

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

**Department of Environmental Conservation**

**Commissioner: Ernesta Ballard**

**Tel:** (907) 465-4903 **Fax:** (907) 465-5070 **E-mail:** Ernesta\_Ballard@dec.state.ak.us

**Administrative Services Director: Mike Maher**

**Tel:** (907) 465-5256 **Fax:** (907) 465-5097 **E-mail:** Mike\_Maher@dec.state.ak.us

**Department Mission**

Protect human health and the environment.

**Department Goals and Strategies**

- 1) AS AUTHORIZED SUBDIVISIONS OF THE STATE, ENCOURAGE LOCAL GOVERNMENTS TO PLAY A GREATER ROLE IN THE ENFORCEMENT OF STATE STANDARDS FOR SANITATION AND SANITARY PRACTICES.
  - Delegate inspection and compliance assurance responsibilities for retail food safety and public facilities to municipal governments.
  - Transfer the responsibility for maintaining state funded water and sewerage systems to both urban and rural governments.
  - Transfer wetland assessments to local governments.
- 2) ESTABLISH SPECIFIC, PREDICTABLE, CONSISTENT AND CLEAR PERMIT REQUIREMENTS AND SPILL CLEAN-UP STANDARDS WITH RELIABLE TIME SCHEDULES FOR DEPARTMENT AUTHORIZATIONS, REVIEWS AND APPROVALS.
  - Expand internet services for on-line permitting, application and information.
  - Increase usage of general permits and "permit by rule" to expedite and reduce costs of permitting.
  - Streamline the review and approval of industry oil spill contingency plans, air and water permits by clarifying regulatory ambiguities, ensuring predictable, reliable time schedules, and specifying objective and clear measures.
- 3) JUSTIFY CONFIDENCE IN THE QUALITY AND SAFETY OF ALASKA'S FISHERIES.
  - Sample and test Alaska's wild seafood for the presence of heavy metals and other persistent bioaccumulative toxins.
  - Sample and test Alaska's commercial shellfish (geoducks, clams, oysters, and mussels) for the presence of paralytic shellfish poison toxins.
  - Educate the food service industry and consumers on seafood safety hazards.
- 4) JUSTIFY CONFIDENCE IN THE QUALITY AND USE OF ALASKA'S WATER RESOURCES.
  - Sample and test the quality of water bodies at risk from pollution and monitor the quality of wastewater discharges.
  - In partnership with local governments and landowners, develop and implement non-point source water pollution control best management practices.
  - Develop and implement strategies to improve water quality in impaired water bodies to support multiple uses.
- 5) COLLECT AND COMMUNICATE INFORMATION FOR EVALUATING THE DEPARTMENT'S SERVICE DELIVERY AND PERFORMANCE PRIORITIES.
  - Collect data to report on performance measures, and report results and outcomes.
  - Present to the legislature, the general public and others a program priority-funding matrix which illustrates the allocation of human and fiscal resources to services.

## Key Department Issues for FY2003 – 2004

The department deals with the most basic environmental health programs – food, water, sewage and garbage. Adequate laboratory capacity to test food for the presence of biological or chemical contaminants, and to certify private laboratories for accurate testing of public water supplies is a critical component of this state's public health infrastructure. Replacing the existing Seafood and Food Safety Laboratory with a new facility that meets established safety standards with adequate laboratory capacity and accurate testing capability continues to be a top priority issue.

The department is responsible for managing the Oil and Hazardous Substance Release Prevention and Response Fund to address state spill prevention and response priorities. There has been a significant decline in revenue due to decreasing flow through the Trans-Alaska Pipeline System. Revenues from the Exxon settlement ended in September 2001. In order to sustain the state's long-term spill prevention, preparedness, response and cleanup ability annual funding requests will have to be consistent with the revenue generated by the surcharge.

This department is evolving from a strictly regulatory agency to one where citizens and stakeholders are involved partners. A human resources management program has been established to provide managers with a framework for recruiting and training staff on the organization's mission, strategic plan, and desired workforce competencies. Clearly articulated visions, mission, and strategic objectives; and cooperative supportive efforts are taught at all levels within the organization. How to recruit and retain staff with an appropriate balance of technical skills and behavioral competencies will continue to be an issue for teaching the department's workforce environmental management alternatives to the traditional regulatory command and control methods.

