

State of Alaska FY2015 Governor's Operating Budget

Department of Environmental Conservation Spill Prevention and Response Results Delivery Unit Budget Summary

Spill Prevention and Response Results Delivery Unit

Contribution to Department's Mission

Reduce unlawful oil and hazardous substance contamination in the environment.

Results

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

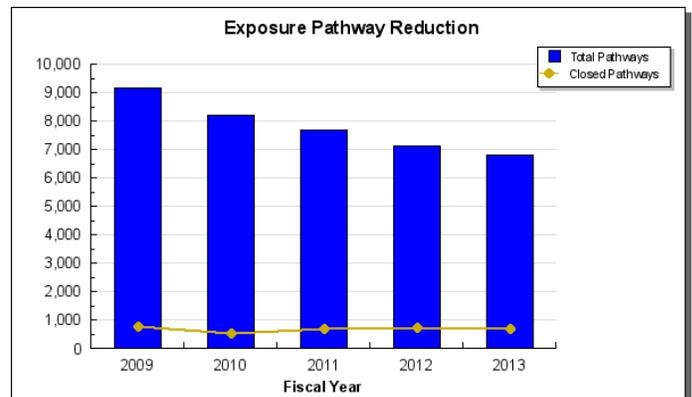
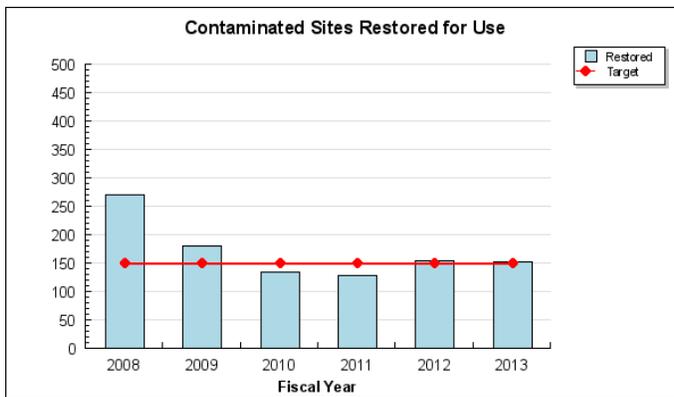
Core Services

- Protect public health and the environment by identifying, overseeing and conducting the cleanup, redevelopment, and management of contaminated sites in Alaska.
- Protect public safety, public health, and the environment and ensure that producers, transporters, and distributors of crude oil and refined oil products prevent oil spills and are fully prepared materially and financially to clean up spills.
- Protect public safety, public health, and the environment by preventing and mitigating the effects of oil and hazardous substance releases and ensuring their cleanup through government planning, preparedness, and rapid response.
- Manage the Oil and Hazardous Substance Release Prevention and Response Fund as a viable, long-term funding source for the state's core spill prevention and response initiatives and provide administrative support services to the Divisions programs.

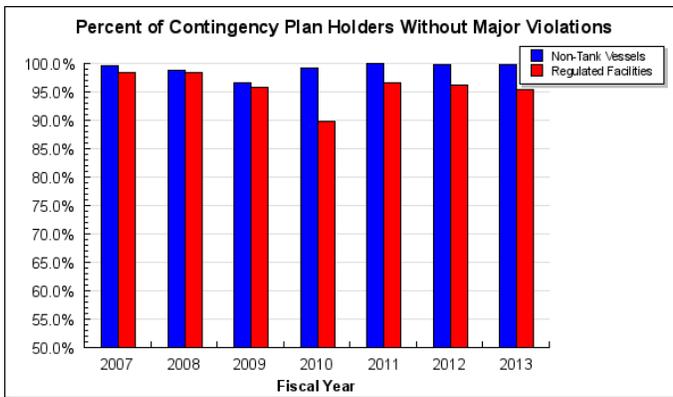
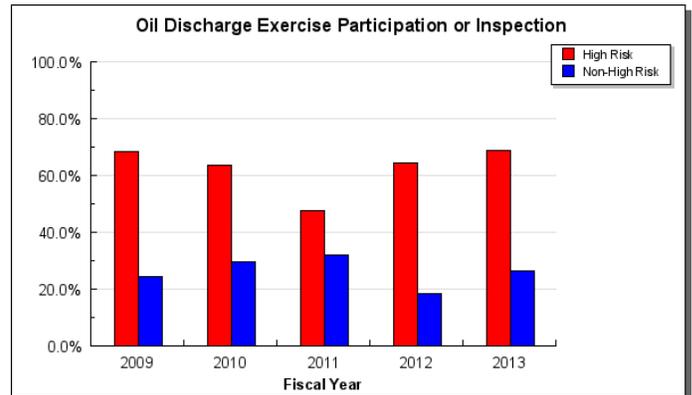
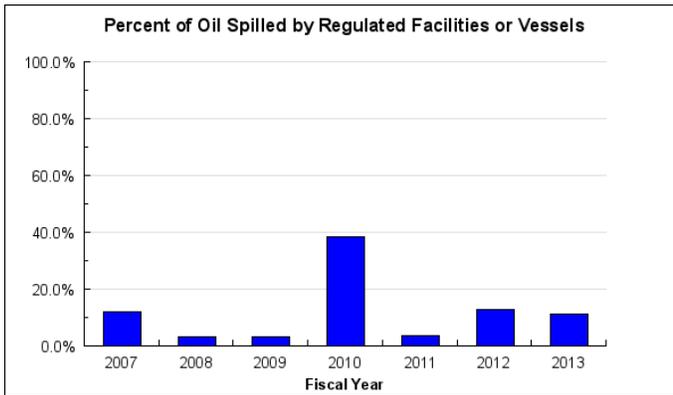
Measures by Core Service

