

State of Alaska
FY2010 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.

Core Services

- Manage Division resources to protect public health and the environment through the safe handling and cleanup of oil and hazardous substances.
- 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.
- Prevent and mitigate the effects of oil and hazardous substance releases and ensures their cleanup through government planning and rapid response.
- Oversee and conduct cleanups at contaminated sites in Alaska and prevent releases from underground storage tanks and unregulated aboveground storage tanks.
- 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.

Major Activities to Advance Strategies

- Ensure emergency response and removal of oil and hazardous substance releases.
- Ensure the remediation of contaminated sites.
- Review regulated facility and vessel applications for compliance with oil discharge prevention and contingency plan requirements.
- Review oil discharge prevention and contingency plan requirements and update regulations.

FY2010 Resources Allocated to Achieve Results

FY2010 Results Delivery Unit Budget: \$17,523,700

Personnel:

Full time	147
Part time	1
Total	148

Key RDU Challenges

Sustain state's core spill prevention, preparedness, and response capability in the face of declining revenues. The division's goals are prevention, preparedness, and response; three programs in the division implement a wide array of interrelated activities to meet these goals. The programs include the Prevention and Emergency Response Program, Industry Preparedness Program and Contaminated Sites Program. The programs are designed to meet the Department's statutory obligation to protect human health and the environment while fostering economic growth and resource development through rational, unambiguous, predictable and integrated regulatory requirements.

Revenues to the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund come from a combination of cost recovery, fines, penalties and settlements, investment income, and a 4-cent conservation surcharge against each barrel of crude oil produced in the state. In recent years revenues have been declining due to a number of factors, including the reduction in crude oil production from a peak of 2 million barrels per day to less than 800,000 barrels per day

Other challenges include conducting a comprehensive baseline risk assessment of Alaska's crude oil infrastructure, including production, storage, transportation systems, the Trans-Alaska Pipeline, and the Valdez Marine Terminal. The system wide risk assessment will evaluate the safety, environmental and operational risk associated with the system and reliability of the existing infrastructure. The risk assessment will also evaluate mitigation measures for continued safe and reliable operation of the system.

New state regulations for flowlines are being phased in under a new compliance inspection program. Flowlines include all oil-containing pipelines upstream of separation facilities, including multi-phase and produced water pipelines. Compliance oversight for the new regulations will involve development of field inspection strategies and a compliance inspection program.

Significant Changes in Results to be Delivered in FY2010

None.

Major RDU Accomplishments in 2008

- Received 2,006 spill reports, conducted follow-up for 736 and initiated emergency responses to 29 significant spills statewide.
- Conducted 58 inspections of regulated facilities and completed 514 review and administrative decisions for oil spill contingency plans..
- Completed assessment, clean up or monitoring at 2,902 contaminated sites.

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

All dollars shown in thousands

	FY2008 Actuals				FY2009 Management Plan				FY2010 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												
Spill Prev. & Resp. Director	0.0	0.0	262.4	262.4	0.0	0.0	264.6	264.6	0.0	0.0	267.7	267.7
Contaminated Sites Program	0.0	2,792.7	4,457.4	7,250.1	619.3	3,690.4	2,878.8	7,188.5	623.2	3,718.1	2,933.0	7,274.3
Industry Prep. & Pipeline Op.	482.5	168.5	2,599.3	3,250.3	15.7	219.6	4,182.7	4,418.0	15.7	222.0	4,233.3	4,471.0
Prevention and Emerg. Response	0.0	0.0	3,906.5	3,906.5	0.0	0.0	3,994.1	3,994.1	0.0	0.0	4,040.2	4,040.2
Response Fund Administration	0.0	0.4	1,331.6	1,332.0	0.0	40.5	1,423.7	1,464.2	0.0	40.6	1,429.9	1,470.5
Totals	482.5	2,961.6	12,557.2	16,001.3	635.0	3,950.5	12,743.9	17,329.4	638.9	3,980.7	12,904.1	17,523.7

**Spill Prevention and Response
Summary of RDU Budget Changes by Component
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	635.0	3,950.5	12,743.9	17,329.4
Adjustments which will continue current level of service:				
-Spill Prev. & Resp. Director	0.0	0.0	3.1	3.1
-Contaminated Sites Program	3.9	27.7	54.2	85.8
-Industry Prep. & Pipeline Op.	0.0	2.4	50.6	53.0
-Prevention and Emerg. Response	0.0	0.0	46.1	46.1
-Response Fund Administration	0.0	0.1	6.2	6.3
FY2010 Governor	638.9	3,980.7	12,904.1	17,523.7