## Major Department Accomplishments in 2002

Cruise Ship Compliance Monitoring. State legislation was passed in a special session to give the department the tools to monitor and control cruise ship pollution. With the Commissioner's adoption of regulations in FY 2003, there is now a comprehensive state and federal oversight program to monitor cruise ship and Alaska State ferry discharges, learn more about their effects on the environment and regulate those discharges in a way that places a minimal burden on the cruise industry and the Alaska Marine Highway System.

Improved Non Tank Spill Prevention and Preparedness. The department chaired a 23-member task force with representatives from the maritime industry, the Alaska Railroad, petroleum producers, distributors and transporters, spill response cooperatives, and the US Coast Guard to develop an appropriate legal foundation to upgrade the spill prevention and response systems for non tank transportation. Based on the recommendations of the task force, legislation was passed that requires the Alaska Railroad and sea-going vessels of 400 or more gross tons to demonstrate the ability to pay for responding to oil spills. The law also established a response planning cleanup standard. Regulations adopted by the Commissioner in FY 2003 will guide implementation of the non tank spill preparedness program.

Fish Monitoring Program. Concerned buyers of Alaska's seafood products continue asking for assurance that products have not been altered by pollution. In order to respond to these requests and national fish consumption advisories, the department initiated a fish monitoring project to sample and test salmon, halibut and other species for persistent organic pollutants and heavy metals. The monitoring project assures, through statistically based sampling and testing, that our wild fish resources are not negatively impacted by pollution.

Healthy and Safe Communities. In partnership with regulated industry, citizens in affected communities, and other governmental agencies, the department:

- Increased the number of rural households with access to running water and sewer systems to 76 percent;
- Awarded 2.2 million dollars in non-point source pollution control grants and funding for clean water stewardship, pollution prevention, and restoration projects;
- Trained 2,081 individuals in community environmental assessments;
- Reduced the burden on rural communities for household hazardous waste disposal and used oil management by providing savings of 60% or more; and
- Established a 12-member advisory board to help determine the best ways to implement strategies to protect Alaskan children from environmental threats that may occur in school settings.

**Governor's Key Department-wide Performance Measures for FY2004**

**Measure:**

**The percentage of households with improved sanitation systems.**

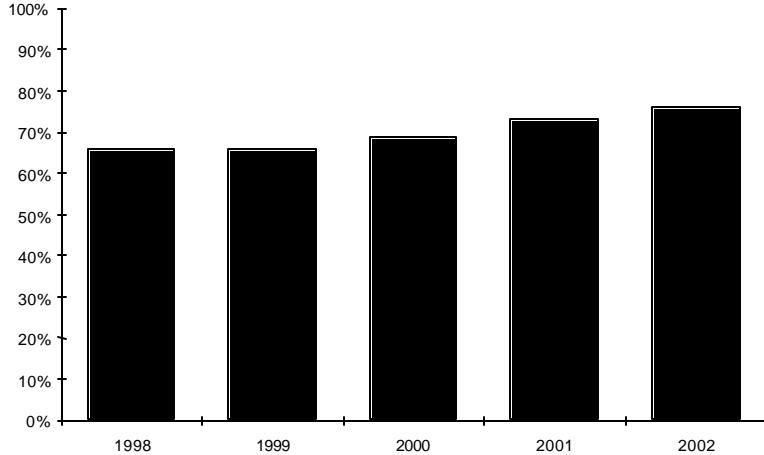
Sec 67 Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Target: Provide grants for water and sewer infrastructure to local governments that are capable of sustaining the infrastructure.

Status: The percentage of rural households with access to running water and sewer increased 3%, growing from 73 percent in 2001 to 76 percent in 2002.

Percent Rural Households With Running Water and



**Benchmark Comparisons:**

External comparisons are not available.

**Background and Strategies:**

Strategies for accomplishing this goal are:

- To secure federal grant funds for rural sanitation projects;
- To make grants to rural communities with capacity to operate and maintain sanitation utilities for design and construction of water and sewer systems; and
- To work directly with rural communities to plan and construct water and sewer systems that can be operated and maintained locally.

**Measure:**

**The percentage of change when compared to the prior fiscal year in the number of critical violations in inspected public or private facilities that significantly affect the health or safety of the public.**

Sec 61 Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Target: None, violations of state law are not expected.

