

State of Alaska FY2002 Governor's Operating Budget

Department of Environmental Conservation

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Department Mission

Protect human health and the environment.

Department Goals and Strategies

- 1) PROTECT PUBLIC HEALTH AND PROMOTE ECONOMIC DEVELOPMENT AND JOBS THROUGH UPGRADES IN ALASKA'S WATER, WASTEWATER AND SOLID WASTE INFRASTRUCTURE.
 - Provide financial aid and technical assistance to communities for upgrading water, sewage, and solid waste systems.
 - Provide the training, education, and technical assistance necessary for communities to properly operate, maintain, and manage water and sewerage systems to safeguard health and the state's investment in sanitation facilities.
 - In collaboration with the engineering community, establish and implement design standards for domestic wastewater systems that can successfully treat sewage over time with proper maintenance.
- 2) IMPROVE PERMIT APPLICATION, APPROVAL AND TRACKING.
 - Expand internet services for on-line permitting, application and information.
 - Where appropriate, increase usage of general permits and "permit by rule" to expedite and reduce costs of permitting.
 - Provide wastewater permitting services at the level funded by the legislature, implementing recommendations of the stakeholder workgroup on wastewater permitting.
- 3) IMPROVE AQUATIC HABITAT AND ECONOMIC USES OF ALASKA WATERS.
 - Reduce pollutants to waters through implementation of non-point source water pollution strategies and participation in coastal activities.
 - Assist local watershed activities and promote watershed protection by providing planning, leadership, public outreach, education, and financial support.
 - Improve water quality conditions in impaired water bodies to reclaim health and support multiple uses.
 - Reduce pollutants to waters from cruise ship waste disposal through continued research to determine current impacts and implementation of steering committee recommendations, agreements, protocols and procedures.
 - Develop an interdisciplinary, collaborative Alaska team that includes federal, state and local governments; native organizations; non-governmental organizations; and concerned citizens and coordinate activities to examine and develop factual information on persistent organic pollutants (arctic contaminants).
- 4) DEVELOP AND PRESENT MEASURES TO HELP THE PUBLIC JUDGE ALLOCATION OF RESOURCES.
 - Begin collection of data to report on performance measures, and report results and outcomes where data exists.
 - Present to the legislature, department stakeholders, and the general public a program priority funding matrix which illustrates the allocation of general funds to services.
 - Prepare and present funding projections for the oil and hazardous waste response fund to begin discussion on how to address impacts of the rapidly declining available funds.

Key Department Issues for FY2001 – 2002

DETERMINING APPROPRIATE LEVELS OF STATE PUBLIC HEALTH AND ENVIRONMENTAL PROTECTION

Prior budget reductions have significantly reduced the department's capacity to process state wastewater discharge permits and certifications of federal permits. A group of stakeholders has developed and recommended options to rebuild a comprehensive and efficient state water discharge permit program. These options involve resolution of a variety of issues concerning risk based permitting mechanisms, field and enforcement strategies, permit fees and related questions. The division will begin implementing those recommendations in FY2001 with full implementation expected in FY2002.

To succeed in any market, food businesses must provide safe and healthy food products of high quality. If we neglect the support services then all Alaska food processors could suffer if one health problem arises. As a result of the reductions in FY 2000, many thousands of food operations, including fresh/frozen seafood processors are not currently being inspected except on a "complaint-only" basis. In addition, not all higher-risk operations are being routinely inspected. As the number of food operations continue to grow, the number of operations that are not inspected at an appropriate interval will also increase. Inspections are the cornerstone of any food safety program, allowing inspectors to work with operators in meeting our joint obligations to ensure the safety of the commercial food supply. Therefore, a reduction in routine inspections will lead to an increase in the number of reported foodborne illnesses. In the summer of 2000, there were three such incidents. In all of calendar year 1999, there was one foodborne illness outbreak.

The department is responsible for managing the Oil and Hazardous Waste Response Fund to address state spill prevention and response priorities. There has been a significant decline in revenue due to decreasing flow through the Trans-Alaska Pipeline System. Revenues from the Exxon settlement will end in September 2001. In order to sustain the state's long-term spill prevention, preparedness, response and cleanup ability annual funding requests will have to be consistent with the revenue generated by the surcharge.

