

STATE OF CALIFORNIA  
 Budget Change Proposal - Cover Sheet  
 DF-46 (REV.03/13)

Fiscal Year 2014/15	BCP No. 14-02	Org. Code 7350	Department Industrial Relations	Priority No. 2
Program 40 Division of Occupational Safety & Health (DOSH)			Element	Component

Proposal Title  
 Process Safety Management Unit Expansion

Proposal Summary

The Department of Industrial Relations requests an increase of 11 positions and \$2.41 million in the Occupational Safety and Health (OSH) Fund to expand the Process Safety Management (PSM) Unit to implement the recommendations of the Governor's Interagency Working Group on Refinery Safety in the enforcement of workplace health and safety regulations in 15 refineries and over 1,600 other chemical facilities.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO <i>[Signature]</i>	Date 1/3/2014
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the California Technology Agency, or previously by the Department of Finance.

FSR  SPR Project No: \_\_\_\_\_ Date: \_\_\_\_\_

If proposal affects another department, does other department concur with proposal?  Yes  No  
 Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>[Signature]</i>	Date 1/6/14	Reviewed By <i>[Signature]</i>	Date 1/6/14
Department Director <i>[Signature]</i>	Date 1/3/14	Agency Secretary <i>[Signature]</i>	Date 1-8-14

**Department of Finance Use Only**

Additional Review:  Capital Outlay  ITCU  FSCU  OSAE  CALSTARS  Technology Agency

BCP Type:  Policy  Workload Budget per Government Code 13308.05

PPBA	Date submitted to the Legislature
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## Analysis of Problem

### A. Proposal Summary

The Department of Industrial Relations (DIR) requests 11 new positions and an increase in authority of \$2.41 million in Fiscal Year 2014/15 and \$2.1 million ongoing in the Occupational Safety and Health (OSH) Fund to permanently expand the Process Safety Management (PSM) Unit within the Division of Occupational Safety and Health (DOSH) and to implement the recommendations of the Governor's Interagency Working Group on Refinery Safety.

As indicated in the table below, the expanded PSM program will consist of the 11 existing positions, 4 redirected positions as required by the 2013 Budget Act (formerly funded by the Targeted Inspection and Consultation Fund), and 11 new positions requested by this proposal, for a total of 26 positions. All PSM refinery positions (new, redirected, and existing) will be funded with a new distinct fee on the refinery industry; the non-refinery operations will continue to be supported by the annual employer assessment.

Classifications	Existing Unit	Proposed New	Redirected TICF	Totals
<b>DOSH:</b>				
District Manager	1.0	0.0	1.0	2.0
Assoc Safety Engineer	8.0	10.0	2.0	20.0
Assoc Gov'l Program Analyst	0.0	1.0	0.0	1.0
Office Technician-Typing	2.0	0.0	0.0	2.0
<b>Subtotals, DOSH</b>	<b>11.0</b>	<b>11.0</b>	<b>3.0</b>	<b>25.0</b>
<b>Division of Admin:</b>				
Career Executive Assignment II			1.0	1.0
<b>Grand Totals</b>	<b>11.0</b>	<b>11.0</b>	<b>4.0</b>	<b>26.0</b>

### B. Background/History

The PSM Unit enforces California's workplace health and safety regulations in 15 refineries and over 1,600 other facilities that use, process or store large quantities of toxic, flammable and explosive chemicals pursuant to applicable Title 8 regulations.

The unit was established after the 1999 fire at the Tosco Refinery in Martinez, which killed four workers, to enforce the requirements of Labor Code Section 7850 et seq., Title 8 Section 5189, "Process Safety Management of Acutely Hazardous Materials," and Title 8, Subchapter 15, "Petroleum Safety Orders - Refining, Transportation, and Handling." The primary enforcement method the PSM Unit utilizes to assess PSM compliance is a PSM-specific inspection. There are four types of on-site inspections:

1. Those which are initiated by worker complaints.
2. Those which result from reports of serious injuries and deaths.
3. Referrals from other governmental agencies.
4. Planned inspections which proactively target high hazard operations and processes.

Given the complexity and size of refineries, these inspections can take weeks to months to complete. The actual scope and depth of these inspections is affected by the number of field inspectors working in the unit at the time of the inspection. Historically, DIR has conducted on average 21 unplanned inspections and 6 planned inspections at refineries and 44 unplanned inspections and 68 planned inspections at non-refineries.

## Analysis of Problem

The PSM Unit has not conducted planned inspections of PSM-designated facilities with the frequency and thoroughness of inspections as those conducted under Federal OSHA's 2007-10 National Emphasis Program on Refineries, and/or consistent with the recommendations of the U.S. Chemical Safety Board (CSB) as required due to limited staffing and training resources. In its April 2013 interim report following the Chevron Richmond Refinery Fire, the CSB criticized Cal/OSHA's PSM program for planned inspections that were shorter and less comprehensive than needed to identify and prevent worker harm.

In August 2012, a fire erupted due to a severely corroded pipe at the Chevron Refinery in Richmond. As a result, the Governor established an Interagency Working Group on Refinery Safety that issued its report in July 2013. Major recommendations in that report included enhancing the resources and effectiveness of the PSM Unit, as well as greater coordination of enforcement activities by the various agencies having jurisdiction over refinery operations, including sharing of data and information and coordination of on-site inspections. The Working Group also called for stronger regulatory authority for Cal/OSHA and other agencies. These recommendations and the PSM expansion align with the strategic goal of the Department to prevent occupational illness and injuries through the elimination or control of hazards in the workplace.

