

State of Alaska
FY2004 Governor's Operating Budget

Department of Environmental Conservation
Air and Water Quality
Budget Request Unit Budget Summary

Air and Water Quality Budget Request Unit

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BRU Mission

Protect air and water quality.

BRU Services Provided

- Improve air and water quality conditions where they are below public health or environmental standards.
- Issue air and water quality permits based on science to facilities and operations that release potentially harmful pollutants.
- Ensure facility compliance with permit conditions.
- Assist communities in the protection of air and water quality.
- Provide user-friendly public access to air and water quality data.

BRU Goals and Strategies

1) IMPROVE AIR AND WATER QUALITY.

- Improve the air and water discharge permitting programs to provide reliable, predictable and on-time permits that are environmentally protective while responsive to an enhanced level of resource development.
- Through collaboration among state resource agencies, rank the state's overall needs for water quality enhancement and protection projects to achieve common goals for fishable, drinkable, swimmable and workable waters.
- Develop, amend, and maintain water quality standards to protect and manage the best uses of Alaska's water resources.
- Continue to develop internet-based permit application forms and methods for issuing on-line air and water quality permits and providing access to databases that will enhance knowledge, avoid redundancy and support informed and efficient decision-making.
- Assist Anchorage and Fairbanks in fulfilling the provisions of the state air quality plan (SIP) designed to achieve continual progress in meeting public health standards for carbon monoxide air pollution.

Key BRU Issues for FY2003 – 2004

The state, federal agencies, local governments and non-governmental entities all spend time and money to preserve and enhance water quality. State and local governments receive federal funds for various water quality projects. Several federal agencies also work to preserve and enhance water quality. It is essential to build and foster a unified approach to prioritize water quality projects. In conjunction with F&G and DNR, DEC is implementing the Alaska Clean Water Actions (ACWA) plan. The plan provides a method to identify and prioritize the highest needs in the state for protecting water quality, water quantity, and aquatic habitats. It sets common principles for decision making at the state level. DEC will collaborate with federal agencies, local government and other entities to prioritize and fund water quality projects that are aligned with the ACWA policy principles.

Anchorage and Fairbanks continue to have pollution problems from carbon monoxide. Anchorage and Fairbanks have attained the national clean air standards in 2001, but violations can still occur. The department will continue to work closely with both communities and EPA to develop effective carbon monoxide control programs to maintain good air quality protecting public health and avoiding further federal intervention.

Major BRU Accomplishments in 2002

- Guided by a stakeholders' work group recommendations, DEC rebuilt portions of a comprehensive and efficient state wastewater discharge permit program. The permitting program is being redesigned to allocate the greatest resources towards those activities posing the greatest risks to water quality, to enhance field oversight and technical

assistance and to streamline the permitting of lower risk discharges. In FY2002, the division launched a statewide, facility-specific permit tracking data system for wastewater discharge, stormwater, and 404 wetland permits, with permit staff desktop access to the information. DEC increased its productivity in field technical assistance to permitted facilities.

- As directed by the 22nd Legislature in HB 260, worked with a negotiated regulations committee comprised of representatives of the cruise ship industry, coastal municipalities, regional economic organizations, natives, environmental organizations, agencies, and the public to draft regulations to implement the commercial passenger vessel environmental compliance program. The regulations were released for public review in June 2002 and adopted in September 2002.
- Swan Lake, in the City and Borough of Sitka, was removed from the state's polluted waters list.
- Working with Anchorage and Fairbanks, the department completed an air quality plan that demonstrated that Anchorage and Fairbanks had achieved the air quality health standards for carbon monoxide.
- Adopted standard permit regulations to streamline the development of air operating permits. This action speeds permit issuance time and reduces permit cost for those facilities which choose to use the standard conditions. The regulations also allow for a facility to develop custom permit conditions in those cases where the standard permit conditions are inappropriate.

Key Performance Measures for FY2004

Measure:

The change when compared to the prior fiscal year in the cost per permit issued.

Sec 65 Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

Target: Fees should equal administrative costs.

Status:

	FY 2001	FY 2002	% change
AQ – Operating Permit	\$ 7,412	\$15,991	115.7% increase
AQ – Construction Permit	\$13,990	\$ 9,204	34 % decrease
WQ – Individual Permit		\$ 3,007	
WQ – General Permit		\$ 368	

(AQ = Air Quality, WQ = Water Quality)

Benchmark Comparisons:

External comparisons not available.

Background and Strategies:

Air Quality: Late in FY2002 the department adopted regulations for several standard permit conditions. These standard conditions will simplify the process, eliminating the need to develop corresponding conditions for each permit.

Industry sector permits reviewed and issued in FY2002 were for more complex facilities than those in FY2001, demanding more staff time and increasing costs.

A stakeholder workgroup convened in fall of 2002 to review costs and services provided by the air permit program, including costs for operating permits. The workgroup provided specific recommendations on how to reform the program to improve service delivery and manage costs.

