

**State of Alaska**  
**FY2004 Governor's Operating Budget**

**Department of Environmental Conservation**  
**Spill Prevention and Response**  
**Budget Request Unit Budget Summary**

## Spill Prevention and Response Budget Request Unit

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### BRU Mission

Reduce unlawful oil and hazardous substance contamination in the environment.

### BRU Services Provided

- Manage division resources to protect public health and the environment through the safe handling and cleanup of oil and chemicals.
- 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 ensure their cleanup through government planning and rapid response.
- Oversee and conduct cleanups at contaminated sites in Alaska and prevents releases from underground storage tanks and unregulated aboveground storage tanks.
- Manage the Storage Tank Assistance Fund and Oil and Hazardous Substance Release Prevention and Response Fund as viable, long-term funding sources for the state's core spill prevention and response initiatives.

### BRU Goals and Strategies

- 1) PREVENTION - ENSURE A "SAFER" ALASKA THROUGH THE SPILL-FREE HANDLING OF OIL AND CHEMICALS.
  - Verify regulated oil terminals, pipelines, tank vessels and barges, railroads, refineries, nontank vessels, and exploration and production facilities comply with spill prevention requirements.
  - Reduce the occurrence of spills and hazardous substance releases from home heating oil tanks, aboveground storage tanks, and other unregulated sources through education and technical assistance to industry and the general public.
  - Implement an underground storage tank spill prevention plan which includes risk reduction measures, outreach, mandatory inspections and tags, and education of fuel tank owners and operators in proper spill prevention and response methods.
- 2) PREPAREDNESS – ENSURE A "BETTER" RESPONSE TO SPILLS THROUGH GOVERNMENT AND INDUSTRY RESPONSE READINESS.
  - Verify that facility and vessel operators have adequate resources to respond to oil spills through the review and approval of oil discharge prevention and contingency plans, inspection of response equipment inventories and spill response exercises and drills.
  - Maintain and improve statewide spill response preparedness by integrating state response capabilities with local communities and other State and federal agencies, pre-positioning of response equipment for local use, maintaining statewide and regional spill response plans, and implementing an incident command system for oil spill response in Alaska.
- 3) CLEANUP CONTAMINATED SITES.
  - Timely characterization and remediation of health exposure risks due to oil and hazardous substance releases.
  - Require mitigation of the effects of oil and hazardous substance releases on the State's natural, biological and cultural resources.
  - Restore property value and usability through by enforcing adequate cleanup.
- 4) RESPONSE FUND MANAGEMENT- ENSURE "SUSTAINABLE" FUNDING FOR THE ABATEMENT OF RELEASES OF OIL AND HAZARDOUS SUBSTANCES.

- Focus future activities on core spill prevention and response needs to ensure the long-term viability of the Prevention Account of the Oil and Hazardous Release Prevention and Response Fund.
- Recover the state's costs for responding to unauthorized releases of oil and hazardous substances.

### **Key BRU Issues for FY2003 – 2004**

Ensure that annual funding requests are consistent with revenue generated by the surcharge on oil production in order to sustain the state's long-term spill prevention, preparedness and response capability.

In previous years, DEC developed partnerships with local communities to improve Alaska's oil and hazardous substance spill response capabilities through response agreements. To assist local communities in preparation for emergency spill response, DEC has pre-positioned equipment depots throughout Alaska. To further this effort, DEC will implement a strategic plan to expand, improve and formalize the response capabilities and preparedness as Alaska's Spill Response Depot/Corps System with private oil spill response cooperatives and community response agreements.

Ensure data -quality management and analysis of division database information to establish division spill prevention and response priorities.

Implement a risk-based decision making process to ensure that division resources are directed to the highest priority prevention, preparedness and response needs.

Effectively prioritize and direct site cleanup resources to remediate and return to economic use the increasing number of contaminated sites through development and implementation of a comprehensive cleanup strategy.

Ensure the implementation of the following projects: Alaska Spill Response Depots/Corps enhancements, Clean Marina initiative, home heating oil spill prevention, contingency plan regulations review, best available technology evaluation, North Slope Charter Agreement, nontank vessel and railroad regulations development and implementation, persistent bioaccumulative toxics implementation, underground storage tank inspections, and cleanup of unexploded ordnance.