The 2013/14 Budget Act provides the Director of Finance (DOF) with the authority to augment the 2013/14 Budget for the purpose of expanding the PSM unit by at least 15 positions. This proposal seeks to incorporate the resources necessary to fulfill the mandate of the PSM Unit inherent in the recommendations of the Governor's Interagency Working Group on Refinery Safety, and to make these resources permanent in the 2014-15 fiscal year and ongoing.

Historical resource information is below. Please note that these are estimates since these expenditures were not tracked distinctly in previous years. Authorized expenditures reflect the planned expenditure for the unit at a point in time, which was adjusted year-to-year based on actual number and/or length of inspections performed.

### Resource History (Dollars in thousands)

Program Budget	2008/09	2009/10	2010/11	2011/12	2012/13
Authorized Expenditures	\$876	\$1,398	\$1,604	\$1,365	\$1,398
Actual Expenditures	\$1,490	\$1,486	\$1,284	\$1,382	\$1,144
Revenues	0	0	0	0	0
Authorized Positions	13	13	13	12	11
Filled Positions	13	12	12	11	10
Vacancies	0	1	1	1	1

Please see Attachment I for historical inspections for refinery and non-refinery PSM facilities.

### Workload History

Workload Measure	2008/09	2009/10	2010/11	2011/12	2012/13
Non-refinery PSM inspections	185	149	104	115	60
Refinery PSM inspections	39	27	28	32	17

## C. State Level Considerations

California is a leader in PSM safety nationally as the only workplace safety agency in the country with a dedicated PSM Unit. Enhancing the functioning and effectiveness of this unit will benefit California residents by lessening the potential accidents resulting in a release of hazardous/toxic materials.

## Analysis of Problem

### D. Justification

Two recent incidents – the August 2012 fire at the Chevron Richmond Refinery and the April 2013 fire and explosion at the West, Texas, fertilizer plant – demonstrate the importance of planned, comprehensive inspections that can evaluate and require improvement of the safety programs, equipment and facilities, and work practices in refineries, and the other facilities in California with real potential for incidents causing great harm to worker, public and environmental health. Also with the current observations/recommendations of the U.S. Chemical Safety Board, DOSH is anticipating revising regulations.

The increased number of staff and resources proposed under this proposal will enable the PSM Unit to ensure greater refinery safety by conducting:

- Planned refinery inspections that would match the scope and duration of federal OSHA's National Emphasis Program inspections;
- Intensive targeted inspections of refinery "turnaround" maintenance operations when the most hazardous work is performed; and
- Comprehensive inspections of non-refinery facilities to prevent incidents like the Texas fertilizer plant explosion and high rates of worker injuries and deaths.

Under this proposal, the PSM Unit will be divided into a refinery safety group and a non-refinery safety group. Both will conduct inspections prompted by worker complaints, reports of worker injuries and illnesses, referrals from government agencies, as well as comprehensive planned inspections designed to target the most hazardous operations and work processes on site.

#### **The Refinery Safety Group**

Ninety percent of the Refinery Safety Group's time will be spent on in-depth, planned inspections to pro-actively target the most hazardous operations and processes in the refineries to ensure compliance. These planned inspections will be of three types:

1. **Turnaround inspections** of refinery units undergoing "turnarounds," or scheduled maintenance, repair and replacement work after the units have been shut down. The planned turnaround inspections will involve an average of 1,500 hours of inspector time to first analyze what work has been scheduled for the turnaround and evaluate these plans for completeness – 60 days prior to the turnaround – and then to observe the work under way on-site as the unit is shut down, work completed and then restarted. Given the size and complexity of refineries, these inspections will be conducted by teams of several inspectors.
2. **National Emphasis Program inspections** following the methodology of the Federal OSHA National Emphasis Program which will involve 1,200 inspector hours per inspection, evaluating compliance with the 13 elements of the PSM regulation throughout the refinery.
3. **Special Emphasis Program inspections** focusing on specific hazards or processes in refineries that have generated incidents, injuries and illnesses, with 500 inspector hours per inspection.

The Refinery Safety Group will also conduct inspections with contractors working in the refineries during any of the planned inspections above. Contractor employees form a growing and now significant portion of California refineries' workforces, particularly during turn-around operations. Ensuring their training, competence and adherence to safety and health regulations is critical to the safety of refinery workers and surrounding communities.

The Governor's Working Group report recommended significant improvements in the collection and sharing of refinery-related data and information between state and local agencies, including Cal/OSHA.

## Analysis of Problem

A data base will be utilized to collect, categorize, store, send and receive data from both refinery operators and DOSH inspections to enhance DOSH's targeting of inspections, and to share with other interested agencies.

This proposal also contemplates the unique needs of the function such as inspector travel to perform enhanced inspections, and for a rigorous training program of refinery inspectors. To conduct each in-depth inspection, a work team of DOSH inspectors will be required for several weeks at a time. Some of these inspectors will have to travel from their home office in Concord or Santa Ana and incur hotel and living expenses as part of the inspection team. Ongoing training – which also may involve travel – is an integral part of the PSM Unit's regular duties. Federal OSHA has requirements for minimum training levels – not yet completed by all existing PSM Unit staff – and continuous upgrades in skill levels are essential in an industry as dynamic and technologically-sophisticated as petroleum refining.

### The Non-Refinery Safety Group

The Non-Refinery Safety Group will conduct unplanned and planned inspections in the over 1,600 other PSM-designated facilities that include fertilizer plants, chemical plants, refrigeration plants using ammonia, water treatment and other facilities using chlorine – all with potential for major risk to workers and surrounding communities.