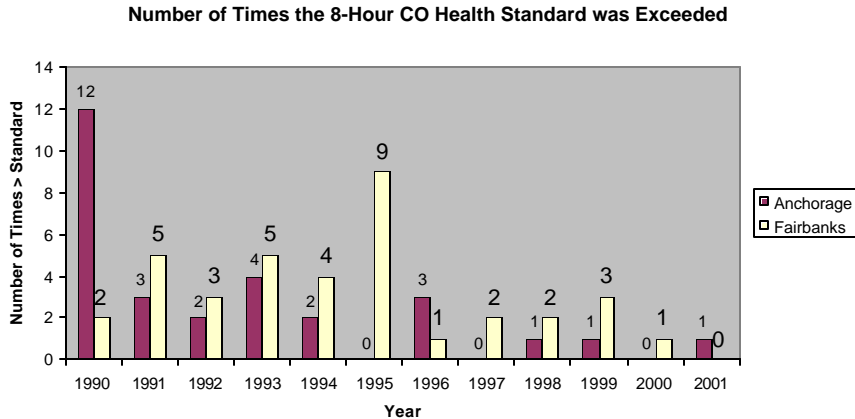
Water Quality: Water quality permit costs reflect only the direct costs of providing designated regulatory services in reviewing and issuing the permit as described in AS 37.10 (HB 361; 2000). Whereas air quality permit costs, by law, include all direct and indirect costs incurred by the agency for a permit. To reduce the costs of water quality permits, DEC continues to focus on reducing staff time per permit through the development of a facility-specific database, standardized permit conditions, a web-based application process, and the development of streamlined approvals for low-risk discharges.

Measure:

Whether the carbon monoxide levels in Fairbanks and Anchorage meet health standards.
 Sec 65 Ch 124 SLA 2002(HB 215)

Alaska's Target & Progress:

Target: Achieve the national ambient air quality standards annually in Anchorage and Fairbanks.
 Status: Both communities have attained the health standards.



Benchmark Comparisons:

Attainment of the national ambient air quality standards.

In the recent past, eight communities in the nation exceeded the air quality standards for carbon monoxide or have not been reclassified to healthy status. At this time only one community actually exhibits concentrations above the standard, Los Angeles.

Background and Strategies:

Now that the attainment demonstrations have been accepted by EPA DEC is working closely with the Fairbanks Borough, the Municipality of Anchorage and EPA to prepare the required maintenance plans.

Measure:

The average time taken in days from receipt of a permit application to approval.
 Sec 65 Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

Target: Air Quality Construction permits – 130 days.
 Water Quality permits
 Individual permits – 122 days
 General Permits – 55 days

Status: Progress is shown in the chart below:

	FY 2001	FY 2002
Air – Operating Permit	461	399
Air – Construction Permit	150	174
Water Quality - Individual	136	240
Water Quality – General	62	38

Benchmark Comparisons:

External comparisons not available.

Background and Strategies:

Air Quality: We maintain a construction permit file of pending permit applications and track the issuance of permits. To reduce permitting time, we:

- Adopt regulations to make permits more uniform. For example, standard permit conditions were adopted in FY2002 to streamline permitting for operating permits and to make construction permit conditions more uniform with operating permits.
- Implement key recommendations from the air permits benchmarking study such as clarifying acceptable application elements, clarifying the requirements for use of EPA guidance or alternative models, assigning a single point of contact per application, and streamlining technical analysis reviews.

Water Quality: The wastewater discharge permit rebuild focuses on efficiency through enhanced facility-specific data management and analysis, computer-assisted permitting, and simplified permit application procedures, as well as expanded use of general approvals for low-risk activities.

To reduce permitting time, we:

- Redesign our permitting system to fast-track lower risk activities.
- Look for opportunities to streamline review schedules when multi-agency and federal permits are involved.

Measure:

The average time taken from receipt of a permittee complaint to resolution of the complaint.

Sec 65 Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

Target: 60 days.

Status: The average time is 47 days.

Benchmark Comparisons:

External comparisons not available.

Background and Strategies:

Program managers track complaints and all receive a director's review.

Measure:

The percentage of facilities inspected according to risk-based inspection frequency.

Sec 65 Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

Target: 100% of high-risk facilities.

Status:

	FY 2001	FY 2002
Air	82%	100%
Water	not available	58%

Benchmark Comparisons:

External comparisons not available.

Background and Strategies:

Air Quality: Factors employed to target higher risk facilities include:

- Size of facility
- Date of last inspection
- Actual quantity of emissions
- History of actual hazardous air pollutant emission
- Past compliance history

Water Quality: Factors employed to target higher risk facilities include:

- New facility or significant modification
- Significant permit violations
- Legitimate complaint of health or environmental hazard
- Date of last inspection
- Toxic pollutant potential
- Past compliance based on failure to submit discharge monitoring reports or exceedences in past reports

Measure:

The percentage of fast-track general permits as compared to the total number of permits.

