

State of Alaska FY2002 Governor's Operating Budget

Department of Environmental Conservation
Contaminated Sites Program
Component

Component: Contaminated Sites Program

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Component Mission

Ensure the clean up of chronic or historical releases of oil or hazardous substances to protect human health and the environment and prevent releases from underground storage tanks and unregulated above ground storage tanks.

Component Services Provided

- Reduce human exposure to hazardous substances in the environment.
- Reduce damage to property and natural resources.
- Reduce the number and size of spills from underground storage tanks and rural bulk fuel facilities.
- Return contaminated properties to safe economic reuse/development, subsistence, and recreational use.
- Ensure clean up of Formerly Used Defense and other Department of Defense sites are protective of human health and the environment.

Component Goals and Strategies

- 1) PREVENT OIL AND HAZARDOUS SUBSTANCE SPILLS.
 - Implement a prevention plan which includes risk reduction measures, technical assistance, legal action, and/or public outreach/educational approaches.
 - Educate commercial fuel tanks owners and operators in proper spill prevention and response methods and technologies.
 - Provide technical assistance to tanks owners and operators to ensure compliance with federal regulations.
- 2) ASSESS AND CLEAN UP THE HIGHEST RISK SITES.
 - Ensure cleanup of contaminated sites by responsible parties.
 - Apply consistent and measurable cleanup standards.
 - Contract private specialists to assess and clean up state-owned and "orphan" sites.
 - Implement an expanded Voluntary Cleanup Program, which includes regulated underground storage tanks, to increase rate of cleanup of lower priority sites with reduced government oversight.

Key Component Issues for FY2001 – 2002

Continue the three-year privatized inspection/tagging program for Underground Storage Tanks begun in FY 2001. Roughly one-third of the regulated tanks are inspected and compliance tagged each year. Four hundred and twenty-five tanks were inspected in FY 2001, 400 are scheduled for inspection in FY 2002, and the remaining 350 tanks will be completed in FY 2003. This recurrent 3-year program is an important step in maintaining the spill prevention equipment at the regulated facilities.

A systematic process of remediation has begun at rural bulk fuel storage facilities. DEC has partnered with the Alaska Energy Authority (AEA) in a 5-year project to assess and remediate storage facilities upgraded as part of AEA's and the Denali Commission's infrastructure improvements throughout rural Alaska. Contracts are in place to assess and remediate bulk fuel facilities as they are decommissioned. Work was started in 10 villages in FY 2001 and calls for work in 15-20 additional villages in FY 2002.

Research has begun for adding a "Brownfields" approach to the program to help reduce risk at contaminated sites and to make them available for redevelopment. Other states have initiated similar programs and have laws and policies in place which define Brownfields as well as eligibility for financial assistance and other incentives for property redevelopment

Major Component Accomplishments for FY2000

Characterized or continued clean up and monitoring of 8 "orphans sites" where the responsible or liable parties are unwilling or unable to undertake cleanup action.

Initiated and continued 13 area groundwater assessments in populated areas to determine the source of contamination and to ensure safe drinking water is provided.

Expanded the Voluntary Cleanup Program to include sites with regulated underground storage tanks, and groundwater and metals contamination to expedite clean up of low/medium risk sites. 14 sites completed Voluntary Cleanup Program clean up during FY 2000.

Completed 49 contaminated site clean ups (11 under the Voluntary Cleanup Program) and issued 112 "no further action" letters for underground storage tanks.

Continued assessment and cleanup at 14 state-owned sites.

Brought 99% of state-owned underground storage tanks into compliance with spill prevention requirements.

Certified that 95% of underground fuel storage tank facilities have adequate proof of Financial Responsibility.

Underground storage tank inspection and tag program privatized through certified underground storage tank inspections; as a result, only tanks tagged and in compliance with regulations may receive fuel.

Provided bulk fuel storage tank training to 65 villages in rural Alaska.

A major effort is underway to assess and remediate bulk fuel storage facilities in rural Alaska. The department is partnering with the Alaska Energy Authority (AEA) to remediate sites that receive new bulk fuel storage tank systems as a follow-on to fuel storage facility infrastructure improvements sponsored by AEA and the Denali Commission. This is a 5-year project targeting from 15-20 villages per year and is the first systematic remediation project of its kind in rural Alaska.

Statutory and Regulatory Authority

AS 46.03, AS 46.04, AS 46.08, AS 46.09, AS 46.03.360-450, 18 AAC 75, 18 AAC 79

Key Performance Measures for FY2002

Measure: Number of contaminated sites that have been cleaned up

(Not yet addressed by Legislature.)