Inspections based on complaints, incident investigations and referrals will constitute approximately 20% of the inspector hours, while the 80% balance will be enhanced, comprehensive inspections evaluating the facilities' compliance with the program requirements of the PSM regulation. All facilities covered by the PSM standard – refinery and non-refinery alike – must comply with the requirements of the 13 components of the regulation. While many of the non-refinery facilities may be smaller in size than the state's 15 refineries, the potential for catastrophic incidents resulting in mass casualties and fatalities among plant workers and the surrounding communities certainly exists, as seen in the recent explosion at the eight-employee Texas fertilizer plant.

This proposal meets a need to strengthen oversight of facilities – both refinery and non-refinery – and, establishes a stable, effective and sustainable regulatory structure to help prevent incidents, injuries and illnesses among workers, surrounding communities and the harmful release of toxins into the environment.

Attachments I and II provide additional information on historical and projected workload, proposed scope of operations, and workload justification for all positions requested by the proposal.

PSM activities associated with refinery inspections will be supported by a new distinct fee on the refinery industry, and the non-refinery operations will continue to be supported by the annual employer assessment. Additional training costs have been built in for the inspectors based on recommendations made by the U.S. Chemical Safety Board. Please see Attachment III for the Fund Condition Statement for the Occupational Safety and Health Fund 3121.

### **E. Outcomes and Accountability**

This proposal will generate significantly more extensive on-site inspections of hazardous operations in refineries and non-refinery facilities covered by the Process Safety Management and Petroleum Safety Orders in Title 8. The result of these additional inspections will be greater employer compliance and reduced employee injuries and illness.

The activities in the proposal will be monitored by DOSH management and DIR Executive staff. The outcomes will be measured by the number of inspection conducted, consultations provided, number of hours spent in inspection, and number of hours spent in litigation to defend citations issued.

## Analysis of Problem

### F. Analysis of All Feasible Alternatives

#### Alternative 1: Do nothing

- Pro:

This would provide no new fee on refineries operating in California and prevent any potential impact on the annual employer assessment.

- Con:

This alternative would ignore the requirements of the 2013/14 Budget to expand the PSM Unit and support the function with a new fee. This option would also be inconsistent with recommendations of the Governor's Interagency Working Group on Refinery Safety and prevent DIR from improving public and worker safety through enhanced oversight of refineries and other facilities using, processing or storing large quantities of toxic, flammable and explosive chemicals.

#### Alternative 2: Approve the proposal

- Pro:

This alternative expands the PSM unit to provide the capacity to more effectively monitor the 15 refineries and over 1,600 other chemical plants/facilities which house toxic substances.

This alternative appropriately leverages the new PSM funding source to free up existing OSH dollars devoted to the current PSM program by redirecting OSH dollars to fill 11 unfunded safety engineer positions to help address current unmet Cal/OSHA enforcement workload without increasing the assessment, while concurrently providing the necessary clerical and administrative support for the Cal/OSHA program. See Attachment III for the OSH Fund Condition Statement.

- Con:

DIR sees no negative aspect of this alternative.

### G. Implementation Plan

Emergency regulations were approved on October 29, 2013 and refinery operators were billed on December 10, 2013. Hiring has begun in FY 2013/14. The PSM Unit will be fully staffed before July 1, 2014.

### H. Supplemental Information

None     Facility/Capital Costs     Equipment     Contracts     Other \_\_\_\_\_

### I. Recommendation

Approve this request for an increase in authority of \$2.41 million in the Occupational Safety and Health (OSH) Fund to permanently expand the PSM Unit, memorialize the intent of the Legislature and the Governor as reflected in the FY 2013/14 Budget Act, and to implement the recommendations of the Governor's Interagency Working Group on Refinery Safety.

**Fiscal Summary**  
(Dollars in thousands)

BCP No.	Proposal Title			Program (Summary)		
DIR 14-02	Process Safety Management Expansion			40 DOSH / 94 ADMIN		
Personal Services	Positions			Dollars		
	CY	BY	BY + 1	CY	BY	BY + 1
Total Salaries and Wages <sup>1</sup>	0.0	11.0	11.0		\$1,134	\$1,134
Total Staff Benefits <sup>2</sup>					498	498
<b>Total Personal Services</b>	0.0	11.0	11.0	\$0	\$1,632	\$1,632
<b>Operating Expenses and Equipment</b>						
General Expense					18	18
Printing					7	7
Communications					12	12
Postage					12	12
Travel-In State					173	173
Travel-Out of State					0	0
Training					264	15
Facilities Operations					0	0
Utilities					0	0
Consulting & Professional Services: Interdepartmental <sup>3</sup>					0	0
Consulting & Professional Services: External <sup>3</sup>					0	0
Data Center Services					38	38
Information Technology					151	151
Equipment <sup>3</sup>					103	3
Other/Special Items of Expense: <sup>4</sup>						
					0	0
<b>Total Operating Expenses and Equipment</b>				\$0	\$778	\$429
<b>Total State Operations Expenditures</b>				\$0	\$2,410	\$2,061
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund (Admin)	7350	001	0001		\$160	\$160
General Fund (Dist Admin)	7350	001	0001		-\$160	-\$160
Special Funds <sup>5</sup>	7350	001	3121		\$2,410	\$2,061
Other Funds (Specify)						
Reimbursements						
<b>Total Local Assistance Expenditures</b>				\$0	\$0	\$0
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds <sup>5</sup>						
Federal Funds						
Other Funds (Specify)						
Reimbursements						
<b>Grand Total, State Operations and Local Assistance</b>				\$0	\$2,410	\$2,061

<sup>1</sup> Itemize positions by classification on the Personal Services Detail worksheet.

<sup>2</sup> Provide benefit detail on the Personal Services Detail worksheet.