The State receives federal funds from numerous sources for water quality protection and recovery. Various federal agencies and local governments are also working to preserve and enhance water quality. The Alaska Clean Water Action Plan has been developed by state resource agencies to develop a unified approach to prioritizing and collaborating on water quality projects. The plan will set common principles for decision making at the state level. Federal agencies, local government and other entities are expected to use this roadmap for prioritizing water quality projects. The plan is going through a comprehensive public review and outreach that will be finalized in early 2001. The plan will be used as the basis for identifying needs and priorities for water protection and recovery projects in Alaska.

Contaminants, such as persistent organic pollutants and heavy metals, are appearing in the arctic - in air, water, wildlife, and people. Much of the contamination appears to have moved into the arctic from other countries through air and water currents. Once in the arctic, the contaminants persist longer and concentrate in fatty tissues. The Commissioner's office is leading a program to develop an interdisciplinary, collaborative Alaska team that includes federal, state and local governments; native organizations; non-governmental organizations; and concerned citizens to examine and develop factual information on persistent organic pollutants.

WORKFORCE PLANNING

The department is evolving from a strictly regulatory agency to one where citizens and stakeholders are involved partners. A human resources management program has been established to provide managers with a framework for making staffing decisions based on our organization's mission, strategic plan, and set of necessary workforce competencies. This workforce planning requires strong management leadership, clearly articulated vision, mission, and strategic objectives, and cooperative supportive efforts at all levels within the organization. The challenge is to work with all hiring managers to assist them in identifying the competencies required of a particular position, how to weigh technical skills and behavioral competencies, how to recruit and identify candidates with those competencies for today's workforce, and to prepare for those competencies needed in the future.

Major Department Accomplishments in 2000

DOING IT RIGHT - Three key principles of Doing it Right are sound science; prudent management; and meaningful public involvement that brings all stakeholders to the table. In cooperation with regulated industry, citizens in affected communities, and other governmental agencies, the Department of Environmental Conservation

- is leading detailed discussions about waste management and disposal practices of cruise ships while in state waters and has worked collaboratively with Alaska's cruise ship industry members, government agencies and citizens to produce a number of recommendations, agreements, protocols, reports, and procedures to improve the situation;
- went to federal court to challenge the EPA's decision to reject a state approved air quality permit for the Red Dog mine near Kotzebue; and continues to champion strong, meaningful actions to protect the environment while developing the state's natural resources through responsible management and through the autonomy of an approved state permit program;
- in partnership with Alaska Oil and Gas Association and EPA conducted an Air Permitting benchmark study to examine the permitting programs in other states to learn how to improve Alaska's air permitting services;
- is working with Fairbanks, Anchorage and the EPA to develop effective carbon monoxide control programs to protect public health and avoid the loss of highway funds;
- worked to gain requirements for financial responsibility and contingency planning for non-tank vessels of 400 or more gross ton and railroad operations to ensure adequate spill response and cleanup;
- participated in 48 spill drills and exercises including major equipment deployment drills in Prince William Sound, the Beaufort Sea, and Cook Inlet involving industry, state and federal agencies; and
- approved 78 new, renewal or amended contingency plans, including the Valdez marine terminal and Prince William Sound tanker plans which required extensive agency and public review.

HEALTHY AND SAFE COMMUNITIES - In partnership with regulated industry, citizens in affected communities, and other governmental agencies, the Department of Environmental Conservation

- initiated the second phase of a rapid screening process for paralytic shellfish poisoning;
- identified threats to public health and to the environment by holding outreach workshops, training people to identify, assess, and prioritize problems, and performing voluntary assistance site visits;
- assisted rural communities in completing assessments and developing plans to address their environmental and public health problems;
- helped communities and businesses reduce wastes and prevent pollution, while achieving cost savings;
- coordinated the first-time collection of household hazardous waste and batteries from 10 communities along the Yukon River and eliminated dumping of over 250 fifty-five gallon drums of household hazardous wastes into southeast landfills through department sponsorship, supervision and coordination with those communities;
- ensured prompt and effective cleanup and restoration of the environment from over 65 significant spills and 49 contaminated sites throughout Alaska;
- improved statewide hazardous materials response capability and readiness through training and demonstration exercises coordinated with local officials and successful negotiation of community spill response agreements with eleven local governments (bringing the total to 34) to ensure coordinated response activities; and
- sought, secured, and awarded funding for \$52.4 million in new, low-interest municipal loans to 7 communities for 11 water, wastewater and solid waste projects, \$42.1 million in village safe water program grants for 70 water, wastewater and solid waste projects, and \$18.0 million in state-funded matching grants to 22 communities for 38 water, wastewater and solid waste projects.