Current Status:

49 contaminated site cleanups were completed in FY 2000.

Benchmark:

Increase the number of contaminated sites cleaned up.

Background and Strategies:

Annual site completion rates have more than doubled over the last ten years. The Division has taken a number of steps, which will result in further acceleration of the rate of cleanup completions. In 1999 the Division promulgated new cleanup regulations which allow contaminated site cleanups to be proportional to the risks posed to human health and the environment and the intended land use. The use of "institutional controls" tools has been expanded to facilitate risk-based cleanups which can reduce the time and costs associated with cleanups. The Division has also

expanded the Voluntary Cleanup Program (VCP) for low and medium priority sites to enable many sites, including underground storage tank sites, to be cleaned up under a streamlined process with minimal oversight by Department staff. During new site identification, responsible parties for VCP candidate sites are invited to take advantage of this streamlined cleanup process. The Division made an earlier decision to focus some staff resources on large facilities that have multiple high priority sites, such as the former U.S. Navy facility on Adak Island. This approach allowed simultaneous assessment and clean up of multiple sites in an area. The results of this approach will be realized during FY 01 and following years as multiple final cleanup efforts are completed and documented.

Measure: The time it takes the division from receiving a report of a spill to the determination of "no further action".

(Added by Legislature in FY2001 version.)

Current Status:

The department is currently evaluating how to determine the "start date" for a contaminated site since many historical sites were discovered long after the spill occurred.

Benchmark:

Decrease in the time it takes to receive "no further action" determination.

Background and Strategies:

DEC's preference is to take a collaborative approach with responsible persons to facilitate cleanup of contaminated properties. A collaborative approach involves working within the responsible person's level of resources, if there is not an acute risk to human health and the environment such as chemicals going into a stream or drinking water source. This may result in work being undertaken in a phased approach and use of cleanup technologies, such as bioremediation, which are less expensive, but take a longer time to achieve cleanup levels.

In order to speed the cleanup process up at a number of sites, DEC would have to rely on its enforcement authorities and potentially the Response Account, to facilitate quicker action. Faster action may also require more comprehensive sampling on a one time basis to reduce uncertainty (rather than an iterative approach, where additional information needs are dependent upon initial sampling results) and the use of more expensive cleanup techniques that yield immediate results, such as incineration.

Rather than take an aggressive enforcement approach when the risk does not warrant it, DEC is focusing its efforts on creating a regulatory climate that assists responsible persons in speeding up the cleanup process. The Division promulgated cleanup regulations in 1999 which are reducing transaction costs for the development of cleanup plans and has implemented an expanded Voluntary Cleanup Program to speed up the cleanup of low to medium priority sites. DEC is also increasing its emphasis on working with parties to take quick action to mitigate risk, and employ risk based cleanup standards, accompanied by institutional controls to facilitate cleanups proportional to risk and appropriate for the intended land use. Risks based approaches decrease the need for long term cleanups and facilitate redevelopment of contaminated property. A pre-remedial unit has also been developed to provide for better record keeping, and more efficient follow-up to shorten the time from the reporting of a spill to action leading to the final closeout of a spill.

Measure: The average environmental hazard per contaminated site.

(Added by Legislature in FY2001 version.)

Current Status:

At the end of FY 2000, there were 756 "high", 602 "medium", 466 "low" and 219 "unranked" contaminated sites.

Benchmark:

The number of contaminated sites in the "high", "medium", "low", and "unranked" relative risk categories at the end of the year.

Background and Strategies:

The administration is working to characterize and rank all known contaminated sites in the State and reduce the number of sites in all categories, beginning with the highest-ranked sites. The goal is the assessment and cleanup of the highest risk sites in Alaska by ensuring the cleanup of contaminated sites by responsible parties; applying

consistent and measurable cleanup standards; contracting private specialists to assess and clean up state-owned and "orphan" sites; and implementing an expanded Voluntary CleanUp Program, which includes regulated underground storage tanks, to increase the rate of cleanup of lower priority sites with reduced government oversight.

Measure: The number of underground storage tank owners issued "no further action" letters during the year.
(Added by Legislature in FY2001 version.)

Current Status:

124 "no further action" letters were issued to underground storage tank owners in FY 2000.

Benchmark:

Increase in the number of underground storage tank "no further action" letters.

