

**State of Alaska
FY2006 Governor's Operating Budget**

**Department of Environmental Conservation
Water Quality
Component Budget Summary**

Component: Water Quality

Contribution to Department's Mission

Identify, abate, and control water pollution in a cost effective, accountable manner to protect public health and preserve the many uses of Alaska's waters.

Core Services

- Water quality standards and criteria for the protection of Alaska waterbodies.
- Streamlined application and authorization of wastewater discharges, storm water management plans, and domestic wastewater system engineering plans.
- Reduce non-point sources of pollution in Alaska waterbodies by identifying and implementing Best Management Practices (BMP's).
- Compliance with wastewater discharge authorizations.
- Cruise vessel compliance with wastewater discharge and air emission standards.
- Information about permitted discharges and commercial passenger vessel discharges.
- Ambient water quality and wastewater sampling.
- Prioritize and clean up polluted waters.
- Award and manage grants for stewardship, protection and restoration needs of waters throughout Alaska.
- Certify and provide technical assistance for domestic wastewater disposal systems.

End Results	Strategies to Achieve Results
<p>A: Water Quality is protected.</p> <p><u>Target #1:</u> No polluted waters. <u>Measure #1:</u> Number of polluted waters.</p>	<p>A1: Establish protective standards for Water Quality.</p> <p><u>Target #1:</u> Protective standards are established for Water Quality are complete by June 30, 2007. <u>Measure #1:</u> % of revisions to targeted standards for Water Quality are complete by June 30, 2007.</p> <p>A2: Improve information management system.</p> <p><u>Target #1:</u> ACWA database is complete by June 30, 2005. <u>Measure #1:</u> % complete by June 30, 2005.</p> <p>A3: Restore polluted waterbodies to their designated uses.</p> <p><u>Target #1:</u> Two waterbody recovery plans per year. <u>Measure #1:</u> Number of polluted waterbody recovery plans completed during the year.</p> <p><u>Target #2:</u> Ten active restoration projects per year. <u>Measure #2:</u> Number of active restoration projects during the year.</p> <p>A4: Issue discharge permits/authorizations.</p> <p><u>Target #1:</u> 100% of known dischargers have current permits/authorizations.</p>

	<p>Measure #1: % of known dischargers have current permits/authorizations.</p> <p>A5: Enforce compliance with permit/authorization conditions.</p> <p>Target #1: Permit holders are compliant with permit/authorization terms and conditions.</p> <p>Measure #1: % of permit holders requiring enforcement actions.</p>
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Major Activities to Advance Strategies

- Seek state primacy for permitting and compliance activities currently conducted by federal agencies.
- Certify that wetlands fill projects authorized by the Corps of Engineers meet Alaska water quality standards.
- Establish best management practices to control non-point pollution and protect water quality to the public.
- Report to the public on the health of Alaska's waters.
- Develop and implement recovery plans for all polluted waters.
- Provide pass-through funding and technical assistance to municipalities, local groups, and other state agencies to address priority water quality as
- Revise water quality standards to ensure they continue to protect Alaska's water.
- Continue to improve a risk base permitting and inspection program for discharges.
- Develop an on-line permit application, tracking, and reporting system to speed up permit reviews and oversight.
- Establish permit by rule authorizations in regulation.
- Apply for timber NPDES primacy from EPA and implement program. Seek legislative authority for full primacy.

