	97,381
Division Engineer-Oil Properties	3.00	3.00	3.00	496,616	496,683
Electrician	1.00	1.00	1.00	65,494	68,140
Energy Services Officer	1.00	1.00	1.00	117,045	119,435
Engineering Aide III-NC	1.60	-	-	-	-
Engineering Technician I	2.00	2.00	2.00	117,322	116,739
Engineering Technician II	4.00	4.00	4.00	278,146	280,935
Executive Assistant	1.00	1.00	1.00	69,648	71,040
Financial Services Officer	1.00	1.00	1.00	111,494	113,723
Gas Construction Worker II	22.00	22.00	22.00	1,240,072	1,296,816
Gas Construction Worker III	10.00	3.00	3.00	200,185	195,870
Gas Distribution Supervisor I	4.00	6.00	6.00	485,266	495,857



## Personnel Summary

Classification	FY 17 Adopt FTE	FY 18 Adopt FTE	FY 19 Adopt FTE	FY 18 Adopted Budget	FY 19 Adopted Budget
Gas Distribution Supervisor II	3.00	2.00	2.00	184,811	188,917
Gas Field Services Representative I - NC	3.22	3.22	3.22	126,656	131,780
Gas Field Services Representative II	35.00	35.00	35.00	2,015,555	2,041,765
Gas Field Services Representative III	14.00	13.00	13.00	852,382	900,208
Gas Field Technician I	-	3.00	3.00	213,715	182,789
Gas Field Technician II	-	4.00	4.00	299,010	269,720
Gas Field Technician III	-	3.00	3.00	220,712	197,999
Gas Instrument Technician II	2.00	-	-	-	-
Gas Maintenance Supervisor I	8.00	8.00	8.00	661,334	674,256
Gas Maintenance Supervisor II	3.00	3.00	3.00	260,518	283,375
Gas Pipeline Compliance Officer	1.00	1.00	1.00	117,613	119,965
Gas Pipeline Welder/Layout Fitter	5.00	5.00	5.00	382,177	383,120
General Maintenance Supervisor II	1.00	1.00	1.00	69,874	71,271
Geologist II	1.00	2.00	2.00	275,274	305,799
Maintenance Assistant I	1.00	1.00	1.00	38,528	40,084
Maintenance Assistant II	1.00	1.00	1.00	42,482	36,316
Manager-Business Operations	1.00	1.00	1.00	135,307	138,015
Manager-Electric Generation	1.00	1.00	1.00	161,869	165,105
Manager-Engineering and Construction	1.00	1.00	1.00	150,190	153,194
Manager-Gas Services	1.00	1.00	1.00	127,945	130,505
Manager-Oil Operations	1.00	1.00	1.00	180,012	183,611
Mechanical Engineer	2.00	2.00	2.00	206,837	224,928
Mechanical Engineering Associate	1.00	2.00	2.00	160,494	179,821
Payroll/Personnel Assistant II	1.00	1.00	1.00	50,535	51,546
Payroll/Personnel Assistant III	1.00	1.00	1.00	55,686	56,800
Petroleum Engineer I	1.00	-	1.00	-	115,920
Petroleum Engineer II	4.00	3.00	3.00	444,249	471,437
Petroleum Engineering Associate II	1.00	1.00	1.00	93,736	104,391
Petroleum Operations Coordinator I	5.00	6.00	5.00	683,449	597,098
Principal Construction Inspector	1.00	1.00	1.00	104,279	110,309
Secretary	4.00	5.00	5.00	251,192	266,425
Senior Accountant	1.00	2.00	2.00	154,557	185,283
Senior Engineering Technician I	-	1.00	1.00	70,401	86,303

## Personnel Summary

Classification	FY 17 Adopt FTE	FY 18 Adopt FTE	FY 19 Adopt FTE	FY 18 Adopted Budget	FY 19 Adopted Budget
Senior Equipment Operator	5.00	5.00	5.00	344,938	358,010
Senior Mechanical Engineer	1.00	1.00	1.00	108,541	114,237
Senior Surveyor	1.00	1.00	1.00	92,077	102,735
SERRF Operations Officer	1.00	1.00	1.00	116,336	118,662
Stock & Receiving Clerk	1.00	1.00	1.00	37,516	40,207
Storekeeper I	1.00	1.00	1.00	50,535	41,898
Storekeeper II	1.00	1.00	1.00	57,122	58,265
Superintendent-Engineering	1.00	1.00	1.00	144,766	147,662
Superintendent-Operations	1.00	1.00	1.00	114,420	164,189
Superintendent-Pipeline Const and Maint	1.00	1.00	1.00	106,641	108,818
Supervisor-Stores and Property	1.00	1.00	1.00	66,387	67,715
<b>Subtotal Salaries</b>	231.99	232.39	233.39	16,969,926	17,581,485
<b>Overtime</b>	-	-	-	360,884	360,884
<b>Fringe Benefits</b>	-	-	-	9,755,821	9,974,017
<b>Administrative Overhead</b>	-	-	-	349,666	351,919
<b>Attrition/Salary Savings</b>	-	-	-	(1,638,210)	(1,638,210)
<b>Expenditure Transfer</b>	-	-	-	609,637	609,637
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<b>Total</b>	<b>231.99</b>	<b>232.39</b>	<b>233.39</b>	<b>26,407,724</b>	<b>27,239,732</b>