<sup>3</sup> Provide list on the Supplemental Information worksheet.

<sup>4</sup> Other/Special Items of Expense must be listed individually. Refer to the Uniform Codes Manual for a list of standard titles.

<sup>5</sup> Attach a Fund Condition Statement that reflects special fund or bond fund expenditures (or revenue) as proposed.

## Personal Services Detail

(Whole dollars)

BCP No. DIR 14-02	Proposal Title Process Safety Management Expansion
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### Salaries and Wages Detail

Classification <sup>1 2</sup>	Positions			Salary Range	Dollars		
	CY	BY	BY + 1		CY	BY	BY + 1
<b><i>Program 40:</i></b>							
District Manager DOSH		1.0	1.0	\$7,377-\$9,234		\$99,672	\$99,672
Associate Safety Engineer		12.0	12.0	6,898-8,629		1,118,016	1,118,016
Assoc Governmental Prog Analyst		1.0	1.0	4,400-5,508		59,448	59,448
<b><i>Redirected TICF Staff</i></b>							
Assoc Governmental Prog Analyst		-4.0	-4.0	4,400-5,508		-243,504	-243,504
<b><i>Program 94:</i></b>							
CEA II		1.0	1.0	7,815-8,874		100,140	100,140
<b>Total Salaries and Wages<sup>3</sup></b>	0.0	11.0	11.0		\$0	\$1,133,772	\$1,133,772

Staff Benefits Detail	CY	BY	BY + 1
OASDI		\$70,294	\$70,294
Health/Dental/Vision Insurance		124,715	124,715
Retirement			
Miscellaneous		240,394	240,394
Safety			
Industrial			
Other:			
Workers' Compensation		22,675	22,675
Industrial Disability Leave		0	0
Non-Industrial Disability Leave		0	0
Unemployment Insurance		0	0
Other:		39,682	39,682
<b>Total Staff Benefits<sup>3</sup></b>	\$0	\$497,760	\$497,760
<b>Grand Total, Personal Services</b>	\$0	\$1,631,532	\$1,631,532

<sup>1</sup> Use standard abbreviations per the Salaries and Wages Supplement. Show any effective date or limited-term expiration date in parentheses if the position is not proposed for a full year or is not permanent, e.g. (exp 6-30-13) or (eff 1-1-13)  
Note: Information provided should appear in the same format as it would on the Changes in Authorized Positions.

<sup>2</sup> If multiple programs require positions, please include a subheading under the classification section to identify positions by program/element.

<sup>3</sup> Totals must be rounded to the nearest thousand dollars before posting to the Fiscal Summary.



### Supplemental Information

(Dollars in thousands)

BCP No. DIR 14-02	Proposal Title Process Safety Management Expansion
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Equipment	CY	BY	BY +1
Standard Complement		100	
<b>Total</b>	\$0	\$100	\$0

Consulting & Professional Services	CY	BY	BY +1
<b>Total</b>	\$0	\$0	\$0

Facility/Capital Costs	CY	BY	BY +1
<b>Total</b>	\$0	\$0	\$0

One-Time/Limited-Term Costs      Yes       No

Description	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
Equipment				100		
<b>Total</b>	0.0	\$0	0.0	\$100	0.0	\$0

Full-Year Cost Adjustment      Yes       No

*Provide the incremental change in dollars and positions by fiscal year.*

Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>Total</b>	0.0	\$0	0.0	\$0	0.0	\$0

Future Savings      Yes       No

*Specify fiscal year and estimated savings, including any decrease in positions.*

Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>Total</b>	0.0	\$0	0.0	\$0	0.0	\$0

**Fiscal Summary**  
(Dollars in thousands)

BCP No. DIR 14-02	Proposal Title Process Safety Management Expansion	Program 11 New Positions 40 DOSH				
Personal Services	Positions			Dollars		
	CY	BY	BY + 1	CY	BY	BY + 1
Total Salaries and Wages <sup>1</sup>	0.0	11.0	11.0		\$991	\$991
Total Staff Benefits <sup>2</sup>					435	435
<b>Total Personal Services</b>	0.0	11.0	11.0	\$0	\$1,426	\$1,426
<b>Operating Expenses and Equipment</b>						
General Expense					18	18
Printing					7	7
Communications					12	12
Postage					12	12
Travel-In State					158	158
Travel-Out of State					0	0
Training					236	14
Facilities Operations					0	0
Utilities					0	0
Consulting & Professional Services: Interdepartmental <sup>3</sup>					0	0
Consulting & Professional Services: External <sup>3</sup>					0	0
Data Center Services					38	38
Information Technology					151	151
Equipment <sup>3</sup>					103	3
Other/Special Items of Expense: <sup>4</sup>						
					0	0
					0	0
<b>Total Operating Expenses and Equipment</b>				\$0	\$735	\$413
<b>Total State Operations Expenditures</b>				\$0	\$2,161	\$1,839
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds <sup>5</sup>	7350	001	3121		\$2,161	\$1,839
Federal Funds						
Other Funds (Specify)						
Reimbursements						
<b>Total Local Assistance Expenditures</b>				\$0	\$0	\$0
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds <sup>5</sup>						
Federal Funds						
Other Funds (Specify)						
Reimbursements						
<b>Grand Total, State Operations and Local Assistance</b>				\$0	\$2,161	\$1,839

<sup>1</sup> Itemize positions by classification on the Personal Services Detail worksheet.

<sup>2</sup> Provide benefit detail on the Personal Services Detail worksheet.

<sup>3</sup> Provide list on the Supplemental Information worksheet.