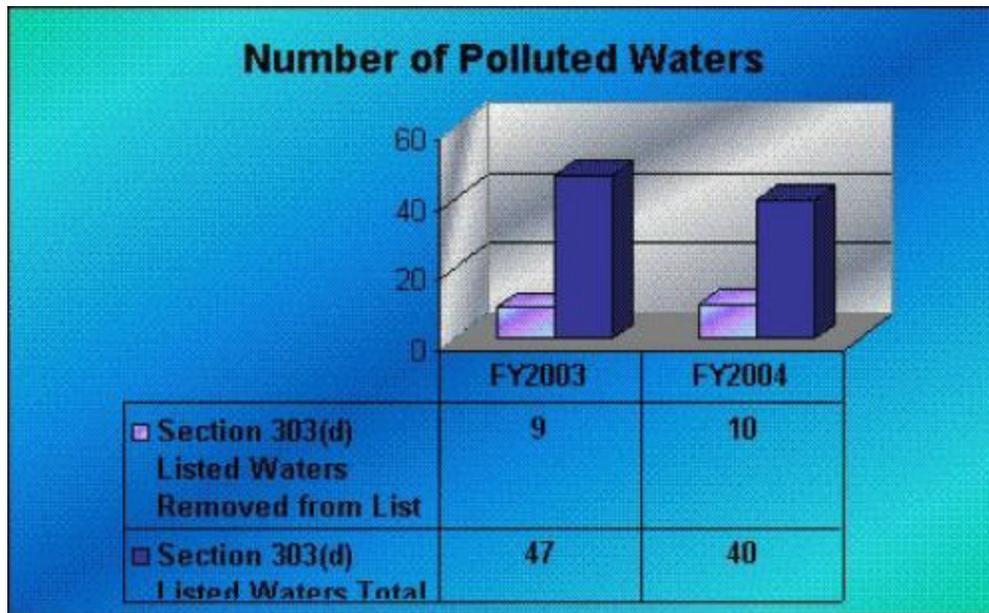
FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$9,435,600	Personnel:	
	Full time	68
	Part time	0
	Total	68

Performance Measure Detail

A: Result - Water Quality is protected.

- Target #1:** No polluted waters.
Measure #1: Number of polluted waters.



Number of Polluted Waters

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	0	0	0	47
2004	0	0	0	0	40

Analysis of results and challenges: Water Quality Standards, found in 18 AAC, designate specific uses for which water quality must be protected (e.g., drinking water) and specifies the pollutant limits, or criteria necessary to protect designated uses. There are seven designated uses for freshwater and seven for marine waters. By default, waterbodies in Alaska are protected for all designated uses. The few waterbodies that have had some uses removed are listed in the water quality standards.

The Department of Environmental Conservation (DEC) uses Water Quality Standards as the criteria to determine if a waterbody is polluted. For example, if waterbody monitoring data consistently shows high concentrations of a substance that is not suitable for aquatic life then that waterbody is considered polluted (or impaired) for that designated use. Alaska formally reports the status and trends of its waters every two year in the Integrated Water Quality Monitoring and Assessment Report. The report is issued every two years and includes information on the general health of Alaska's waters, DEC water protection programs and a list of impaired waterbodies, and how the impairment is being addressed or proposed to be addressed. Waterbodies are placed in one of five categories based upon known information. The report meets Alaska's responsibilities under Section 303(d) of the Clean Water Act to identify polluted waters.

As of the end of FY2004, there are 41 waterbodies listed in Category 5 - Impaired and Requiring a Total Maximum Daily Load, which is essentially a waterbody corrective action plan. The waterbodies are scheduled for action over a seven year period. Further information may be found at http://www.state.ak.us/dec/water/wqsar/waterbody/waterbody_index.htm.

A1: Strategy - Establish protective standards for Water Quality.

Target #1: Protective standards for Water Quality are complete by June 30, 2007.

Measure #1: % of revisions to targeted standards for Water Quality are complete by June 30, 2007.