### **Major BRU Accomplishments in 2002**

Received 2,014 spill reports and conducted field visits or phone follow-up actions for 605 of these incidents.

Monitored progress and worked with the North Slope oil companies to fulfill their commitments under the Charter Agreement for the North Slope, which calls for industry investment of at least 17 million dollars in oil spill prevention, remediation and research over a ten-year period.

Inspected 85% of the tankers operating in Prince William Sound, 55% of the crude oil spot charter vessels, and one-third of all regulated tank farms and terminals.

Completed 111 contaminated site cleanups and issued 226 "no further action" letters for cleanups at underground storage tank sites with historical contamination.

Brought 99% of state-owned underground storage tanks into compliance with spill prevention requirements, and discovered and corrected over 650 leak prevention violations at inspected underground storage tank facilities (no leaking tanks were found).

### **Key Performance Measures for FY2004**

**Measure:**

**Number of oil spills greater than one gallon per year compared to the number of spills requiring a response.**  
Sec 66 Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Target: An annual reduction in oil spills which require a direct response.

Status:

| <b>Spill Data Comparison (FY02 versus Average for Prior Years (FY96-01))</b>                |             |                         |
|---|-------------|-------------------------|
| <b>Performance Measure</b>  | <b>FY02</b> | <b>FY 96-01 Average</b> |
| Total Number of Spills Reported (includes both oil spills and hazardous substance releases) | 2,014       | 2,449                   |
| Number of Oil Spills requiring a response*  | 605         | 737                     |
| *A response is defined as a field response or telephone follow-up action.                   |             |                         |

**Benchmark Comparisons:**

External comparisons not available.

**Background and Strategies:**

Responses focused on the highest priority incidents that posed the greatest threat to public health and the environment. This number of responses is significantly lower than prior years and reflects the fact that fewer spills occurred that posed significant threats to public health or the environment.

**Measure:**

**Number of hazardous substance spills compared to the number of hazardous substance spills requiring response.**

Sec 66 Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Target: An annual reduction in hazardous substance spills which require a direct response.

Status:

| <b>Hazardous Substance Release Data Comparison - FY 02 versus Average for Prior Years (FY 96-01)</b> |             |                         |
|--|-------------|-------------------------|
| <b>Performance Measure</b>   | <b>FY02</b> | <b>FY 96-01 Average</b> |
| Total Number of Hazardous Substance releases   | 321         | 508                     |
| Number of Hazardous Substance releases requiring a response*   | 87          | 105                     |
| *A response is defined as a field response or telephone follow-up action.                            |             |                         |

**Benchmark Comparisons:**

External comparisons not available.

**Background and Strategies:**

In FY02, program staff responded to 87 hazardous substance releases. These responses focused on the highest priority incidents that posed the greatest threat to public health and the environment. This number of spills is significantly lower than prior years and reflects the fact that fewer spills occurred that posed significant threats to public health or the environment.

**Measure:**

**Time the division takes from receiving a report of a spill to the determination of "no further action".**

Sec 66 Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Target: None

Status: The average time is approximately four years.

**Benchmark Comparisons:**

External comparisons not available.

**Background and Strategies:**

- Take a collaborative approach with responsible persons to facilitate cleanup of contaminated properties.
- Rely on department enforcement authorities and funds from the Response Account to facilitate quicker action. However, rather than take an aggressive enforcement approach when the risk does not warrant it, focus efforts on creating a regulatory climate that assists responsible persons in speeding up the cleanup process.
- Utilize the Voluntary Cleanup Program where possible to speed up the cleanup of low to medium priority sites.
- Increase department emphasis on working with responsible parties to take quick action to mitigate risk.
- Employ risk based cleanup standards, accompanied by institutional controls, to facilitate cleanups proportional to risk and appropriate for the intended land use, decrease the need for long term cleanups, and facilitate redevelopment of contaminated property.

**Measure:**

**Average annual state cleanup costs per spill.**

Sec 66 Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Target: None

Status: Average costs for 1997 through 2001 were \$3,631 per year. In 2002, average costs were \$1,120.

