

State of Alaska FY2006 Governor's Operating Budget

Department of Environmental Conservation Response Fund Administration Component Budget Summary

Component: Response Fund Administration

Contribution to Department's 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.

Core Services

- Management of the Prevention and Response Accounts of the Oil and Hazardous Substance Release Prevention and Response Fund.
- Cost Recovery.
- Manage and coordinate receipt and expenditure of federal dollars for cleanup of federal facilities.
- Develop cost controls and standardize division contracts.
- Manage term contracts and issue Notices to Proceed (NTPs).

End Results	Strategies to Achieve Results
<p>A: State is reimbursed for funds spent on cleanup or remediation of oil or hazardous substance spills caused by private and/or federal entities.</p> <p><u>Target #1:</u> 80% of state funding spent on cleanup or remediation of oil or hazardous substance spills caused by private and/or federal entities is recovered.</p> <p><u>Measure #1:</u> % of state funding recovered for expenditures incurred on cleanup or remediation of oil or hazardous substance spills caused by private and/or federal entities.</p>	<p>A1: Provide adequate documentation to the Department of Law for cost recoverable sites.</p> <p><u>Target #1:</u> Adequate documentation is provided for 100% of cost recoverable sites.</p> <p><u>Measure #1:</u> % of cost recoverable sites with adequate documentation for billings.</p>

Major Activities to Advance Strategies

- Identify and pursue sources of cost recovery to assist in funding response, removal and remediation of oil and hazardous substance releases.
- Manage term contracts and issue Notices to Proceed to implement cleanup of contaminated sites.
- Provide financial management of federal contracts to ensure expenditure of federal dollars are maximized and spent appropriately.

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$1,462,600	Personnel:	
	Full time	5
	Part time	0
	Total	5

Performance Measure Detail

A: Result - State is reimbursed for funds spent on cleanup or remediation of oil or hazardous substance spills caused by private and/or federal entities.

Target #1: 80% of state funding spent on cleanup or remediation of oil or hazardous substance spills caused by private and/or federal entities is recovered.

Measure #1: % of state funding recovered for expenditures incurred on cleanup or remediation of oil or hazardous substance spills caused by private and/or federal entities.

Percent of State Funding Recovered for Expenditures Incurred on Cleanup or Remediation of Oil or Hazardous Substance Spills Caused by Private and/or Federal Entities.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
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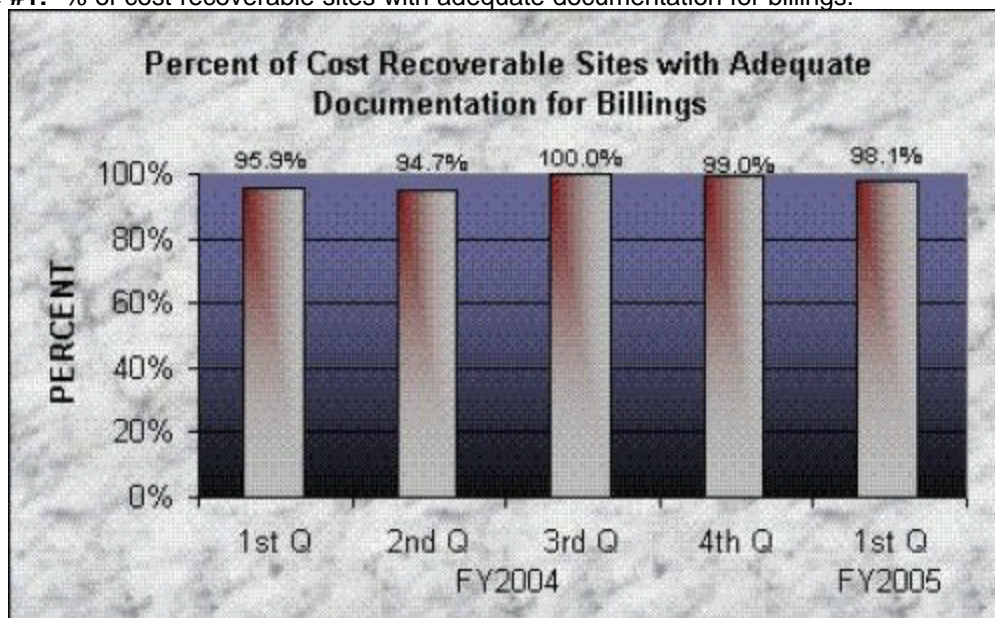
Analysis of results and challenges: When the state incurs expenditures for response, cleanup, or remediation of a spill or contamination caused by oil or hazardous substances, we are obligated to try to recover those costs. Once a party or parties responsible for a spill or contamination is identified, they are notified of their possible financial responsibility. In cases lacking an identified responsible party the state either absorbs the cost of cleanup or requests reimbursement through the National Pollution Fund Center if it is determined that the spill condition meet their specific criteria. State expenditures for travel, contractual, supplies, equipment, and legal guidance are tracked for each site. Staff time is tracked and an average salary cost for each position classification is applied to ensure that personal services costs are equitably charged. As costs accumulate, a summary invoice with backup documentation is prepared on a quarterly basis and forwarded to project managers for review and validation. Project managers forward approved billing packages to Department of Law. Billings are reviewed and sent to responsible party(s) by the Department of Law.