<sup>4</sup> Other/Special Items of Expense must be listed individually. Refer to the Uniform Codes Manual for a list of standard titles.

<sup>5</sup> Attach a Fund Condition Statement that reflects special fund or bond fund expenditures (or revenue) as proposed.

## Personal Services Detail

(Whole dollars)

BCP No. DIR 14-02	Proposal Title Process Safety Management Expansion

### Salaries and Wages Detail

Classification <sup>1 2</sup>	Positions			Salary Range	Dollars		
	CY	BY	BY + 1		CY	BY	BY + 1
Associate Safety Engineer		10.0	10.0	\$6,898-\$8,629		\$931,680	\$931,680
Associate Govt'l Prog Analyst		1.0	1.0	4,400-5,508		59,448	59,448
<b>Total Salaries and Wages <sup>3</sup></b>	0.0	11.0	11.0		\$0	\$991,128	\$991,128

### Staff Benefits Detail

	CY	BY	BY + 1
OASDI		\$61,450	\$61,450
Health/Dental/Vision Insurance		109,024	109,024
Retirement			
Miscellaneous		210,149	210,149
Safety			
Industrial			
Other:			
Workers' Compensation		19,823	19,823
Industrial Disability Leave		0	0
Non-Industrial Disability Leave		0	0
Unemployment Insurance		0	0
Other:		34,689	34,689
<b>Total Staff Benefits <sup>3</sup></b>	\$0	\$435,135	\$435,135
<b>Grand Total, Personal Services</b>	\$0	\$1,426,263	\$1,426,263

<sup>1</sup> Use standard abbreviations per the Salaries and Wages Supplement. Show any effective date or limited-term expiration date in parentheses if the position is not proposed for a full year or is not permanent, e.g. (exp 6-30-13) or (eff 1-1-13)  
 Note: Information provided should appear in the same format as it would on the Changes in Authorized Positions.

<sup>2</sup> If multiple programs require positions, please include a subheading under the classification section to identify positions by program/element.

<sup>3</sup> Totals must be rounded to the nearest thousand dollars before posting to the Fiscal Summary.

### Supplemental Information

(Dollars in thousands)

BCP No. DIR 14-02	Proposal Title Process Safety Management Expansion
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Equipment	CY	BY	BY +1
Standard Complement		100	
<b>Total</b>	\$0	\$100	\$0

Consulting & Professional Services			
<b>Total</b>	\$0	\$0	\$0

Facility/Capital Costs			
<b>Total</b>	\$0	\$0	\$0

One-Time/Limited-Term Costs    Yes     No

Description	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
Equipment				100		
	0.0	\$0	0.0	\$100	0.0	\$0

Full-Year Cost Adjustment    Yes     No

*Provide the incremental change in dollars and positions by fiscal year.*

Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>Total</b>	0.0	\$0	0.0	\$0	0.0	\$0

Future Savings    Yes     No

*Specify fiscal year and estimated savings, including any decrease in positions.*

Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>Total</b>	0.0	\$0	0.0	\$0	0.0	\$0

**Fiscal Summary**  
(Dollars in thousands)

BCP No. DIR 14-02	Proposal Title Process Safety Management Expansion			Program TICF Redirects 40 DOSH / 94 ADMIN		
Personal Services	Positions			Dollars		
	CY	BY	BY + 1	CY	BY	BY + 1
Total Salaries and Wages <sup>1</sup>	0.0	0.0	0.0		\$143	\$143
Total Staff Benefits <sup>2</sup>					63	63
<b>Total Personal Services</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$206</b>	<b>\$206</b>
<b>Operating Expenses and Equipment</b>						
General Expense					0	0
Printing					0	0
Communications					0	0
Postage					0	0
Travel-In State					15	15
Travel-Out of State					0	0
Training					28	1
Facilities Operations					0	0
Utilities					0	0
Consulting & Professional Services: Interdepartmental <sup>3</sup>					0	0
Consulting & Professional Services: External <sup>3</sup>					0	0
Data Center Services					0	0
Information Technology					0	0
Equipment <sup>3</sup>					0	0
Other/Special Items of Expense <sup>4</sup>						
Distributed Administration / Indirect Costs					0	0
<b>Total Operating Expenses and Equipment</b>				<b>\$0</b>	<b>\$43</b>	<b>\$16</b>
<b>Total State Operations Expenditures</b>				<b>\$0</b>	<b>\$249</b>	<b>\$222</b>
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund (Admin)	7350	001	0001		\$160	\$160
General Fund (Dist Admin)	7350	001	0001		-\$160	-\$160
Special Funds <sup>5</sup>	7350	001	3121		\$249	\$222
Other Funds (Specify)						
Reimbursements						
<b>Total Local Assistance Expenditures</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds <sup>5</sup>						
Federal Funds						
Other Funds (Specify)						
Reimbursements						
<b>Grand Total, State Operations and Local Assistance</b>				<b>\$0</b>	<b>\$249</b>	<b>\$222</b>

<sup>1</sup> Itemize positions by classification on the Personal Services Detail worksheet.

<sup>2</sup> Provide benefit detail on the Personal Services Detail worksheet.

<sup>3</sup> Provide list on the Supplemental Information worksheet.

<sup>4</sup> Other/Special Items of Expense must be listed individually. Refer to the Uniform Codes Manual for a list of standard titles.

<sup>5</sup> Attach a Fund Condition Statement that reflects special fund or bond fund expenditures (or revenue) as proposed.