**Benchmark Comparisons:**

External comparisons not available.

**Background and Strategies:**

The department is required by law to track and recover state response and cleanup costs from responsible parties and seek compensation for damages to the state's natural resources. The goal is to continue to improve the state's accounting, cost-tracking and billing procedures to ensure timely recovery of expended costs to the Oil and Hazardous Substance Release Prevention and Response Fund. The department will continue to pursue other sources of cost recovery, such as federal oversight funds and the federal Oil Spill Liability Trust Fund.

**Measure:**

**Average annual state cleanup costs per contaminated site.**

Sec 66 Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Target: None

Status: Average costs for 1997 through 2002 were \$7,392 per year. In 2002, average costs were \$15,400.

*\* Increased average site costs in FY 2002 can be attributed to major cleanup efforts on the North Slope associated with North Slope Charter activities totaling nearly \$900,000.*

**Benchmark Comparisons:**

External comparisons not available.

**Background and Strategies:**

The department is required by law to track and recover state response and cleanup costs from responsible parties and seek compensation for damages to the state's natural resources. The goal is to continue to improve the state's accounting, cost-tracking and billing procedures to ensure timely recovery of expended costs to the Oil and Hazardous Substance Release Prevention and Response Fund. The department will continue to pursue other sources of cost recovery, such as federal oversight funds and the federal Oil Spill Liability Trust Fund.

**Measure:**

**Average annual environmental hazard per contaminated site.**

Sec 66 Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Target: None

Status:

| Number of Sites by Relative Risk Ranking |      |      |      |      |      |
|--|------|------|------|------|------|
| 1997                                     | 1998 | 1999 | 2000 | 2001 | 2002 |
|  |      |      |      |      |      |

|          |      |      |      |      |      |      |
|----------|------|------|------|------|------|------|
| High     | 642  | 674  | 672  | 754  | 776  | 982  |
| Medium   | 485  | 512  | 506  | 596  | 660  | 662  |
| Low      | 377  | 406  | 397  | 466  | 493  | 473  |
| Unranked | 164  | 176  | 173  | 202  | 117  | 169  |
| Total    | 1668 | 1768 | 1748 | 2018 | 2046 | 2303 |

**Benchmark Comparisons:**

External comparisons not available.

**Background and Strategies:**

By analyzing the cleanup process, the division has determined that an important measurement is how many interim actions the division has approved to reduce acute or dangerous exposures to hazardous substances. The division is working to develop a mechanism that will track the number of contaminated sites where interim actions have been taken to reduce acute or dangerous exposures to the public, as well as to track the current status of the cleanup process. This will provide for a measure of the reduction in hazard per site.

**Measure:**

**Percentage of underground storage tank owners required to clean up a site who are issued "no further action" letters during the year.**

Sec 66 Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Target: None

Status: FY 2001 137

FY 2002 226

An increase of 65% in "no further action" letters.

**Benchmark Comparisons:**

External comparisons not available.

**Background and Strategies:**

Through legislation and rulemaking, 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.

To date, approximately 49 percent of over 2300 UST petroleum spills have been cleaned up and made available for economic reuse. The program has increased its annual rate of "no further action" determinations despite an increase in the number of confirmed releases for this fiscal year. A plan will be developed in FY03 to further define strategies to increase the number of overall cleanups, increase the completion of low priority sites, and determine additional streamlining methods for the cleanup process and for oversight of high priority sites.

**Measure:**

**Average time to approve oil spill prevention contingency plans as compared to the prior year.**

Sec 66 Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Target: 60 days

Status: This is a new measure and, although we did not collect specific data for prior years, a system has now been established to track and report information in the current year.

**Benchmark Comparisons:**

External comparisons not available.