Percent of Revisions to Targeted Standards for Water Quality are Completed by June 30, 2007

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	6.0%	10.0%	30.0%	30.0%	
2005	37.4%	0	0	0	

Analysis of results and challenges: Every three years, the Department of Environmental Conservation (DEC) conducts a comprehensive review of the Water Quality Standards in 18 AAC 70. Water Quality Standards are used to determine wastewater permit discharge requirements and whether a marine or freshwater waterbody is suitable for designated uses. This Triennial Review is a federal Clean Water Act requirement that helps set pollution limits for Alaska's waters by integrating the most current science and technology. DEC focuses its efforts on updating or developing standards so that they are relevant to Alaska's conditions and needs. DEC will be taking action on the following standards during Triennial Review (percent of completion in parenthesis): Mixing Zone Regulations (85%), Residue Criteria and Zones of Deposit Regulations (70%), Petroleum Hydrocarbons Criteria (25%), Bacteria Criteria (65%), Natural Conditions Site Specific Criteria Guidance (90%), Groundwater Standards, Antidegradation Policy Implementation (2%), Dissolved Inorganic Substances Criteria and Arsenic Drinking Water Criteria.

The project is currently behind what was expected because the comment period has been extended. Timing will be re-evaluated at the end of the next quarter. Further information on the Triennial Review may be found at:

<http://www.state.ak.us/dec/water/wqsar/trireview/trireview.htm>.

A2: Strategy - Improve information management system.

Target #1: ACWA database is complete by June 30, 2005.

Measure #1: % complete by June 30, 2005.



Percent ACWA Database is Complete by June 30, 2005

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	2.5%	5.0%	25.0%	40%	
2005	55%	0	0	0	

Analysis of results and challenges: The Department of Environmental Conservation along with the Departments of Fish and Game and Natural resources are responsible for implementing the Alaska Clean Waters Action (ACWA) policy. ACWA provides the framework to focus state and federal resources on the waters of greatest need, addressing issues of water quality, water quantity, and aquatic habitat. Background information on ACWA may be found online at http://www.state.ak.us/dec/water/acwa/acwa_index.htm.

The ACWA agencies have developed a waterbody nomination and ranking process that prioritizes assessment, stewardship, and corrective action needs for waters at risk of pollution and polluted waters, according to established criteria. The ACWA Database is being developed to serve as a water information management system to track waterbody status, needs, and actions and facilitate the ranking process. Waterbody information will be available to help support environmental and natural resource decisions in Alaska.

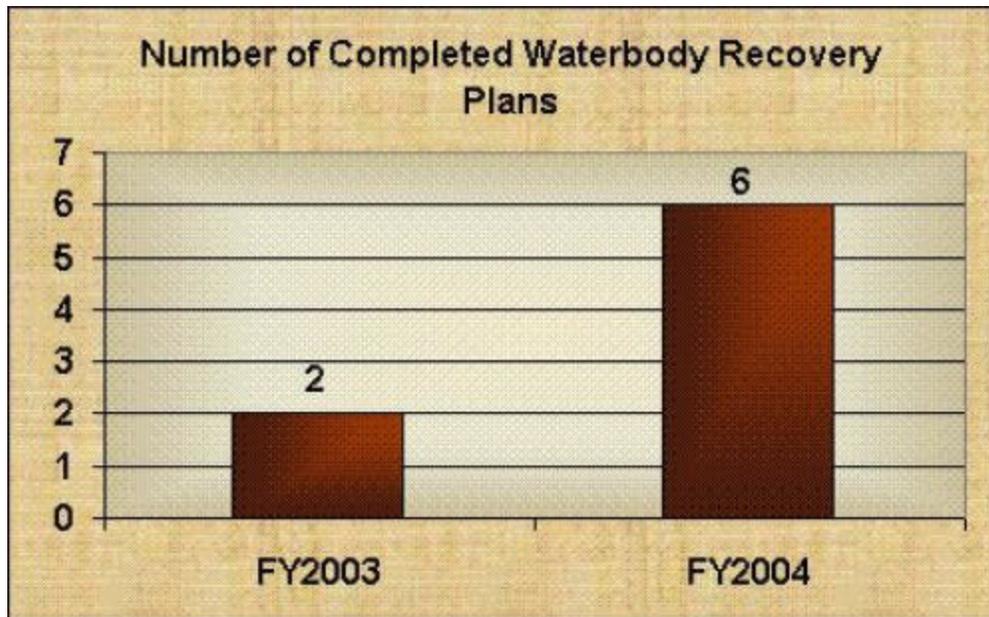
The ACWA database is being developed in four phases. Completion data represents work completed for database development and progress in gathering and evaluating data for the waterbodies. This includes percent of the water quality data collected, reviewed, and evaluated for 250 waterbodies.

