

State of Alaska
FY2003 Governor's Operating Budget

Department of Environmental Conservation
Air Quality
Component Budget Summary

Component: Air Quality

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Component Mission

Identify, prevent, abate, and control air pollution to protect public health and the environment in a cost-effective, accountable manner.

Component Services Provided

- Issue air quality permits to facilities that release potentially harmful pollutants, and assure compliance with permit conditions through inspections and operating report reviews.
- Work cooperatively with communities to reduce public health threats from carbon monoxide, breathable particulate pollution and toxic air contaminants.
- Assess air quality to identify areas where air quality and visibility are at risk or below acceptable levels.
- Oversee radiological assessment activities at Amchitka Island.

Component Goals and Strategies

- 1) MONITOR AMBIENT AIR FOR POLLUTANTS TO PROTECT PUBLIC HEALTH.
 - Operate air pollution monitors at various locations statewide with a focus on carbon monoxide and particulate matter in Anchorage, Fairbanks, and Juneau.
 - Conduct special air monitoring studies for priority areas.
 - Determine if various locations in Alaska meet the new public health standard for fine particle air pollution.
 - Monitor air quality during natural and human-caused disasters to provide public health advisories.
 - Investigate air quality violations from suspected facility operations.
 - Provide, when possible, real-time ambient air quality data during air pollution events.
 - Assess radiation contamination and evaluate risks posed by leakage of contaminants at Amchitka Island.
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- 2) RETAIN STATE PRIMACY.
 - Implement an air quality permit program based on sound science and air quality principles.
 - Issue permits to facility operators, using general permits whenever appropriate.
 - Implement selected findings of the air permitting benchmark study.
 - Address deficiencies identified by EPA in the operating permit program.
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- 3) IMPROVE AIR QUALITY AND PREVENT SANCTIONS OF HIGHWAY FUNDS.
 - Work cooperatively with communities to achieve attainment of air quality standards for carbon monoxide (Anchorage and Fairbanks) and particulate matter (Anchorage and Juneau).
 - Assess and modify control strategies in areas failing to meet the air quality health standards.
 - Ensure compliance with control strategies, including the vehicle tailpipe inspection and oxygenated fuels program.
 - Develop and implement public awareness programs related to health standards and air quality control programs.
 - Assist local communities in developing and implementing their air quality education program.
 - Assess visibility (regional haze standards) in Alaska's Class I areas and develop strategies to correct any impairment.

Key Component Issues for FY2002 – 2003

Carbon monoxide pollution continues to present problems for Anchorage and Fairbanks. We will continue to work closely with EPA and with both communities to develop effective carbon monoxide control programs not only to prevent the loss of highway funds but also to protect public health.

Toxic air pollutants are a group of pollutants that are known or suspected to cause cancer and other serious health conditions such as birth defects. We will complete an assessment of toxic air pollution sources in Alaska and conduct a risk analysis to ascertain public health risks. If significant risks are apparent, we will develop and implement approaches in education, voluntary action or advisory measures to reduce these risks.

The operating permit program is the state's primary means for ensuring that stationary sources of pollution comply with the air pollution regulations. This program currently has interim approval from the EPA. EPA is under a court-sanctioned settlement to take final action on all operating permit programs by December 1, 2001. Based on comments EPA received on this and other states' operating permit programs, we expect final EPA action on our program will identify deficiencies which must be addressed in order for the state to retain primacy. We will assess and address those deficiencies through regulation changes and/or changes in management practices as necessary to retain primacy.

Major Component Accomplishments in 2001

Developed revisions to the tailpipe inspection and maintenance program to address Y2K issues and new federal requirements. These revisions made registrations of vehicles faster and easier. They also increased the department's ability to identify and track non-complying motorists. As a result, DEC was able to reduce tailpipe emissions.

Conducted phase II of a cold temperature, ambient carbon monoxide monitoring study in Fairbanks for use in developing an enhanced control plan.

Nearshore seaweeds, marine sediment and water samples were gathered this summer at the former nuclear test site on Amchitka Island. This field sampling is the initial step of a marine radiological assessment. It is a critical step in evaluating the impacts of nuclear testing and military activities in the Aleutian Islands.