**Personal Services Detail**  
(Whole dollars)

BCP No. DIR 14-02	Proposal Title Process Safety Management Expansion
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**Salaries and Wages Detail**

Classification <sup>1 2</sup>	Positions			Salary Range	Dollars		
	CY	BY	BY + 1		CY	BY	BY + 1
<b>Program 40:</b>							
District Manager DOSH		1.0	1.0	\$7,377-\$9,234		\$99,672	\$99,672
Associate Safety Engineer		2.0	2.0	6,898-8,629		186,336	186,336
<b>Program 94:</b>							
CEA II		1.0	1.0	7,815-8,874		100,140	100,140
<b>Redirected TICF Staff</b>							
Assoc Governmental Prog Analyst		-4.0	-4.0	4,400-5,508		-243,504	-243,504
<b>Total Salaries and Wages <sup>3</sup></b>							
	0.0	0.0	0.0		\$0	\$142,644	\$142,644

**Staff Benefits Detail**

	CY	BY	BY + 1
OASDI		\$8,844	\$8,844
Health/Dental/Vision Insurance		15,691	15,691
Retirement			
Miscellaneous		30,245	30,245
Safety			
Industrial			
Other:			
Workers' Compensation		2,853	2,853
Industrial Disability Leave		0	0
Non-Industrial Disability Leave		0	0
Unemployment Insurance		0	0
Other:		4,993	4,993
<b>Total Staff Benefits <sup>3</sup></b>	\$0	\$62,626	\$62,626
<b>Grand Total, Personal Services</b>	\$0	\$205,270	\$205,270

<sup>1</sup> Use standard abbreviations per the Salaries and Wages Supplement. Show any effective date or limited-term expiration date in parentheses if the position is not proposed for a full year or is not permanent, e.g. (exp 6-30-13) or (eff 1-1-13)

Note: Information provided should appear in the same format as it would on the Changes in Authorized Positions.

<sup>2</sup> If multiple programs require positions, please include a subheading under the classification section to identify positions by program/element.

<sup>3</sup> Totals must be rounded to the nearest thousand dollars before posting to the Fiscal Summary.

Department of Industrial Relations  
 Fiscal Year 2014/15 BCP DIR 14-02  
 Process Safety Management Unit  
 Historical and Projected Workload

Attachment I

PAST WORKLOAD

The workload for the existing 11-staff member Process Safety Management (PSM) Unit (8 compliance officers, 1 District Manager and 2 administrative staff) is reflected in Tables 1 and 2 below. This staff conducted inspections in both refinery and non-refinery PSM-designated facilities.

Table 1: Past Inspections at Refineries					
Inspection Type	Total Inspections 2001-2012			Annual Average	
	# of Inspections	# of Hours	Average Hours	# of Inspections	Total Hours
<i>Unplanned Inspections:</i>					
Accidents at Refineries	81	8,988	111	6.75	749
Complaints at Refineries	65	3,464	53	5.42	289
Referrals at Refineries	20	3,901	195	1.67	325
Follow-ups at Refineries	3	73	24	0.25	6
Inspections of Contractors on site	87	3,270	38	7.25	273
<b>Totals, Unplanned Inspections</b>	<b>256</b>	<b>19,696</b>		<b>21.33</b>	<b>1,641</b>
<i>Planned Inspections:</i>					
PQVs at Refineries	63	4,410	70	5.25	368
PQVs with Contractors on Site	7	67	10	0.58	6
<b>Totals, Planned Inspections</b>	<b>70</b>	<b>4,477</b>		<b>5.83</b>	<b>373</b>
<b>Grand Totals, Refinery Inspections</b>	<b>326</b>	<b>24,173</b>		<b>27.17</b>	<b>2,014</b>
* PQV = Program-Quality-Verification					

Table 2: Past Inspections at Non-Refinery PSM Facilities					
Inspection Type	Total Inspections 2001-2012			Annual Average	
	# of Inspections	# of Hours	Average Hours	# of Inspections	Total Hours
<i>Unplanned Inspections:</i>					
Accidents	152	12,051	79	12.67	1,004
Complaints	143	11,272	79	11.92	939
Referrals	44	3,659	83	3.67	305
Follow-ups	100	3,487	35	8.33	291
Inspections of Contractors or multiple employers on site	93	5,042	54	7.75	420
<b>Totals, Unplanned Inspections</b>	<b>532</b>	<b>35,511</b>		<b>44.33</b>	<b>2,959</b>
<i>Planned Inspections:</i>					
PQVs at Refineries	778	55,474	71	64.83	4,623
PQVs with Contractors on Site	39	1,829	47	3.25	152
<b>Totals, Planned Inspections</b>	<b>817</b>	<b>57,303</b>		<b>68.08</b>	<b>4,775</b>
<b>Grand Totals, Non-Refinery Inspections</b>	<b>1,349</b>	<b>92,814</b>		<b>112.42</b>	<b>7,735</b>
* PQV = Program-Quality-Verification					

As indicated in Tables 1 and 2, the ten-year average of inspections in refineries was 27 including 2,000 inspector hours a year; while inspections in non-refinery PSM plants was 112 with 7,700 inspector hours. For the 2001-2012 period, the PSM Unit as a whole conducted an average of 139 inspections a year involving 9,700 inspector hours per year.

In addition to the enforcement inspections, PSM staff members also spent time in training, preparing for and participating in appeal hearings, and performed professional and administrative duties.



**PROJECTED WORKLOAD**

The projected workload for the 26-staff member PSM Unit is reflected in Tables 3 and 4 below. Unlike the past, the PSM Unit will be divided into two teams, one dedicated to inspections at refineries and the other conducting inspections at the non-refinery designated facilities.