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

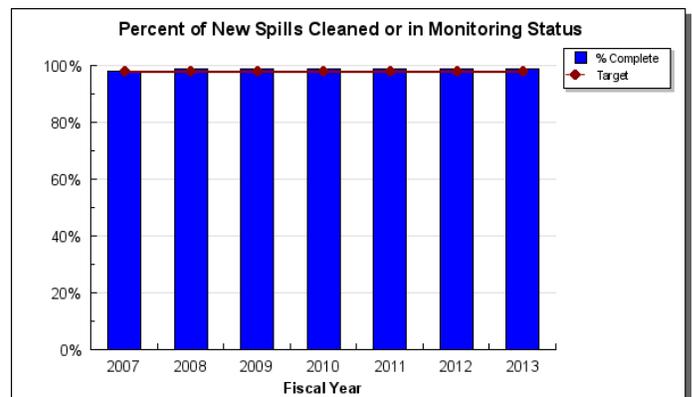
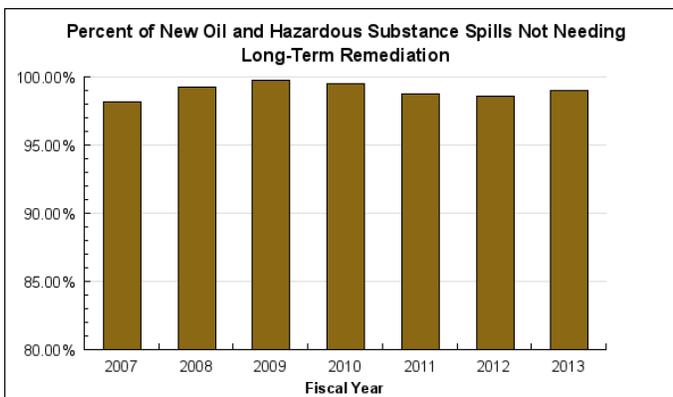
1. Protect public health and the environment by identifying, overseeing and conducting the cleanup, redevelopment, and management of contaminated sites in Alaska.



2. Protect public safety, public health, and the environment and ensure that producers, transporters, and distributors of crude oil and refined oil products prevent oil spills and are fully prepared materially and financially to clean up spills.



3. Protect public safety, public health, and the environment by preventing and mitigating the effects of oil and hazardous substance releases and ensuring their cleanup through government planning, preparedness, and rapid response.



4. Manage the Oil and Hazardous Substance Release Prevention and Response Fund as a viable, long-term funding source for the state's core spill prevention and response initiatives and provide administrative support services to the Divisions programs.

Major RDU Accomplishments in 2013

- Groundwater monitoring continues throughout the 3.5 mile by 2.5 mile Flint Hills Refinery sulfolane contaminant plume in the North Pole area. Public concerns over health and property damages have increased. Although residents have been offered alternative water supplies, keeping the public informed as the investigation moves into its fourth year presents a continued need for communication from the Department of Environmental Conservation (DEC). Three newsletters were issued and two open houses were held to provide stakeholders the opportunity to meet with DEC, Department of Health and Social Services, and Flint Hills.
- Spearheaded the cleanup of the former Joseph Guy Community Center, located in the heart of Kwethluk. Staff coordinated with the EPA, the Native Village of Kwethluk, the City of Kwethluk, and DEC's Solid Waste Program to make this project successful. Spanning two fiscal years and three field seasons, this work was completed in June 2013, rendering the site ready for safe reuse by the community.
- Assisted Cook Inlet Housing Authority in completing assessment on a contaminated property that may be a redevelopment opportunity in the Spenard area in Anchorage.
- Finalized a Land Use Control Settlement Agreement with EPA and the U.S. Air Force for alleged violations of the Eielson Air Force Base Federal Facility Agreement. The Air Force undertook steps to establish an effective land use/institutional control program to minimize exposure at numerous contaminated sites at Eielson.
- Participated in the Arctic Council Emergency Prevention, Preparedness and Response Working Group (EPPR), resulting in the development of the Agreement on Cooperation on Marine Oil Pollution Preparedness and Response in the Arctic.
- Reviewed and approved the oil discharge prevention and contingency plan for Buccaneer Alaska, LLC's jack up rig exploration project in Cook Inlet.
- Responded to 16 significant/potential oil and hazardous substances spills statewide, including the grounding of Shell's Kulluk drilling rig.
- Provided technical support and emergency response to the Division of Homeland Security and Emergency Management for five natural disasters that received state disaster declarations by the Governor. Most notably, the Division oversaw hazardous materials cleanup following the seasonal spring flooding along the Yukon River that caused major damage in several villages and the City of Galena.
- Increased spill response capacity at Saint Paul Island and Chignik Bay by assembling spill response equipment containers.
- Increased capabilities for rescuing vessels disabled off the coasts of Alaska by purchasing and pre-positioning emergency towing systems in Nome and Ketchikan. A total of nine towing packages are now positioned in strategic locations statewide.
- Response Fund Administration recovered \$10 million as part of a settlement from BP Exploration (Alaska), Inc., related to the GC2-FS2 spill. This large settlement in combination with the division's cost recovery efforts resulted in a total of \$13.1 million in revenue.