Status:

	Number of Critical Violations					
	1997	1998	1999	2000	2001	2002
Pesticides	5	6	2	12	20	38
Food	825	751	565	766	821	866

**Benchmark Comparisons:**

External comparisons are not available.

**Background and Strategies:**

To meet this goal we will employ the following strategies:

- Place the highest priority on inspections for critical violations that affect public health;
- Continue inspection and monitoring of higher risk public facilities; and
- Educate inspected facilities regarding how to avoid critical violations.

**Measure:**

**The 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:

Spill Data Comparison (FY02 versus Average for Prior Years (FY96-01))		
Performance Measure	FY02	FY 96-01 Average
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

**Benchmark Comparisons:**

External comparisons are 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:**

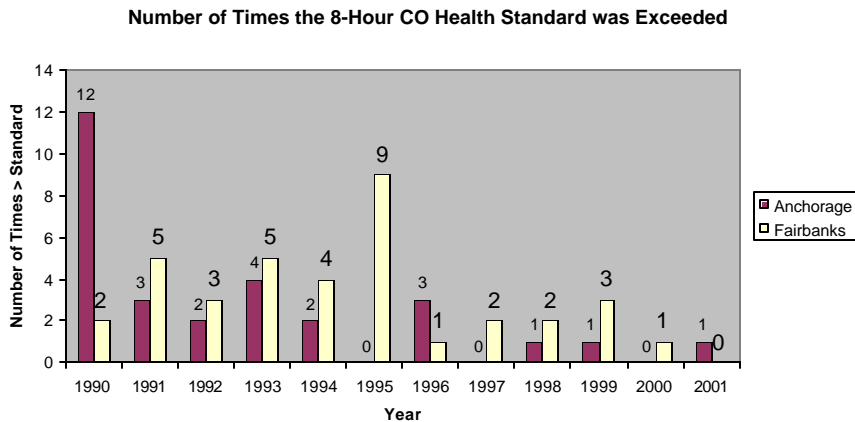
**Whether the carbon monoxide levels in Fairbanks and Anchorage meet health standards.**

Sec 65 Ch 124 SLA 2002(HB 515)

**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. The next couple of years will be critical for clean air in Anchorage and Fairbanks if additional federal requirements or sanctions are to be avoided.

**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.

**Department Budget Summary by BRU**

*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>Formula Expenditures</b>	None.											
<b>Non-Formula Expenditures</b>												
Commissioner's Office	0.0	0.0	0.0	0.0	307.8	107.5	0.0	415.3	0.0	0.0	0.0	0.0
Administration	1,075.2	997.4	4,128.5	6,201.1	823.8	912.5	1,375.8	3,112.1	1,161.8	1,304.2	2,428.1	4,894.1
Environmental Health	6,699.9	2,785.0	589.7	10,074.6	5,713.1	3,719.5	1,952.1	11,384.7	5,382.7	3,924.4	1,697.7	11,004.8
Statewide Public Services	160.8	562.4	906.4	1,629.6	122.7	838.0	1,084.7	2,045.4	0.0	0.0	0.0	0.0
Air and Water Quality	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
Non-Pt Source Pollution Contrl	0.0	2,269.1	0.0	2,269.1	0.0	1,715.4	0.0	1,715.4	0.0	1,715.4	0.0	1,715.4
Spill Prevention and Response	0.0	2,287.4	11,920.6	14,208.0	0.0	3,207.4	12,690.9	15,898.3	0.0	3,232.4	12,765.7	15,998.1
Local Emergency Planning Comm	0.0	0.0	423.4	423.4	0.0	0.0	326.1	326.1	0.0	0.0	326.1	326.1
Facility Constr. & Op.	996.7	1,420.4	2,641.5	5,058.6	1,037.9	1,660.6	3,147.4	5,845.9	934.0	1,631.2	3,174.0	5,739.2
<b>Totals</b>	<b>12,465.9</b>	<b>13,274.2</b>	<b>24,048.0</b>	<b>49,788.1</b>	<b>12,013.0</b>	<b>15,887.9</b>	<b>24,501.3</b>	<b>52,402.2</b>	<b>11,240.0</b>	<b>15,829.7</b>	<b>25,179.4</b>	<b>52,249.1</b>