Issued 21 permits for the construction of new industrial facilities and modification to existing facilities. Issued 22 operating permits to industrial facilities and helped 14 operators avoid the need and cost of an operating permit.

Investigated 409 citizen air pollution complaints. Made 57 visits to permitted sites to help operators comply with air permits and resolved 43 compliance problems without the need for formal enforcement action.

Adopted regulations, called a permit-by-rule, to streamline permitting requirements for portable oil and gas well drilling operations. This action eliminates the need to review individual permits by allowing operators to simply register with DEC before starting their drilling at a given site.

Continued a workgroup to develop facts and resolve issues relating to air emissions of cruise ships. Operated a joint air monitoring project in downtown Juneau with the cruise ship industry and concerned citizens to assess ambient levels of sulfur dioxide, nitrogen dioxide and particulate and their potential public health impact.

Statutory and Regulatory Authority

AS 46.03; AS 46.14; AS 44.43; AS 46.45; 18 AAC 50; 18 AAC 52; 18 AAC 53; Federal Clean Air Act

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Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,543.1	3,366.8	3,746.0
72000 Travel	218.3	227.3	257.8
73000 Contractual	1,946.7	1,198.3	1,669.4
74000 Supplies	74.0	121.8	125.8
75000 Equipment	110.2	136.0	188.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	5,892.3	5,050.2	5,987.0
Funding Sources:			
1002 Federal Receipts	1,863.6	1,623.6	1,639.1
1003 General Fund Match	865.9	880.5	904.4
1004 General Fund Receipts	0.0	0.0	302.7
1005 General Fund/Program Receipts	250.7	264.1	265.2
1007 Inter-Agency Receipts	878.8	0.0	0.0
1053 Investment Loss Trust Fund	18.9	0.0	0.0
1061 Capital Improvement Project Receipts	111.4	111.6	116.3
1093 Clean Air Protection Fund	1,902.8	2,170.4	2,759.3
1108 Statutory Designated Program Receipts	0.2	0.0	0.0
Funding Totals	5,892.3	5,050.2	5,987.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
Unrestricted Fund	68515	297.0	50.0	50.0	50.0	50.0
Unrestricted Total		297.0	50.0	50.0	50.0	50.0
Restricted Revenues						
Federal Receipts	51010	1,863.6	1,623.6	1,623.6	1,639.1	1,639.1
Interagency Receipts	51015	878.8	0.0	0.0	0.0	0.0
General Fund Program Receipts	51060	250.7	264.1	264.1	265.2	265.2
Statutory Designated Program Receipts	51063	0.2	0.0	0.0	0.0	0.0
Capital Improvement Project Receipts	51200	111.4	111.6	111.6	116.3	116.3
Restricted Total		3,104.7	1,999.3	1,999.3	2,020.6	2,020.6
Total Estimated Revenues		3,401.7	2,049.3	2,049.3	2,070.6	2,070.6

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Proposed Changes in Levels of Service for FY2003

Alaska is experiencing a significant increase in the level of oil and gas exploration and development. Areas west of the Kuparuk River in the National Petroleum Reserve Alaska are being aggressively explored. During the winter of 2001-2002, 45 exploration wells are planned, versus 26 last year and 8 the year before. Oil companies from outside Alaska are moving forward with plans to drill in the foothills of the Brooks Range. Exploration and development of Cook Inlet reserves is increasing as the result of significant recent discoveries. New seismic technology that has a high exploratory drilling success rate is spurring interest to conduct re-exploration of existing oil and gas production areas and may lead to additional exploratory drilling and development. The Minerals Management Service is proceeding with plans to hold lease sales in the offshore frontier areas of the Beaufort Sea, Chuckchi Sea, Norton Sound, and Cook Inlet during the next five years (2002 – 2007). Additional state and federal acreage on the North Slope and Cook Inlet will be leased for oil and gas exploration. Significant interest in the development of potential shallow natural gas and coalbed methane deposits exists and is increasing. The state has so far authorized exploration for these new resources in Northwest Alaska, the Tanana Basin, and on the Kenai Peninsula.

DEC is not keeping pace with the current level of oil and gas activities in Alaska and cannot keep up with the expected increased level of exploration and development activities.