After billings are sent, it may take several months, or even several years to actually recover costs. Due to the time lag between billings and receipt of payments, data that covers several years will provide the best picture of cost recovery success. Data is available, but will require some time to sort through and provide statistics for previous years. Data from previous years should be available between April and June of 2005.

A1: Strategy - Provide adequate documentation to the Department of Law for cost recoverable sites.

Target #1: Adequate documentation is provided for 100% of cost recoverable sites.

Measure #1: % of cost recoverable sites with adequate documentation for billings.



Percent of Cost Recoverable Sites with Adequate Documentation for Billings

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	95.9%	94.7%	100.0%	99.0%	
2005	98.1%	0	0	0	

Analysis of results and challenges: When the state incurs expenditures for response, cleanup, or remediation of a spill or contamination from oil or hazardous substances caused by non-state entities, we are obligated to try to recover those costs. Once a party or parties responsible for a spill or contamination is identified, they are notified of their possible financial responsibility. State expenditures for travel, contractual, supplies, equipment and legal guidance are tracked for each site. Hours spent by staff are tracked and documented on Site Logs, and an average salary cost is applied so that personal services costs are equitably charged rather than being based on actual range and step of an employee. As costs accumulate, a summary invoice with backup documentation is prepared on a quarterly basis and forwarded to project managers for review and validation. Project managers forward the approved billing packages to Department of Law. Billings are reviewed and sent to the responsible party(s) by the Department of Law.

Data shows that documentation is gathered and summarized on a quarterly basis for over 95% of sites with expenses exceeding \$1,000.

Key Component Challenges

Determine a long-term fiscal plan for the division taking into account the effect of the declining Prevention Account balance and fluctuations in interest revenue resulting from volatile financial markets.

Significant Changes in Results to be Delivered in FY2006

Significant changes are not anticipated.

Major Component Accomplishments in 2004

Billed 449 Responsible Parties for over \$540,865 of state costs.

Billed the federal National Pollution Fund Center for \$24,348 and recovered \$9,940 of state costs.

Issued 56 term contract notices to proceed for \$2.3 million to conduct cleanup and site assessment work.

Processed and awarded 40 continuation grants and 2 new tank cleanup grants totaling over \$1.5 million.

99.4% 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.

Assembled the Underground Storage Tank Revolving Loan Fund and Response Fund Biennial reports.

Managed \$4.1 million dollars of Reimbursable Service Agreements under 34 separate RSAs for work done on spill prevention and response.

Statutory and Regulatory Authority

AS 46.03, AS 46.08, 18 AAC 785, 18 AAC 78.

Contact Information

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**Response Fund Administration
Component Financial Summary**

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	307.1	343.8	357.2
72000 Travel	7.3	7.5	7.5
73000 Services	1,127.1	1,480.0	1,093.9
74000 Commodities	1.8	2.0	2.0
75000 Capital Outlay	0.0	2.0	2.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,443.3	1,835.3	1,462.6
Funding Sources:			
1002 Federal Receipts	33.4	34.8	36.3
1052 Oil/Hazardous Response Fund	1,409.9	1,800.5	1,426.3
Funding Totals	1,443.3	1,835.3	1,462.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Managem ent Plan	FY2006 Governor
<u>Unrestricted Revenues</u>				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
<u>Restricted Revenues</u>				
Federal Receipts	51010	33.4	34.8	37.6
Restricted Total		33.4	34.8	37.6
Total Estimated Revenues		33.4	34.8	37.6

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	34.8	1,800.5	1,835.3
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	0.0	0.4	1.7	2.1
-Administrative Support for LEPCs	0.0	0.0	-32.5	-32.5
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	1.0	9.3	10.3
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	0.1	0.9	1.0
Proposed budget decreases:				
-Reduce Response Funds RSAs	0.0	0.0	-353.6	-353.6
FY2006 Governor	0.0	36.3	1,426.3	1,462.6

**Response Fund Administration
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2005</u>			
	<u>Management</u>	<u>FY2006</u>		
	<u>Plan</u>	<u>Governor</u>		
Full-time	5	5	Annual Salaries	254,211
Part-time	0	0	COLA	2,537
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	123,888
			<i>Less 2.82% Vacancy Factor</i>	(10,736)
			Lump Sum Premium Pay	0
Totals	5	5	Total Personal Services	369,900

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