Key RDU Challenges

AS 46.08.030 states, "It is the intent of the legislature and declared to be the public policy of the State that funds for the abatement of a release of oil or a hazardous substance will always be made available."

Sustaining the state's core spill prevention, preparedness, and response capability in the face of declining revenues continues to challenge the division. Conservation surcharge revenue continues to decline due to the reduction in crude oil production from a peak of two million barrels per day to an FY2013 forecast of 548,700 barrels per day today. Conservation surcharge revenue has declined to a point where it can no longer sustain the division's core spill prevention, preparedness, and response programs. As part of our effort to reduce the funding shortfall, the division is reviewing cost recovery methods and approaches to determine if additional revenue can be recovered from responsible parties.

Addressing the risks to Alaska's significant fisheries and resources posed by international shipping through the Aleutian Islands is a major challenge to the Prevention and Emergency Response Program. Many of these foreign flag vessels are in "innocent passage" and exempt from federal and state laws governing emergency towing, salvage, and spill response. Additionally, the remoteness of the region as well as the severity of the weather and maritime conditions presents a unique logistical challenge. As a result, achieving the spill response and preparedness capabilities that are maintained at a high level in other areas of the state presents a challenge in the Aleutians. The division has been working toward meeting that challenge in coordination with the federal government. The goal of the Aleutian Islands Risk Assessment, a project jointly managed by the department and the U.S Coast Guard, is to develop an integrated response system for the Aleutian Islands that will be congruent with State/Federal regulations,

be cost effective, feasible and practical. The measure of success will be that the plan is adopted and implemented by the maritime industry.

Significant Changes in Results to be Delivered in FY2015

Increased federal receipt authority will allow the Contaminated Sites program to accomplish additional priority cleanup work that would not otherwise be possible. This work includes state oversight of federal cleanup projects at sites such as Amchitka, Galena and Eielson Air Force Bases. This authority will also allow the program to conduct direct cleanup of certain private sites without responsible parties such as Sterling ZipMart, Hales Tesoro, and Badger Chevron. This additional cleanup work will help to reduce historical contaminated sites, help to close human exposure pathways, and restore sites for reuse.

Contact Information
<p>Contact: Kristin Ryan, Director Phone: (907) 269-7604 Fax: (907) 269-7654 E-mail: kristin.ryan@alaska.gov</p>

**Spill Prevention and Response
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2013 Actuals				FY2014 Management Plan				FY2015 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
Spill Prev. & Resp. Director	278.6	0.0	0.0	278.6	301.1	0.0	0.0	301.1	351.5	0.0	0.0	351.5
Contaminated Sites Program	3,977.1	412.5	4,510.9	8,900.5	3,180.1	93.3	4,623.1	7,896.5	3,175.2	93.2	5,577.7	8,846.1
Industry Prep. & Pipeline Op.	4,313.7	352.3	292.3	4,958.3	4,602.6	428.6	308.2	5,339.4	4,602.1	429.0	308.1	5,339.2
Prevention and Emerg. Response	4,359.8	333.8	0.0	4,693.6	4,763.8	0.0	0.0	4,763.8	4,713.5	0.0	0.0	4,713.5
Response Fund Administration	1,244.0	0.0	42.4	1,286.4	1,638.8	0.0	0.1	1,638.9	1,638.3	0.0	0.0	1,638.3
Totals	14,173.2	1,098.6	4,845.6	20,117.4	14,486.4	521.9	4,931.4	19,939.7	14,480.6	522.2	5,885.8	20,888.6

**Spill Prevention and Response
Summary of RDU Budget Changes by Component
From FY2014 Management Plan to FY2015 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2014 Management Plan	675.7	13,810.7	521.9	4,931.4	19,939.7
Adjustments which will continue current level of service:					
-Spill Prev. & Resp. Director	0.0	50.4	0.0	0.0	50.4
-Contaminated Sites Program	0.0	-4.9	-0.1	-4.9	-9.9
-Industry Prep. & Pipeline Op.	0.5	-1.0	0.4	-0.1	-0.2
-Prevention and Emerg. Response	0.0	-50.3	0.0	0.0	-50.3
-Response Fund Administration	0.0	-0.5	0.0	-0.1	-0.6
Proposed budget increases:					
-Contaminated Sites Program	0.0	0.0	0.0	959.5	959.5
FY2015 Governor	676.2	13,804.4	522.2	5,885.8	20,888.6