### Funding Source Summary

*All dollars in thousands*

<b>Funding Sources</b>	<b>FY2002 Actuals</b>	<b>FY2003 Authorized</b>	<b>FY2004 Governor</b>
1002 Federal Receipts	13,274.2	15,887.9	15,829.7
1003 General Fund Match	2,691.6	2,838.0	2,661.6
1004 General Fund Receipts	6,917.8	7,708.3	7,263.8
1005 General Fund/Program Receipts	2,856.5	1,466.7	1,314.6
1007 Inter-Agency Receipts	4,595.9	1,117.5	1,516.8
1018 Exxon Valdez Oil Spill Settlement	122.4	13.2	
1036 Commercial Fishing Loan Fund	175.0	175.0	175.5
1052 Oil/Hazardous Response Fund	12,739.4	13,542.3	13,401.1
1053 Investment Loss Trust Fund	32.5		
1061 Capital Improvement Project Receipts	1,948.4	2,461.8	2,484.5
1075 Alaska Clean Water Loan Fund	387.3	469.4	472.5
1079 Underground Storage Tank Revolving Loan Fund	845.2	972.2	981.3
1093 Clean Air Protection Fund	2,258.5	2,857.5	3,740.1
1100 Alaska Drinking Water Fund	446.2	535.2	538.4
1108 Statutory Designated Program Receipts	77.4	77.4	77.4
1156 Receipt Supported Services		1,576.1	1,086.9
1166 Commercial Passenger Vessel Environmental Compliance Fund	419.8	703.7	704.9
<b>Totals</b>	<b>49,788.1</b>	<b>52,402.2</b>	<b>52,249.1</b>

### Position Summary

<b>Funding Sources</b>	<b>FY2003 Authorized</b>	<b>FY2004 Governor</b>
Permanent Full Time	490	477
Permanent Part Time	10	10
Non Permanent	4	4
<b>Totals</b>	<b>504</b>	<b>491</b>



### FY2004 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Seafood and Food Safety Lab Replacement	0	0	14,285,000	14,285,000
Defending State Primacy of the Alaska Air Permit Program	150,000	0	0	150,000
Environmental Monitoring and Assessment of Surface Waters	0	1,763,495	0	1,763,495
Pre-harvest Geoduck PSP Testing	250,000	0	0	250,000
Assessment of Health Risks From Use of Diesel Fuel in Rural Alaska	0	768,300	0	768,300
Statewide Contaminated Sites Cleanup	0	0	5,000,000	5,000,000
Alaska Spill Response Depots and Corps System	0	0	300,000	300,000
Data Integration	0	580,000	0	580,000
Municipal Water, Sewer and Solid Waste Matching Grant Projects	10,721,300	6,708,800	6,447,100	23,877,200
Village Safe Water Project Administration	0	1,519,100	506,400	2,025,500
Village Safe Water Projects	0	59,119,700	19,708,200	78,827,900
Village Safe Water Feasibility Studies	0	2,209,200	736,600	2,945,800
<b>Department Total</b>	<b>11,121,300</b>	<b>72,668,595</b>	<b>46,983,300</b>	<b>130,773,195</b>

*This is an appropriation level summary only. For allocations and the full project details see the capital budget.*

## Overview of Departmental Budget Changes

### ADMINISTRATION

Administration sets department policy to protect public health and the environment while promoting economic development and jobs in Alaska. Administration facilitates changes and innovations in department operations by anticipation in state, federal, and departmental initiatives.

Improved administrative and service delivery effectiveness is being achieved by merging the Divisions of Administrative Services and Statewide Public Services in a new Division of Information and Administrative Services. The current divisions provide department wide support and have overlapping responsibilities in the areas of internal and external communications (public information, data management, computer network systems) and management support services (legislative liaison, employee training and department performance monitoring).

Savings are being captured through a series of transactions realigning activities and resources and staff reductions.

### ENVIRONMENTAL HEALTH

Environmental Health promotes public health through safe water, safe food, and healthy communities. The division continues its focus on education and outreach on public health protection through good sanitary practices as well as the successful implementation of the mandatory hazard analysis critical control point program for seafood.