The primary challenge has been locating, collecting, and evaluating historical waterbody data located in the various resource agency offices. The project is considered on track for completion by the end of FY2005.

A3: Strategy - Restore polluted waterbodies to their designated uses.

Target #1: Two waterbody recovery plans per year.

Measure #1: Number of polluted waterbody recovery plans completed during the year.



Number of Completed Waterbody Recovery Plans Completed During the Year

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	0	0	0	2
2004	0	0	0	0	6

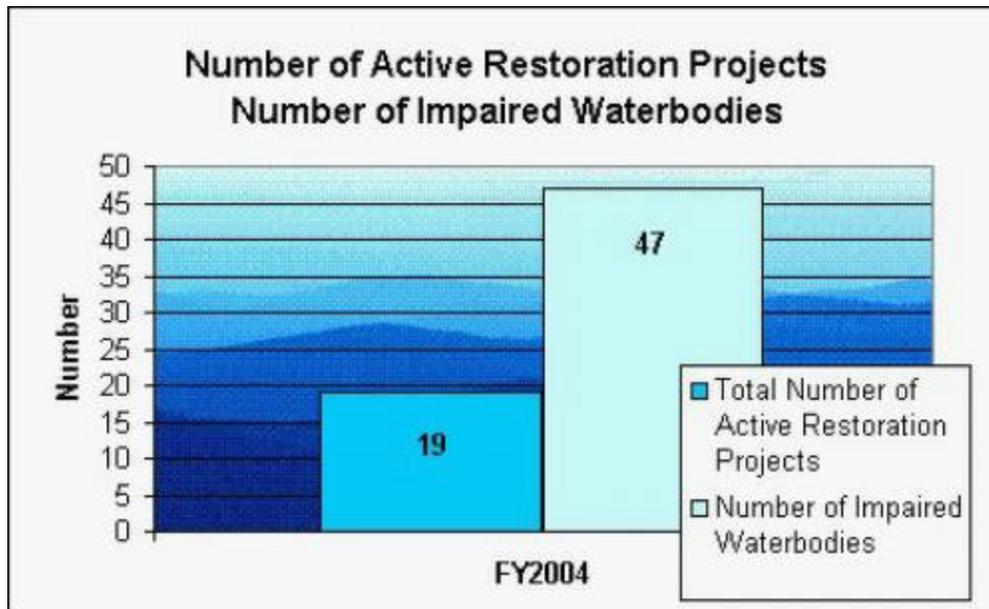
Analysis of results and challenges: When waterbodies are determined to be impaired (when they exceed Water Quality Standards for a particular pollutant), they are added to the "303d" list of impaired waterbodies submitted to the Environmental Protection Agency (EPA) every two years. It is incumbent upon the State and EPA to work to restore waterbodies to an unpolluted state. Restoration is accomplished through the development and implementation of either a Total Maximum Daily Load (TMDL) document or a Waterbody Recovery Plan. While following different formats, both identify the source of the pollutant and the amount of pollutants that can be introduced to the waterbody while still allowing overall recovery to proceed. With this knowledge, parties who introduce pollutants are given an "allowance," or "total maximum daily load" for that pollutant, and/or prescriptive actions called Best Management Practices (BMPs) that they must follow, to stay within that allowance.

The first step toward the recovery of an impaired waterbody is the development of the TMDL or Waterbody Recovery Plan. The EPA is required, by court order, to complete at least two of these documents in Alaska, each year. TMDLs and Waterbody Recovery Plans developed by DEC, either directly through staff work or indirectly through contract or grant efforts, are approved by EPA and can be applied to this legal requirement. EPA may also initiate work on TMDLs or Waterbody Recovery Plans directly, with their staff or contracted efforts.