Background and Strategies:

Through Legislation and rule making, the state adopted the federal regulatory program for Underground Storage Tanks and added financial assistance and tank worker/inspector elements. The goals are to clean up existing petroleum spills and prevent new spills from happening. Approximately 44 percent of over 2100 UST petroleum spills have been cleaned up and made available for economic reuse. The program has increased its annual rate of "No Further Actions" from 80 to over 100 by ensuring that each site is assigned to a designated staff person and then working the sites in order of highest hazard ranking. Sites of low rank can be expedited by processing through the Voluntary CleanUp Program.

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>
• Number of contaminated sites that have been cleaned up		X			
• The time it takes the division from receiving a report of a spill to the determination of "no further action".		X			
• The average environmental hazard per contaminated site.		X			
• The number of underground storage tank owners issued "no further action" letters during the year.		X			

Contaminated Sites Program
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,800.0	4,113.5	4,186.5
72000 Travel	226.3	524.1	524.1
73000 Contractual	1,831.5	2,222.0	2,272.7
74000 Supplies	69.2	111.6	111.6
75000 Equipment	102.1	110.0	110.0
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	6,029.1	7,081.2	7,204.9
Funding Sources:			
1002 Federal Receipts	2,259.4	3,116.2	3,122.2
1007 Inter-Agency Receipts	66.7	0.0	189.4
1052 Oil/Hazardous Response Fund	2,636.6	2,956.1	3,071.1
1061 Capital Improvement Project Receipts	183.8	188.5	0.0
1079 Storage Tank Assistance Fund	882.6	820.4	822.2
Funding Totals	6,029.1	7,081.2	7,204.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
Unrestricted Fund	68515	61.2	0.0	45.0	42.0	42.0
Unrestricted Total		61.2	0.0	45.0	42.0	42.0
Restricted Revenues						
Federal Receipts	51010	2,259.4	3,116.2	3,116.2	3,122.2	3,122.2
Interagency Receipts	51015	66.7	0.0	0.0	189.4	189.4
Capital Improvement Project Receipts	51200	183.8	188.5	188.5	0.0	0.0
Restricted Total		2,509.9	3,304.7	3,304.7	3,311.6	3,311.6
Total Estimated Revenues		2,571.1	3,304.7	3,349.7	3,353.6	3,353.6

Contaminated Sites Program

Proposed Changes in Levels of Service for FY2002

Under the Charter for Development, BP and Phillips are obligated to spend \$10 million to clean up "orphan" contaminated sites and to clean up all of their own sites, regardless of cost. DEC will provide coordination and oversight for the assessment and cleanup of contaminated sites associated with oil field development with British Petroleum, Phillips Alaska, Inc., and the various state landowners. One PFT position will be added to: identify and prioritize candidate sites; establish overall work plans and schedules; review and approve site-specific work plans and clean up levels; review site cleanup reports and determine if appropriate cleanup levels were achieved; maintain and operate a database to track accomplishments; and monitor BP/Phillips progress towards meeting the Charter commitments. Costs will be reimbursed by British Petroleum based on the agreement in the Charter for Development of the Alaskan North Slope.

Summary of Component Budget Changes

From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	0.0	3,116.2	3,965.0	7,081.2
Adjustments which will continue current level of service:				
-Year 2 Labor Costs - Net Change from FY2001	0.0	6.0	8.3	14.3
Proposed budget increases:				
-Funding for new activities associated with BP Merger	0.0	0.0	109.4	109.4
FY2002 Governor	0.0	3,122.2	4,082.7	7,204.9

Contaminated Sites Program**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	65	67	Annual Salaries	3,342,393
Part-time	1	1	COLA	50,415
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	1,105,494
			<i>Less 6.93% Vacancy Factor</i>	(311,802)
			Lump Sum Premium Pay	0
Totals	66	68	Total Personal Services	4,186,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	2	1	1	1	5
Administrative Clerk III	2	0	1	1	4
Analyst/Programmer IV	0	0	1	0	1
Env Eng Associate	0	1	0	1	2
Environ Conserv Mgr I	3	1	0	0	4
Environ Conserv Mgr II	0	0	1	0	1
Environ Conserv Mgr III	0	0	1	0	1
Environ Engineer I	0	1	0	1	2
Environmental Spec II	3	1	1	0	5
Environmental Spec III	14	7	9	2	32
Environmental Spec IV	5	2	1	0	8
Grants Administrator II	1	0	0	0	1
Prog Coordinator	0	0	1	0	1
Project Coord	0	0	1	0	1
Totals	30	14	18	6	68