Key Performance Measures for FY2002

Measure: The percentage of divisions that meet assigned performance measures.

(Added by Legislature in FY2001 version.)

Current Status:

All divisions are tracking performance measures.

Benchmark:

The goal is for all divisions to track performance on 100% of their assigned performance measures.

Background and Strategies:

The goal is for divisions to track 100% of their assigned performance measures. To accomplish this goal the following strategies will be employed:

- Evaluate merit of performance measures and modify performance measures when necessary; and
- Establish valid benchmarks to determine and/or measure results.

Measure: The percentage of permittees where the department can determine compliance through inspection, monitoring, and/or reporting.
(Revised from Legislature's FY2001 version.)

Current Status:

Programs which are funded with general funds have been the primary targets of budget reductions (Environmental Health and Water) and are least able to determine compliance. The water discharge program data is non-existent. Programs funded by restricted funding which has not been the target of large budget reductions (federal funds, response funds, clean air protection fund) are generally able to complete compliance inspections. The concern grows that the general funded programs can not determine compliance due to under funding, yet those programs involve persistent and life threatening critical public health and environmental issues.

Benchmark:

The goal of the department is to incrementally increase percentage of facilities where it can determine compliance and to increase compliance for those facilities.

Background and Strategies:

To accomplish this goal, the following strategies will be employed:

- Request incremental funding for programs lacking sufficient funds;
- Assess risk of permitted facilities through inspection, monitoring, and/or reports;
- Prioritize facility inspections according to risk;
- Create and maintain a valid inventory or database of permitted facilities, using a department-wide facility identification database;
- Create and maintain automated reporting tools for permitted facilities;
- Use data from permittees to determine compliance; and
- Use third party inspections to determine compliance.

Measure: The number of critical violations in inspected public or private facilities that significantly affect the health or safety of the public.
(Added by Legislature in FY2001 version.)

Current Status:

The data provided by Environmental Health illustrates the dilemma raised by the prior measure. With insufficient general funds, we are unable to inspect all facilities to determine compliance, yet those we do inspect clearly have critical violations. The water program is not doing any effective monitoring and is unable to estimate critical violations. The air program does compliance monitoring but has not looked at critical violations that affect health or safety as part of that evaluation process.

Benchmark:

The goal of the department is to achieve incremental decreases in the number of critical violations in inspected facilities while increasing the frequency of inspections.

Background and Strategies:

To meet this goal we will employ the following strategies:

- Ensure that all programs, whether fee or general fund supported, get sufficient funding to detect critical violations that affect health or safety;
- Increased inspection and monitoring of high risk public or private facilities;
- Peer reviews and inspections performed by affected industries; and
- Educate inspected facilities regarding the impacts of and how to avoid critical violations.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Provide basic water and sewerage service to an average of 500 households in rural communities each year.		X			
• Reduce carbon monoxide pollution in Anchorage to meet health standards by end of 2003.		X			
• Percentage decrease in critical violations at inspected food establishments.		X			
• Percentage increase in the number of higher risk facilities inspected.		X			