DEC strongly supports the development and implementation of these plans and has committed to completing a minimum of two per year. In FY2003, two were completed; in FY2004, six were completed. Implementation is proceeding on all.

Target #2: Ten active restoration projects per year.

Measure #2: Number of active restoration projects during the year.



Number of Active Restoration Projects During the Year

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	0	0	0	0	19

Analysis of results and challenges: Polluted, or "impaired" waterbodies are identified in the biennial "Integrated Report" submitted by DEC to the Environmental Protection Agency EPA. The target for restoration of these waterbodies is at least 10 active restoration projects per year.

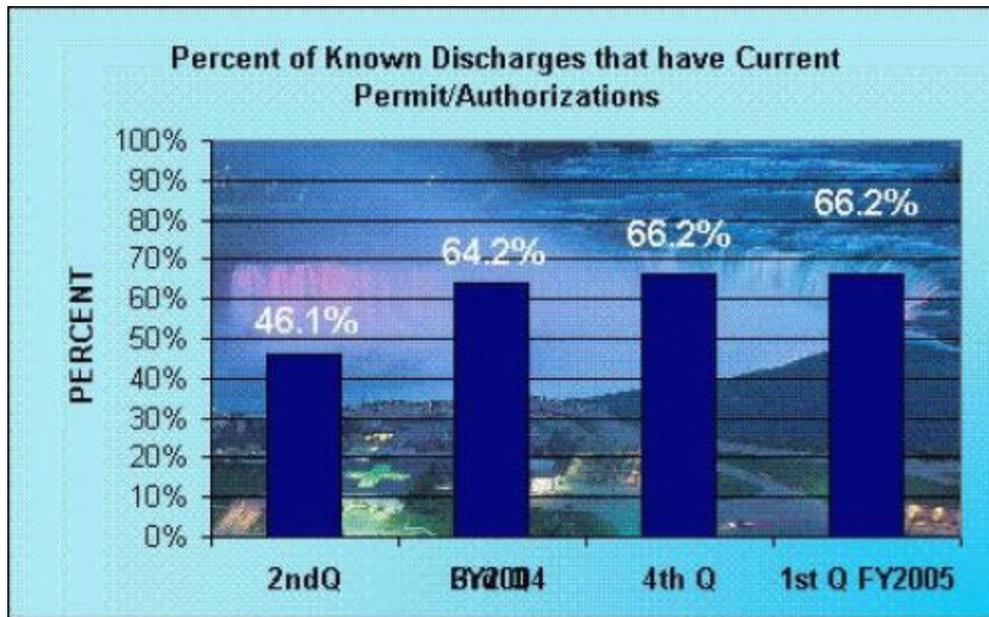
Restoration projects may be conducted by grantees who have received funds through the Alaska's Clean Water Actions (ACWA) grant program, by contractors, by other State agencies with funds received from ADEC through Reimbursable Services Agreements, or by DEC personnel.

This is a new measure. Reporting began during the 3rd quarter of FY2004. Data will be reported annually at the end of each fiscal year.

A4: Strategy - Issue discharge permits/authorizations.

Target #1: 100% of known dischargers have current permits/authorizations.

Measure #1: % of known dischargers have current permits/authorizations.



Percent of Known Discharges have Current Permits/Authorizations

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	46.0%	46.1%	64.2%	66.2%	
2005	66.2%	0	0	0	

Analysis of results and challenges: Two elements of the Non-Point Source Program, log transfer facilities and stormwater, and wastewater discharge facilities contribute data for this strategy.

Log Transfer Facilities

Log Transfer Facilities (LTFs) are issued either a State "authorization" for activity covered under a federal (EPA) General Permit, or a State Individual Permit (for which the applicant must also seek EPA permit coverage). At the end of the 1st quarter FY2005, there were 92 known dischargers (active LTFs, or LTFs desiring to remain actively permitted). Of that 92, 89 had been issued authorizations for the EPA General Permit or had been issued a State Individual Permit. Three applications were in the review process, and four applications were incomplete (awaiting submittal of requested information).