- Oil and gas facilities are seldom inspected for compliance with state environmental laws.
- The effects of oil and gas waste discharges to the air, land and water are not being monitored or measured.
- Too many permits are issued after long delays, uncertainty, and disagreement.
- There is little communication or collaboration with industry and concerned stakeholders on the planning and design of projects to minimize environmental problems and take advantage of opportunities to promote environmentally responsible development.

The oil safety and development initiative funds new and enhanced services in the Divisions of Spill Prevention and Response, Air and Water Quality, and Statewide Public Service. Services fall in three areas 1) environmental planning, design and consultation; 2) permitting; and 3) inspection and compliance.

Environmental Planning, Design and Consultation

DEC will:

- work proactively to identify potential environmental and public health issues early in the lease sale planning process when changes can be most effective in preventing future pollution problems.
- review plans and statements for lease sale plans to identify and avoid or mitigate potential air, land and water quality effects.
- identify and resolve potential environmental and public health issues early when changes to project designs can be most effective in preventing future pollution problems.
- identify potential improvements to streamline permit approvals.
- review and prepare a single coordinated and consolidated response.
- develop and implement assessments of the cumulative effects of oil and gas activities on Alaska's environment.
- increase its participation with stakeholder workgroups to resolve disagreements on what it means to "do it right".
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- with the assistance of private contractors, develop air permit procedures, forms and regulation changes to implement the findings of the 2000 air permitting benchmarking study jointly done by the department and Alaska Oil and Gas Association to eliminate permit backlogs and provide predictability in the timing of permit issuance.
- examine policy options and technology retrofits that would reduce emissions of global warming greenhouse and avoid pollution increases from expanded oil and gas operations in the National Petroleum Reserve and Arctic National Wildlife Refuge.

Permitting and Plan Approvals

DEC will:

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reduce air permit processing time by 50%, from a four-year average of 253 days to 126 days.

- eliminate the average 3-month permit queue and begin work immediately upon receipt of application.
- maintain permit quality by ensuring that permits are carefully drafted to minimize avoidable permit change requests.
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Inspection, Monitoring and Compliance

DEC will:

open a full-time North Slope field office with four staff.

AIR QUALITY

increase the number of oil and gas air permit inspections. Only 25% of the current 88 permitted air facilities are

- inspected while no exploratory operations are inspected. We expect to increase the number of these inspections to 50% and inspect 20% of the exploration drill sites.
- audit 10% of air facility reports to fully evaluate operational compliance. Reports are not currently audited against the raw data on which they are based.
- Use private contractors to complete an independent ambient air quality monitoring project to evaluate cumulative ground level air quality conditions around oil field operations.

Summary of Component Budget Changes From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	1,144.6	1,623.6	2,282.0	5,050.2
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	25.0	15.5	40.2	80.7
Proposed budget increases:				
-Oil Safety and Development Initiative	302.7	0.0	553.4	856.1
FY2003 Governor	1,472.3	1,639.1	2,875.6	5,987.0

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Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	52	56	Annual Salaries	2,991,246
Part-time	0	0	COLA	69,370
Nonpermanent	0	0	Premium Pay	5,089
			Annual Benefits	961,659
			<i>Less 6.99% Vacancy Factor</i>	(281,364)
			Lump Sum Premium Pay	0
Totals	52	56	Total Personal Services	3,746,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	1	0	2	0	3
Administrative Clerk III	0	0	1	0	1
Administrative Manager III	1	0	0	0	1
Analyst/Programmer IV	1	0	0	0	1
Chemist II	0	1	0	0	1
Chemist IV	0	0	1	0	1
Env Eng Associate	5	2	3	0	10
Env Eng Associate II	2	1	1	0	4
Environ Conserv Mgr I	1	0	0	0	1
Environ Conserv Mgr II	1	0	1	0	2
Environ Conserv Mgr III	0	0	1	0	1
Environ Eng Asst I	1	1	1	0	3
Environ Eng Asst II	0	1	3	0	4
Environ Engineer I	0	1	2	0	3
Environ Engineer II	0	1	0	0	1
Environmental Spec I	0	1	0	0	1
Environmental Spec II	2	0	0	0	2
Environmental Spec III	4	1	3	0	8
Environmental Spec IV	2	0	3	1	6
Environmental Tech II	0	0	0	1	1
Maint Spec Etronics Journey I	0	0	1	0	1
Totals	21	10	23	2	56