**Table 3: Projected Inspections at Refineries (14.0 Inspectors)**

Inspection Type	# of Inspections	# of Hours
Unplanned Inspections: Complaints, Accidents and Referrals	25	2,000
Planned Inspections: National Emphasis Program (NEP) Type	4	4,800
Planned Inspections: Turnaround Type (Shut down, bring back up)	4	6,000
Planned Inspections: Special Emphasis Program (SEP) Type	15	7,500
Planned Inspections: Contractors on Site	60	4,800
<b>Total Inspections, Refineries</b>	<b>108</b>	<b>25,100</b>

**Table 4: Projected Inspections at Non-Refinery PSM Facilities (6 Inspectors)**

Inspection Type	# of Inspections	# of Hours
Unplanned Inspections: Complaints, Accidents, Referrals and Follow-up Inspections	50	4,500
Planned Inspections: Site Operator	70	4,900
Planned Inspections: Contractors on Site	5	250
<b>Total Inspections, Non-Refineries</b>	<b>125</b>	<b>9,650</b>

The total projected inspections and inspector hours for the PSM Unit as whole after expansion has been completed is 233 inspections a year involving 34,750 inspector hours per year. Compared to the 139 inspections and 9,700 inspector hours of the current PSM Unit, this reflects a significant enhancement in both the number of inspections and the comprehensive, thorough nature of the expanded unit's inspections. The expanded unit's field inspectors will also spend time in training, appeals preparation and defense, and professional and administrative duties.

**Refinery Safety Team:**

The dedicated refinery team will consist of 1-District Manager, 14-Compliance Officers, 1-Associate Governmental Program Analyst and 1-Office Technician. The 1-CEA position will provide oversight and coordination with other agencies for both refinery and non-refinery functions.

As indicated in Table 3, the inspectors are projected to conduct unplanned and four different types of planned inspections a year. The planned inspections of the expanded unit will involve teams of inspectors who will devote hundreds of hours in comprehensive inspections following the protocol used by Federal OSHA in its 2007-10 National Emphasis Program on refineries, as well as,

**Department of Industrial Relations  
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Process Safety Management Unit  
Historical and Projected Workload**

**Attachment I**

procedures recommended by the U.S. Chemical Safety Board. Overall, the refinery team is projected to conduct 108 inspections a year involving 25,100 inspector hours.

In addition to inspectors and their field work, the expanded PSM refinery support team will perform the duties described below:

- **Data Collection and Analysis** – as part of the new Interagency Task Force on Refinery Safety, the PSM Unit will have responsibilities to provide the Task Force and other state and local agencies with information and data gleaned from field inspections, and to compile and analyze various types of data generated by DOSH or provided by refinery operators and other agencies. In addition, DIR will be establishing a database for the expanded PSM Unit. The AGPA will be devoted to the collection and analysis of this data.
- **Coordination with the Interagency Task Force** – as one of the key members of the Task Force, the Division's PSM Unit will have responsibilities not only in the area of information and data sharing, but also in coordinating enforcement activities with other agencies and participating in public meetings with stakeholders and in Task Force meetings of other agencies.

**Non-Refinery Safety Team:**

The non-refinery PSM facility team will consist of 1-District Manager, 6-Compliance Officers and 1-Office Technician. The 1-CEA position will provide oversight and coordination with other agencies for both refinery and non-refinery functions.

As indicated in Table 4, these inspectors, like the refinery team, will conduct both unplanned and planned inspections. The number of unplanned inspections (complaints, accidents and referrals) is projected to be 50 a year involving 4,500 hours. The number of planned inspections, both with the facility and any on-site contractors, are projected to be 75 involving 5,150 hours. Overall, the refinery team is projected to conduct 125 inspections a year involving 9,650 inspector hours.

**Merging existing and new staff:**

The expanded PSM Unit will ultimately consist of 20 field inspectors: 14 in the refinery team and 6 in the non-refinery team, 2-District Managers, 1-Associate Governmental Program Analyst, 2-Office Technicians and 1-Career Executive Assignment for oversight and coordination with other agencies.

Classification - District Manager (PSM)

Activity	Hours per Activity	# of Activities per Year	Total Hours
Assignment of cases; Review PSM facilities on an annual basis for assignment to compliance officers.	0.6	300	180.0
Case management; Ensure inspections are managed in accordance with regulatory timelines/timeframes	3.0	300	900.0
Case review; Review inspection files for completeness and proper evidence to support citations issued.	2.5	300	750.0
Litigation; Prepare for litigation if PSM facility challenges citations issued.	12.0	30	360.0
Training (both given and received); Review good engineering and best practices of PSM enforcement nationally and develop and implement training on an annual basis, attend training as provided by DOSH.	40.0	10	400.0
Professional duties; Conduct research into "Recognized and Generally Accepted Good Engineering Practices" (RAGAGEP) and ensure California PSM enforcement is at least consistent with nationally recognized RAGAGEP.	168.0	2	336.0
Administrative duties; Ensure administrative duties of the District Office comply with Administrative and DOSH policies and procedures, various personnel tasks, including performance evaluations.	56.0	12	672.0
<b>TOTAL TIME:</b>			<b>3,598.0</b>
<b>NUMBER OF STAFF NEEDED @ 1,776 HOURS:</b>			<b>2.0</b>
<b>NUMBER OF STAFF AUTHORIZED:</b>			<b>1.0</b>
<b>NUMBER OF ADDITIONAL STAFF REQUESTED:</b>			<b>1.0</b>

Classification - Associate Safety Engineer (PSM)