Stormwater

The Department is engaged in three types of stormwater permit activities: 1) authorizations of the EPA's Construction General Permit (CGP) covering erosion and sediment control during construction activities; 2) engineering plan reviews for new buildings to ensure that stormwater is adequately addressed in permanent facility plans; and 3) authorizations of the EPA's Multi-Sector General Permit (MSGP) addressing various industrial sectors and activities common to their business processes and practices to prevent polluted runoff.

Reporting on stormwater-related activities is a challenge in that we do not have perfect knowledge of the activities taking place within the state. Professional contractors are conscientious - submitting engineering plans, preparing stormwater pollution prevention plans, and complying with EPA permitting requirements. However, we do not know how many construction activities or businesses may be operating outside of the EPA's permitting scheme. At this time, compliance with EPA stormwater permitting remains an EPA responsibility. Assumption of primacy for stormwater permitting would allow greater application of State resources, resulting in more complete knowledge of activities that should be reviewed and permitted.

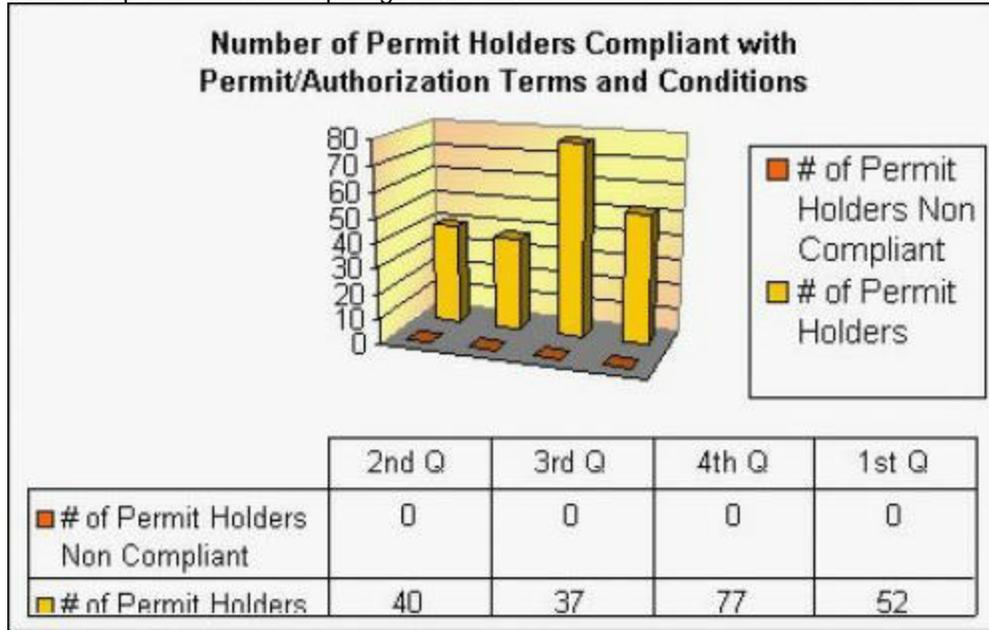
Wastewater Discharge Facilities

Wastewater dischargers required to have a permit fall into two general categories: domestic (municipal and private waste treatment plants) and industrial (including mining, oil & gas, seafood processing/hatcheries, utilities and transportation). EPA focuses its efforts primarily on "major" dischargers in Alaska (i.e., industrial or domestic facilities with greater than one million gals per day discharge), whereas minor dischargers receive less

attention. Beginning in 2001, the Department expanded state wastewater permitting (about 150 permits/year, on average) and worked with EPA to address the backlog of facilities that do not have current permits. At this time, about 62% of known wastewater dischargers have current permits, including the major dischargers. The remaining 38% are minor dischargers and many have permit applications in progress.