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Administration	1,230.9	999.3	4,865.5	7,095.7	1,230.4	1,072.1	2,069.6	4,372.1	1,406.0	997.4	1,978.4	4,381.8
Environmental Health	6,002.3	2,225.8	350.1	8,578.2	6,683.0	3,451.2	549.6	10,683.8	7,133.5	3,505.6	373.1	11,012.2
Statewide Public Services	169.9	567.8	687.8	1,425.5	169.5	822.5	754.6	1,746.6	170.5	823.7	897.0	1,891.2
Air and Water Quality	2,747.8	2,957.9	4,239.4	9,945.1	3,214.8	3,809.0	3,289.5	10,313.3	3,617.3	5,521.9	2,533.4	11,672.6
Non-Pt Source Pollution Contrl	0.0	1,715.4	0.0	1,715.4	0.0	1,715.4	0.0	1,715.4	0.0	0.0	0.0	0.0
Spill Prevention and Response	0.0	0.0	7,001.9	7,001.9	0.0	8.5	7,628.6	7,637.1	0.0	3,162.7	12,593.9	15,756.6
Contaminated Sites Program	0.0	2,259.4	3,769.7	6,029.1	0.0	3,116.2	3,965.0	7,081.2	0.0	0.0	0.0	0.0
Local Emergency Planning Comm	0.0	0.0	543.4	543.4	0.0	0.0	401.7	401.7	0.0	0.0	0.0	0.0
Facility Constr. & Op.	1,085.7	1,033.6	2,419.5	4,538.8	1,031.1	1,258.4	2,920.3	5,209.8	1,032.9	1,658.5	3,095.0	5,786.4
Totals	11,236.6	11,759.2	23,877.3	46,873.1	12,328.8	15,253.3	21,578.9	49,161.0	13,360.2	15,669.8	21,470.8	50,500.8

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	11,759.2	15,253.3	15,669.8
1003 General Fund Match	3,123.4	2,896.7	2,788.5
1004 General Fund Receipts	5,597.3	6,154.6	7,537.4
1005 General Fund/Program Receipts	2,515.9	3,139.9	3,034.3
1007 Inter-Agency Receipts	6,025.6	905.6	1,096.2
1018 Exxon Valdez Oil Spill Settlement	109.5	632.0	632.8
1036 Commercial Fishing Loan Fund	175.0	175.0	175.0
1052 Oil/Hazardous Response Fund	11,958.8	12,684.3	13,107.0
1053 Investment Loss Trust Fund		137.6	
1061 Capital Improvement Project Receipts	1,962.2	2,261.6	2,245.9
1075 Alaska Clean Water Loan Fund	371.0	461.5	462.8
1079 Storage Tank Assistance Fund	1,019.7	955.4	957.5
1093 Clean Air Protection Fund	1,809.3	2,261.4	2,266.4
1100 Alaska Drinking Water Fund	407.4	525.5	527.2
1108 Statutory Designated Program Receipts	38.8	716.6	
Totals	46,873.1	49,161.0	50,500.8

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	468	480
Permanent Part Time	8	7
Non Permanent	5	4
Totals	481	491

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Village Safe Water Project Administration	0	1,400,000	561,100	1,961,100
Village Safe Water Feasibility Studies	0	2,868,300	956,700	3,825,000
Village Safe Water Projects	0	38,477,300	12,826,600	51,303,900
Municipal Water, Sewer and Solid Waste Matching Grant Projects	0	9,605,000	13,905,600	23,510,600
Environmental Health Food Safety Laboratory Construction	310,000	0	13,654,700	13,964,700
Statewide Contaminated Sites Cleanup	0	0	5,000,000	5,000,000
Small Drinking Water System Operator Certification Project	0	1,276,800	0	1,276,800
Fine Particulate Monitoring	0	477,200	0	477,200
Environmental Monitoring and Assessment Program	0	1,000,000	0	1,000,000
Hazardous Material Response Capabilities for Local Government	0	0	500,000	500,000
Grants and Loans for Cleanup of Underground Storage Tanks	0	0	1,000,000	1,000,000
Oil and Gas Transportation: Aging Infrastructure Issues	0	0	500,000	500,000
Amchitka Workers Health Assessment Project	0	2,340,000	0	2,340,000
Department Total	310,000	57,444,600	48,904,700	106,659,300

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

ADMINISTRATION

Administration sets department policy to protect public health and the environment while promoting economic development and jobs in Alaska. Administration facilitates changes and innovations in department operations by participation in state, federal, and departmental initiatives.

Contaminants, such as persistent organic pollutants (POPS) and heavy metals, are appearing in the arctic - in air, water, wildlife, and people. Much of the contamination appears to have moved into the arctic from other countries through air and water currents. Once in the arctic, the contaminants persist longer and concentrate in fatty tissues. A program coordinator will develop, lead and manage the state's efforts on arctic contaminants.

