

State of Alaska FY2004 Governor's Operating Budget

Department of Environmental Conservation Response Fund Administration Component Budget Summary

Component: Response Fund Administration

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Component Mission

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.

Component Services Provided

- Manage the Prevention and Response Accounts of the Oil and Hazardous Substance Release Prevention and Response Fund.
- Recover state costs for responding to spills from the responsible party or other source of funding if recovery from the responsible party is not possible.
- Manage the Storage Tank Assistance Fund Grant and Loan Program.
- Manage and coordinate receipt and expenditure of federal dollars for cleanup of federal facilities.

Component Goals and Strategies

1) MANAGE THE STATE'S RESPONSE FUND.

- Provide accurate three year projections of fund balance to support fund management strategy.
- Target budget requests to limit annual funding requests to revenue available from the prevention account surcharge.
- Develop long term strategy for maintaining core spill prevention and response program with available revenue.
- Provide accurate and timely expenditure and revenue reporting to ensure efficient management of response funds.
- Develop cost controls and standardize division contracts.
- Manage term contracts and issue Notices to Proceed (NTPs).
- Process grants and loans for underground storage tank cleanup and CIP expenditures for cleanup at state owned facilities.
- Prepare biennial report on the status of the Response Fund and annual report on Storage Tank Assistance Fund.
- Act as Finance Section in Incident Command System (ICS) for major spill responses to provide accurate tracking of expenditures and site activities and to reduce daily expenses. for significant spills.

2) RECOVER STATE COSTS FROM RESPONSIBLE PARTIES.

- Track all state expenditures to control, contain, and clean up oil or hazardous substance spills.
- Initiate timely billings to responsible parties to ensure maximum recovery of state costs.
- Participate in settlement of cost recovery claims with the Department of Law.
- Identify and pursue other sources of cost recovery such as the Federal Oil Spill Liability Trust Fund.
- Collect staff site logs and maintain and report daily State expenses for significant spill responses.

Key Component Issues for FY2003 – 2004

Effectively manage the Response Fund to ensure that the state's long-term spill prevention, preparedness, response and cleanup capabilities are maintained at an adequate level as a result of the decline in revenue from the 3-cent surcharge and reduced crude oil production.

Major Component Accomplishments in 2002

- Billed nearly 400 Responsible Parties for over \$2.1 million of state costs and received over \$2.2 million in cost recovery payments.

- Recovered 71% of billable state costs in FY 2002.
- Recovered \$236,000 in fines, penalties and settlements in addition to the \$3.8 million Exxon Valdez settlement.
- Accessed the Response Account to fund costs associated with F/V Windy Bay, Tesoro Pipeline Mile 13.5, Trans-Alaska Pipeline bullet hole, and U-Pad Truck Rollover spill responses.
- Provided oversight of \$45.0 million cleanup and response capital improvement projects.
- Consolidated and procured new cleanup and remediation term contracts with thirty contractors and completed contracts database for improved tracking and management of contracts.
- Issued 66 contracts for \$2.2 million to conduct cleanup and site assessment work.
- Increased potential cost recovery revenue by developing decision making process for documenting and accessing federal National Pollution Fund Center funds used to reimburse state costs associated with spills and cleanup.
- Processed and awarded 24 continuation and 4 new tank cleanup grants totaling over \$2.2 million.
- 98.5% of expenditure billings were on time, maximizing revenue collections from responsible parties. Response Account expenditures were billed monthly and other cost recovery billings were billed quarterly.
- Standardized Response Fund balance calculations and projections.
- Completed Storage Tank Assistance Annual Report and Response Fund Interim Report.
- Provided staff training in grant and contract cost containment and cost controls to maximize funding available to conduct assessment, remediation and cleanup activities.
- Standardized grant reporting and tracking for Base Realignment and Closure, Department of Defense, National Oceanic and Atmospheric Administration, and Underground Storage Tank cleanup dollars to enhance reporting activities and funding requests.

Statutory and Regulatory Authority

AS 46.03, AS 46.08, 18 AAC 78.

Response Fund Administration
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	292.0	300.9	303.0
72000 Travel	14.4	7.5	7.5
73000 Contractual	1,460.7	1,480.0	1,480.0
74000 Supplies	3.2	2.0	2.0
75000 Equipment	9.0	2.0	2.0
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	1,779.3	1,792.4	1,794.5
Funding Sources:			
1002 Federal Receipts	31.8	32.7	32.9
1052 Oil/Hazardous Response Fund	1,747.5	1,759.7	1,761.6
Funding Totals	1,779.3	1,792.4	1,794.5

Response Fund Administration
Proposed Changes in Levels of Service for FY2004

No significant changes in services are anticipated.

Summary of Component Budget Changes
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	0.0	32.7	1,759.7	1,792.4
Adjustments which will continue current level of service:				
-Annualize FY2003 COLA Increase for General Government, Confidential and Supervisory Bargaining Units	0.0	0.2	1.9	2.1
FY2004 Governor	0.0	32.9	1,761.6	1,794.5

Response Fund Administration

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	5	5	Annual Salaries	228,579
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	79,380
			<i>Less 1.61% Vacancy Factor</i>	(4,959)
			Lump Sum Premium Pay	0
Totals	5	5	Total Personal Services	303,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	0	0	1	0	1
Accounting Clerk II	0	0	1	0	1
Accounting Tech III	0	0	2	0	2
Administrative Manager IV	0	0	1	0	1
Totals	0	0	5	0	5