A5: Strategy - Enforce compliance with permit/authorization conditions.

Target #1: Permit holders are compliant with permit/authorization terms and conditions.
Measure #1: % of permit holders requiring enforcement actions.



Percent of Permit Holders Requiring Enforcement Actions

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	0%	0%	0%	0%	
2005	0%	0	0	0	

Analysis of results and challenges: Log Transfer Facilities:

The owners/operators of Log Transfer Facilities may be covered under an EPA General Permit or a State Individual Permit. EPA is the enforcing authority of the conditions of a General Permit. DEC is the enforcing authority for State Individual Permits. For Individual Permits, strict parameters addressing the amount of bark that may be deposited into the waters and onto the bottom of waterbodies is identified as well as methodologies for determining those amounts. Periodic reports on the actions owners/operators take to implement requirements must be submitted. If the reports are found to be lacking, enforcement action is taken.

Key Component Challenges

Most sources of water pollution are effectively regulated and controlled through permits. The largest remaining source of water pollution is from non-point sources that are not controlled through permits. This offers the challenge of affecting positive human behavior changes through education, land use controls, and best management practices so that water quality is maintained.

The department is continuing the 'Raindrops to Ocean' review of its water quality programs for the purpose of establishing rational and seamless protective measures for all of Alaska's surface and groundwater. The review critically assesses the structure of DEC water programs and the use of permitting, field inspections, and best management practices to assure that pollution risks are appropriately and efficiently mitigated from the time a raindrops falls upon the ground, moves from surface runoff into a stream, and until that raindrop is finally transported to the coast and the ocean.

Early results of this review include consideration of state assumption of a federal wastewater discharges permitting program, National Pollutant Discharge Elimination System (NPDES).

The department is updating its regulations to provide integrated permitting of large projects, such as hard rock mining, that require multiple reviews and approvals from DEC. The project will build a coherent set of regulations establishing the procedures and requirements for large projects to create a rational regulatory scheme.

Scientific review and adoption of new or revised water quality standards will continue through FY2006 to ensure they remain protective of the many uses of Alaska Waters.

Significant Changes in Results to be Delivered in FY2006

None.

Major Component Accomplishments in 2004

WASTE WATER PROGRAM

- Issued 174 individual or general wastewater discharge permits and general permit authorizations.
- Inspected 84 facilities with compliance sampling conducted at 37 (44%).
- Developed two new general permits as streamlined, up-to-date permitting tools for the numerous small domestic wastewater discharges to marine and freshwater across Alaska.
- Improved field and compliance/technical assistance to permittees, trained staff on permitting and enforcement skills and specialized environmental sciences.
- Registered 49 commercial passenger vessels for operation in Alaska's waters and inspected 24 vessels in 2004.
- Maintained an internet-based clearinghouse for annual cruise ship registration materials and forms, program guidance, reports, law and regulations.
- Through monitoring and enforcement of cruise ship air opacity, reduced the number of industry violations from eleven in 2001 to only two potential violations pending for the 2004 cruise season.

NON POINT SOURCE PROGRAM

- Issued 1 individual log transfer facility wastewater discharge permit and 15 Log Transfer Facility general permit authorizations.
- Issued 122 approvals for stormwater pollution prevention plans ensuring protection of surface water bodies during facility construction and operation; reviewed 68 facility engineering plans for compliance with stormwater requirements.
- Issued 111 water quality certifications of U.S. Army Corps of Engineers permits for dredge and fill projects.
- Completed TMDLs (Total Maximum Daily Load plans; aka waterbody recovery plan) for Ship, Little Rabbit, Little Survival, Little Campbell, Furrow, and Fish Creeks in Anchorage.
- Implemented two approved TMDLs near Sitka through a state issued grant.

WATER QUALITY ASSESMENT AND MONITORYING PROGRAM

- Developed online permit fee payment system to interface with web-based permitting.
- Prepared the 2004 biennial statewide assessment of water quality conditions.