Activity	Hours per Activity	# of Activities per Year	Total Hours
Field inspections - on-site; Review documents and ensure implementation of all 13 PSM elements in T8 CCR Section 5189, and compliance with Subchapter 15 Refining and Transportation	710.0	18	12,780.0
Field inspections - preparation; Review all regulatory history of PSM facilities, i.e. DTSC, CUPA, Air Board; Review past inspections for alleged violations.	237.0	18	4,266.0
Report preparation; Review documents supplied by PSM employers, review interview and field notes, photos.	474.0	18	8,532.0
Travel; As needed for on-site inspections and training.	118.0	12	1,416.0
Abatement verification; Ensure all alleged violations are abated within time frame.	118.0	18	2,124.0
Professional duties; Conduct research to ensure refineries are following "Recognized and Generally Accepted Good Engineering Practices," maintain professional certifications.	177.0	20	3,540.0
Litigation; Prepare for litigation if PSM facilities challenge citations issued.	140.0	15	2,100.0
Training; Attend PSM training annually and other training as provided by DOSH.	40.0	20	800.0
<b>TOTAL TIME:</b>			<b>35,558.0</b>
<b>NUMBER OF STAFF NEEDED @ 1,776 HOURS:</b>			<b>20.0</b>
<b>NUMBER OF STAFF AUTHORIZED:</b>			<b>8.0</b>
<b>NUMBER OF ADDITIONAL STAFF REQUESTED:</b>			<b>12.0</b>

**Classification - Associate Governmental Program Analyst (PSM)**

Activity	Annualized Hours
Data collection; Collect data of PSM facilities from other regulatory agencies, i.e. CUPA, Cal/EPA, Cal/EMA, Air Resources Board; compare with information from PSM database and IMIS to determine common deficiencies among PSM facilities.	600.0
Data Coordination; Coordinate PSM's data sharing with the Governor's Interagency Task Force on Refinery Safety and its member agencies.	100.0
Data analysis; Review and analyze data for common deficiencies among PSM facilities and develop spreadsheets and databases to correlate information.	180.0
Office administration; Plan, organize, direct, and review the work of subordinate staff and ensure compliance with Administrative and DOSH policies and procedures.	622.0
Travel; Schedule travel as necessary.	180.0
Training; Attend training classes as provided by DOSH.	120.0
<b>TOTAL TIME:</b>	<b>1,802.0</b>
<b>NUMBER OF STAFF NEEDED @ 1,776 HOURS:</b>	<b>1.0</b>
<b>NUMBER OF STAFF AUTHORIZED:</b>	<b>0.0</b>
<b>NUMBER OF ADDITIONAL STAFF REQUESTED:</b>	<b>1.0</b>

Classification - Career Executive Assignment (PSM)

Activity	Hours per Activity	# of Activities per Year	Total Hours
Coordinate operational priorities and direction with other agencies	8.0	60	480.0
Develop and oversee criteria for enforcement, proficiency, activities and policies and procedures of the PSM program	8.0	60	480.0
Review activity reports of the PSM	8.0	36	288.0
Attend PSM management meetings	8.0	24	192.0
Attend Division management meetings	8.0	12	96.0
Oversee the PSM budget to ensure adequate funding	8.0	12	96.0
Respond to requests from the Labor and Workforce Development Agency and Director of DIR	8.0	12	96.0
Provide research, technical and management support to the Chief of DOSH and the Director of DIR	8.0	12	96.0
<b>TOTAL TIME:</b>			<b>1,824.0</b>
<b>NUMBER OF STAFF NEEDED @ 1,776 HOURS:</b>			<b>1.0</b>
<b>NUMBER OF STAFF AUTHORIZED:</b>			<b>0.0</b>
<b>NUMBER OF ADDITIONAL STAFF REQUESTED:</b>			<b>1.0</b>

DEPARTMENT OF INDUSTRIAL RELATIONS  
 FISCAL YEAR 2014-15 BUDGET CHANGE PROPOSAL  
 FUND CONDITION STATEMENT  
 (dollars in thousands)

Attachment III

	Actual 2011-12	Actual 2012-13	Projected 2013-14	Projected 2014-15	Projected 2015-16	Projected 2016-17
<b>3121 Occupational Safety and Health Fund</b>						
BEGINNING RESERVES	29,346	24,010	24,883	26,192	29,555	29,421
Prior Year Adjustments	513	340	-	-	-	-
Adjusted Beginning Balance	29,859	24,350	24,883	26,192	29,555	29,421
<b>REVENUES AND TRANSFERS</b>						
Revenues:						
125600 Other Regulatory Fees	34,812	39,877	35,390	57,082	53,236	53,370
150300 Income from Surplus Money Investments	70	46	60	60	60	60
Transfers from Other Funds:						
From 0096 Balance Transfer per FY 13/14 BCP # DIR 13-03			13,312			
New Refinery Fee			5,412	5,412	5,412	5,412
Totals, Revenues and Transfers	34,882	39,923	54,174	62,554	58,708	58,842
Totals Resources	64,741	64,273	79,057	88,746	88,263	88,263
<b>EXPENDITURES</b>						
Disbursements:						
0840 State Controller (State Operations)	54	27	2	-	-	-
7350 Department of Industrial Relations (State Operations)	40,577	39,165	52,636	53,425	53,425	53,425
8880 Financial Information System for California (State Operations)	100	198	227	42	42	42
FY 14-15 DIR 14-02 Process Safety Management Unit Expansion				2,410	2,061	2,061
FY 14-15 DIR 14-03 Cal-OSHA Program Unfunded Positions				3,314	3,314	3,314
Totals, Expenditures	40,731	39,390	52,865	59,191	58,842	58,842
FUND BALANCE	24,010	24,883	26,192	29,555	29,421	29,421
Reserve for economic uncertainties	24,010	24,883	26,192	29,555	29,421	29,421