**Background and Strategies:**

Departmental review procedures are established by regulation. All oil discharge prevention and contingency plans and nontank vessel equivalent plans, must be completed within designated timelines established by regulation. Key deadlines are:

- 1) Within 7 days after receipt of the application and plan, determine whether sufficient information has been provided for public review;
- 2) When the plan is determined sufficient, establish a 30-day comment period and publish notice;
- 3) If additional information is required to determine whether the application or plan is complete, notice the applicant within 18-25 days into the comment period and extend the comment period by 10 days of receipt of the requested information;
- 4) Following the comment period including any extension and within 65 days after the department determines that an application is complete, approve, conditionally approve or disapprove a plan.

The department has developed streamlined contingency plan regulations for nontank vessels which will reduce the time required to approve a contingency plan.

**Spill Prevention and Response**  
**BRU Financial Summary by Component**

All dollars in thousands

|  | FY2002 Actuals |                |                 |                 | FY2003 Authorized |                |                 |                 | FY2004 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     |
| <b><u>Formula Expenditures</u></b>     |                |                |                 |                 |                   |                |                 |                 |                 |                |                 |                 |
| None.                                  |                |                |                 |                 |                   |                |                 |                 |                 |                |                 |                 |
| <b><u>Non-Formula Expenditures</u></b> |                |                |                 |                 |                   |                |                 |                 |                 |                |                 |                 |
| Spill Prev. & Resp. Director           | 0.0            | 0.0            | 194.8           | 194.8           | 0.0               | 0.0            | 202.4           | 202.4           | 0.0             | 0.0            | 203.8           | 203.8           |
| Contaminated Sites Program             | 0.0            | 2,255.6        | 3,919.0         | 6,174.6         | 0.0               | 3,166.2        | 4,121.4         | 7,287.6         | 0.0             | 3,191.0        | 4,150.7         | 7,341.7         |
| Industry Prep. & Pipeline Op.          | 0.0            | 0.0            | 2,924.2         | 2,924.2         | 0.0               | 8.5            | 3,463.1         | 3,471.6         | 0.0             | 8.5            | 3,472.6         | 3,481.1         |
| Prevention and Emerg. Response         | 0.0            | 0.0            | 3,135.1         | 3,135.1         | 0.0               | 0.0            | 3,144.3         | 3,144.3         | 0.0             | 0.0            | 3,177.0         | 3,177.0         |
| Response Fund Administration           | 0.0            | 31.8           | 1,747.5         | 1,779.3         | 0.0               | 32.7           | 1,759.7         | 1,792.4         | 0.0             | 32.9           | 1,761.6         | 1,794.5         |
| <b>Totals</b>                          | <b>0.0</b>     | <b>2,287.4</b> | <b>11,920.6</b> | <b>14,208.0</b> | <b>0.0</b>        | <b>3,207.4</b> | <b>12,690.9</b> | <b>15,898.3</b> | <b>0.0</b>      | <b>3,232.4</b> | <b>12,765.7</b> | <b>15,998.1</b> |



**Spill Prevention and Response  
Proposed Changes in Levels of Service for FY2004**

No change in service level is anticipated.

**Spill Prevention and Response  
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> |
|--|----------------------|----------------------|--------------------|--------------------|
| <b>FY2003 Authorized</b>   | <b>0.0</b>           | <b>3,207.4</b>       | <b>12,690.9</b>    | <b>15,898.3</b>    |
| <b>Adjustments which will continue current level of service:</b> |                      |                      |                    |                    |
| -Spill Prev. & Resp. Director                                    | 0.0                  | 0.0                  | 1.4                | 1.4                |
| -Contaminated Sites Program                                      | 0.0                  | 24.8                 | 29.3               | 54.1               |
| -Industry Prep. & Pipeline Op.                                   | 0.0                  | 0.0                  | 31.1               | 31.1               |
| -Prevention and Emerg. Response                                  | 0.0                  | 0.0                  | 32.7               | 32.7               |
| -Response Fund Administration                                    | 0.0                  | 0.2                  | 1.9                | 2.1                |
| <b>Proposed budget decreases:</b>                                |                      |                      |                    |                    |
| -Industry Prep. & Pipeline Op.                                   | 0.0                  | 0.0                  | -21.6              | -21.6              |
| <b>FY2004 Governor</b>   | <b>0.0</b>           | <b>3,232.4</b>       | <b>12,765.7</b>    | <b>15,998.1</b>    |