Statutory and Regulatory Authority

AS 46.03; AS 46.04; AS 44.19; AS 46.40; AS 44.62; 8 AAC 80; 18 AAC 15; 18 AAC 50; 18 AAC 70; 18 AAC 72; 6 AAC 50; 11 AAC 95; 5 AAC 93; Federal Coastal Zone Management Act Reauthorization of 1990; Federal Clean Water Act; Federal Title XIV - Certain Alaskan Cruise Ship Operations - of H.R. 5666 (PL 106-554); Federal Water Pollution Control Act.

Contact Information

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Water Quality Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,569.6	4,862.7	5,047.5
72000 Travel	188.9	509.2	509.2
73000 Services	1,027.1	1,945.5	1,945.5
74000 Commodities	68.2	106.5	106.5
75000 Capital Outlay	19.0	127.7	111.5
77000 Grants, Benefits	120.0	1,715.4	1,715.4
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	4,992.8	9,267.0	9,435.6
Funding Sources:			
1002 Federal Receipts	2,140.3	4,598.0	4,676.5
1003 General Fund Match	379.5	379.4	388.8
1004 General Fund Receipts	1,640.5	2,552.7	2,619.3
1005 General Fund/Program Receipts	327.8	768.0	771.6
1007 Inter-Agency Receipts	504.7	177.5	182.7
1108 Statutory Designated Program Receipts	0.0	77.4	77.4
1166 Commercial Passenger Vessel Environmental Compliance Fund	0.0	714.0	719.3
Funding Totals	4,992.8	9,267.0	9,435.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	2,140.3	4,598.0	4,745.5
Interagency Receipts	51015	504.7	177.5	189.3
General Fund Program Receipts	51060	327.8	768.0	771.6
Statutory Designated Program Receipts	51063	0.0	77.4	77.4
Restricted Total		2,972.8	5,620.9	5,783.8
Total Estimated Revenues		2,972.8	5,620.9	5,783.8

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	3,700.1	4,598.0	968.9	9,267.0
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	19.0	10.0	1.6	30.6
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	76.8	54.8	8.4	140.0
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	13.7	0.5	14.2
Proposed budget decreases:				
-Recording HB546 Fiscal Note Reduction	-16.2	0.0	0.0	-16.2
FY2006 Governor	3,779.7	4,676.5	979.4	9,435.6

**Water Quality
Personal Services Information**

Authorized Positions		Personal Services Costs		
	FY2005	FY2006		
	Management	Governor	Governor	
	Plan			
Full-time	68	68	Annual Salaries	3,833,718
Part-time	0	0	COLA	46,311
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	1,783,951
			<i>Less 7.67% Vacancy Factor</i>	(434,480)
			Lump Sum Premium Pay	0
Totals	68	68	Total Personal Services	5,229,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	0	0	1	0	1
Administrative Clerk II	2	0	1	0	3
Administrative Clerk III	0	1	1	0	2
Administrative Manager I	1	0	0	0	1
Administrative Manager IV	0	0	1	0	1
Analyst/Programmer III	0	0	1	0	1
Analyst/Programmer IV	0	0	2	0	2
Chemist IV	0	0	1	0	1
Env Eng Associate	1	2	0	1	4
Env Eng Associate II	1	1	0	0	2
Environ Conserv Mgr II	2	0	1	0	3
Environ Conserv Mgr III	0	0	1	0	1
Environ Engineer I	1	0	2	1	4
Environ Engineer II	1	0	1	1	3
Environmental Spec II	2	1	3	0	6
Environmental Spec III	5	2	8	0	15
Environmental Spec IV	3	2	6	0	11
Environmental Tech I	0	0	0	1	1
Environmental Tech II	0	1	1	1	3
Grants Administrator II	1	0	0	0	1
Project Coord	0	1	0	0	1
Tech Eng II / Architect II	0	1	0	0	1
Totals	20	12	31	5	68