ENVIRONMENTAL HEALTH

Environmental Health promotes public health through safe water, safe food, and healthy communities. The division continues its focus on education and outreach on public health protection through good sanitary practices as well as the successful implementation of the mandatory hazard analysis critical control point program for seafood. Due to recent budget reductions, the frequency of inspections for high risk facilities has been reduced. The program is proposing to switch \$166,300 in uncollectible statutory designated program receipts to general funds, along with a general fund increment of \$53,700 to increase inspections of high-risk food operations performed once a year by 36%, without increasing fees.

STATEWIDE PUBLIC SERVICES

Statewide Public Services protects public health and the environment by assisting individuals, businesses, and communities to assess, solve and prevent their environmental problems. Statewide Public Services helps small communities and businesses which lack expertise and funds to address their environmental problems. The voluntary compliance services offered by this division build capability to tackle the environmental problems most serious to community health and environment.

No significant changes in budget are proposed.

AIR AND WATER QUALITY

Air and Water Quality protects public health and the environment by identification and prevention of pollution of the state's air and water. This includes monitoring programs, non point source protection programs, and permitting programs.

No significant changes in budget are proposed.

SPILL PREVENTION AND RESPONSE

Spill Prevention and Response protects public health and the environment through the reduction of unlawful oil and hazardous substance contamination. This includes preventing, preparing for, responding to and ensuring the cleanup of unauthorized discharges of oil and hazardous substances and ensuring that the best spill prevention technology is used in the production, storage and transportation of oil and hazardous substances.

Due to the BP/Phillips merger charter for development of the Alaskan North Slope, additional public - private efforts will be required to coordinate the assessment and cleanup of "orphaned" contaminated sites and the spill prevention and response portion of the Environmental Commitment associated with oil field development. Among the partners are British Petroleum, Phillips Alaska, Inc., and agencies at the state (Natural Resources, Transportation and Public Facilities, Fish and Game) and federal (Bureau of Land Management, Corps of Engineers, Fish and Wildlife Service) levels that may have a regulatory responsibilities associated with this matter. Costs will be reimbursed by British Petroleum based on the agreement in the charter for development of the Alaskan North Slope.

Commencing in FY 2001, contingency plans and proof of financial responsibility are required of all self-propelled nontank vessels exceeding 400 gross registered tonnage and for railroad tank cars. Over 1,000 additional vessels

and tank cars have applied under this requirement. The program is being expanded by \$77,500 to fund a permanent position to process and review financial responsibility documentation, maintain the associated database, and issue certificates of financial responsibility for newly regulated vessels and tank cars.

FACILITY CONSTRUCTION AND OPERATION

Facility Construction and Operation promotes public health and environmental protection through financial and technical assistance to communities for the construction and operation of water, wastewater, and solid waste management facilities.

The Remote Maintenance Worker program is being extended to the Aleutian and Pribilof Islands--the only portion of the State not currently covered by the program.

The operator training and certification program is being expanded to include the 650 small public drinking water system operators not currently participating in the program, as required by changes in the federal law.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	12,328.8	15,253.3	21,578.9	49,161.0
Adjustments which will continue current level of service:				
-Administration	-124.4	-74.7	-91.2	-290.3
-Environmental Health	323.6	54.4	-175.2	202.8
-Statewide Public Services	1.0	1.2	142.4	144.6
-Air and Water Quality	402.5	-2.5	-615.4	-215.4
-Spill Prevention and Response	0.0	38.0	203.0	241.0
-Facility Constr. & Op.	1.8	0.1	9.6	11.5
Proposed budget decreases:				
-Environmental Health	-2.0	0.0	-1.3	-3.3
-Air and Water Quality	0.0	0.0	-140.7	-140.7
-Spill Prevention and Response	0.0	0.0	-291.3	-291.3
Proposed budget increases:				
-Administration	300.0	0.0	0.0	300.0
-Environmental Health	128.9	0.0	0.0	128.9
-Spill Prevention and Response	0.0	0.0	686.9	686.9
-Facility Constr. & Op.	0.0	400.0	165.1	565.1
FY2002 Governor	13,360.2	15,669.8	21,470.8	50,500.8