Additional funding is being requested as follows:

- In order to be able to respond to national fish consumption advisories and concerns of international commercial buyers of Alaska seafood products, a fish monitoring project was initiated with one-time federal grant funds. This proposal provides a stable funding source for ongoing annual sampling and monitoring activity necessary to assure buyers of Alaska seafood products of their continued safety. It ensures, through statistically based sampling and testing over time, that our wild fish resources are not negatively impacted by pollution.
- The state has primacy from the federal government to implement the federal Safe Drinking Water Act (SDWA). In order to maintain primacy, the state must implement new federal requirements as they are adopted by the Environmental Protection Agency (EPA). These rules include compliance with microbiological testing rules, completing sanitary surveys, and making "ground water under the direct influence of surface water" determinations. The EPA has increased the federal grant Alaska receives to implement the federal SDWA. The grant requires a 25% state match.

Reductions in funding are being requested as follows:

- In keeping with legislative intent (chapter 94, SLA 02) to reduce the FY 2004 operating budget for food inspections, the department is proposing to revise the state's food safety program for restaurants, food markets and temporary food services. The department is taking a fresh look at ways to effectively implement food safety standards in Alaska's diverse and geographically dispersed communities. A request in the Food Safety and Sanitation Component will change the current regulatory regime for the state's food safety program, which relies too heavily on the few department food inspectors who serve as the only line of defense for public health protection. Elements of the revised program will include on-line training and certification to assure food service personnel have a working knowledge of food safety standards and ready access to pertinent information on food handling and preparation procedures. Under this proposal the department will maintain statewide food safety standards and investigate complaints. The department will also continue to provide program delegations to local governments wanting to implement a food inspection program that at a minimum provides an equivalent level of protection as provided under AS 17.20.

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.

### STATEWIDE PUBLIC SERVICES

Improved administrative and service delivery effectiveness is being achieved by merging the Divisions of Administrative Services and Statewide Public Services in a new Division of Information and Administrative Services. The current divisions provide department wide support and have overlapping responsibilities in the areas of internal and external communications (public information, data management, computer network systems) and management support services (legislative liaison, employee training and department performance monitoring).

Savings are being captured through a series of transactions realigning activities and resources.

## AIR AND WATER QUALITY

Air and Water Quality protects public health and the environment by identification and prevention of pollution of the state's air and water. This includes monitoring programs, non-point source protection programs, and permitting programs.

Addition 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.

## SPILL PREVENTION AND RESPONSE

Spill Prevention and Response protects public health and the environment through the reduction of unlawful oil and hazardous substance contamination. This includes preventing, preparing for, responding to and ensuring the cleanup of unauthorized discharges of oil and hazardous substances and ensuring that the best spill prevention technology is used in the production, storage and transportation of oil and hazardous substances.

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.

## FACILITY CONSTRUCTION AND OPERATION

Facility Construction and Operation promotes public health and environmental protection through financial and technical assistance to communities for the construction and operation of water, wastewater, and solid waste management facilities.

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.

## Summary of Department Budget Changes by BRU

### From FY2003 Authorized to FY2004 Governor

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2003 Authorized</b>	<b>12,013.0</b>	<b>15,887.9</b>	<b>24,501.3</b>	<b>52,402.2</b>
<b>Adjustments which will continue current level of service:</b>				
-Administration	30.2	467.5	1,052.3	1,550.0
-Environmental Health	-1.2	32.2	25.1	56.1
-Statewide Public Services	-27.4	-452.3	-1,036.7	-1,516.4
-Air and Water Quality	0.9	28.4	33.8	63.1
-Spill Prevention and Response	0.0	25.0	96.4	121.4
-Facility Constr. & Op.	0.0	0.0	26.6	26.6
<b>Proposed budget decreases:</b>				
-Administration	0.0	-183.3	0.0	-183.3
-Environmental Health	-386.8	0.0	-679.5	-1,066.3
-Statewide Public Services	-95.3	-385.7	-48.0	-529.0
-Air and Water Quality	-247.1	-222.5	-48.0	-517.6
-Spill Prevention and Response	0.0	0.0	-21.6	-21.6
-Facility Constr. & Op.	-103.9	-29.4	0.0	-133.3
<b>Proposed budget increases:</b>				
-Environmental Health	57.6	172.7	400.0	630.3
-Air and Water Quality	0.0	489.2	877.7	1,366.9
<b>FY2004 Governor</b>	<b>11,240.0</b>	<b>15,829.7</b>	<b>25,179.4</b>	<b>52,249.1</b>