Sec 65 Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

Target: None

Status:	FY 2002
Air	56.5%
Water	70.3%
Non-Point Source	49.0

Benchmark Comparisons:

External comparisons not available.

Background and Strategies:

Air Quality: In order to increase the opportunities for fast-track permits, we will:

- Continue to identify additional general permit opportunities during permit reviews.

Water Quality: In order to increase the opportunities for fast-track permits, we will:

- Develop additional general permits, permits-by-rule and generally allowed activity options for low-risk operations in accord with authority specified in SB 356 (2002).

Air and Water Quality
BRU Financial Summary by Component

All dollars in thousands

	FY2002 Actuals			Total Funds	FY2003 Authorized			Total Funds	FY2004 Governor			Total Funds
	General Funds	Federal Funds	Other Funds		General Funds	Federal Funds	Other Funds		General Funds	Federal Funds	Other Funds	
<u>Formula</u>												
<u>Expenditures</u>												
None.												
<u>Non-Formula</u>												
<u>Expenditures</u>												
Air and Water Director	213.1	0.0	2.6	215.7	216.6	0.0	19.6	236.2	217.5	0.0	6.4	223.9
Air Quality	1,113.8	1,297.2	2,790.9	5,201.9	1,411.3	1,639.1	2,875.6	5,926.0	1,229.5	1,494.2	3,758.9	6,482.6
Water Quality	2,206.4	1,655.3	224.6	4,086.3	2,379.8	2,087.9	325.4	4,793.1	2,314.5	2,527.9	317.6	5,160.0
Com'l Passenger Vessel Program	0.0	0.0	419.8	419.8	0.0	0.0	703.7	703.7	0.0	0.0	704.9	704.9
Totals	3,533.3	2,952.5	3,437.9	9,923.7	4,007.7	3,727.0	3,924.3	11,659.0	3,761.5	4,022.1	4,787.8	12,571.4

Air and Water Quality

Proposed Changes in Levels of Service for FY2004

Additional funding and program improvements are being sought as follows:

- Air permits are important to maintaining Alaska's excellent air quality for future generations. To encourage responsible development, Alaska needs a predictable process that issues timely permits. The process must be flexible enough to take advantage of fast changing business opportunities, yet allow responsible management of air resources to ensure that Alaska remains a competitive business location in an ever-changing world. To achieve these goals, DEC will make significant changes in their major source and minor source permitting regulations, develop new permitting tools, design and implement a quality management system, focus on field work, and implement a new fee structure.
- State regulatory oversight ensures protection of water quality as Alaska develops its valuable natural resources. Since 2000, the State has modestly strengthened its wastewater permitting program focusing on field presence for technical assistance and permit compliance monitoring, timely issuance of permits, and developing the computer foundations for internet based permitting services. In 2003, the State will continue to build its permitting capacity and predictability as it provides Internet access to permit information and begins to document its business practices. To accelerate the delivery of wastewater permitting services to fully meet expected resource development needs and community public health needs, it will be necessary to intensify efforts in five key areas: 1) enhanced and expedited permit issuance, increased field inspections, additional technical and compliance assistance; 2) accelerated on-line electronic permitting; 3) improved permit production, public notice, record keeping and retrieval; 4) accelerated documentation of DEC business practices; and 5) improved wastewater regulations.

A reduction is being sought in the Air Quality Component, Oxyfuel Program. With advanced pollution control technology on newer automobiles, the Oxyfuel Program (requiring industry production of ethanol based fuel) may no longer be necessary in the Anchorage area. Discontinuing this program provides program cost savings as well as the return of an estimated 2.5 million dollars to the state treasury if the annual industry tax credit is no longer required production of the fuel.

Other requested changes represent salary adjustments, reductions, or a realignment of resources to promote efficiencies or capture savings and have no impact on the level of services provided.

Air and Water Quality

Summary of BRU Budget Changes by Component

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	4,007.7	3,727.0	3,924.3	11,659.0
Adjustments which will continue current level of service:				
-Air and Water Director	0.9	0.0	0.0	0.9
-Air Quality	0.0	9.2	30.4	39.6
-Water Quality	0.0	19.2	2.2	21.4
-Com'l Passenger Vessel Program	0.0	0.0	1.2	1.2
Proposed budget decreases:				
-Air and Water Director	0.0	0.0	-13.2	-13.2

Proposed budget decreases:				
-Air Quality	-181.8	-154.1	-24.8	-360.7
-Water Quality	-65.3	-68.4	-10.0	-143.7
Proposed budget increases:				
-Air Quality	0.0	0.0	877.7	877.7
-Water Quality	0.0	489.2	0.0	489.2
FY2004 Governor	3,761.5	4,022.1	4,787.8	12,571.4