

State of Alaska
FY2006 Governor's Operating Budget

Department of Environmental Conservation
Spill Prevention and Response
Results Delivery Unit Budget Summary

Spill Prevention and Response Results Delivery Unit

Contribution to Department's Mission

Reduce unlawful oil and hazardous substance contamination in the environment.

Core Services

- 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 prevent releases from underground storage tanks and unregulated aboveground storage tanks.
- 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.

End Results	Strategies to Achieve Results
<p>A: Land and water is not contaminated by spills of oil and hazardous substances.</p> <p><u>Target #1:</u> 10% increase from the previous year in the number of historical contaminated sites remediated. <u>Measure #1:</u> % increase from the previous year in the number of historical contaminated sites remediated.</p> <p><u>Target #2:</u> 98% of new spills are cleaned up or in monitoring status. <u>Measure #2:</u> % of new spills are cleaned up or in monitoring status.</p>	<p>A1: Establish standards for protection from spills of oil and hazardous substances.</p> <p><u>Target #1:</u> Review and update all regulations by FY2007. <u>Measure #1:</u> % of regulations reviewed and updated.</p> <p>A2: Contain and cleanup incidents of contamination to the environment from oil and hazardous substance spills.</p> <p><u>Target #1:</u> 100% response to reports of new contamination from oil and hazardous substance spills. <u>Measure #1:</u> % of reports of new contamination responded to.</p> <p>A3: Prevent spills of oil and hazardous substances.</p> <p><u>Target #1:</u> Reduce number of new spills of oil and hazardous substances from regulated industry. <u>Measure #1:</u> % change in number of new spills of oil and hazardous substances from regulated industry.</p>

Major Activities to Advance Strategies

- Ensure emergency response and removal of oil and hazardous substance releases.
- Ensure the remediation of contaminated sites.
- Review regulated facility and vessel applications for compliance with oil discharge prevention and contingency plan requirements.
- Review oil discharge prevention and contingency plan requirements and update regulations.

FY2006 Resources Allocated to Achieve Results

FY2006 Results Delivery Unit Budget: \$15,791,800

Personnel:

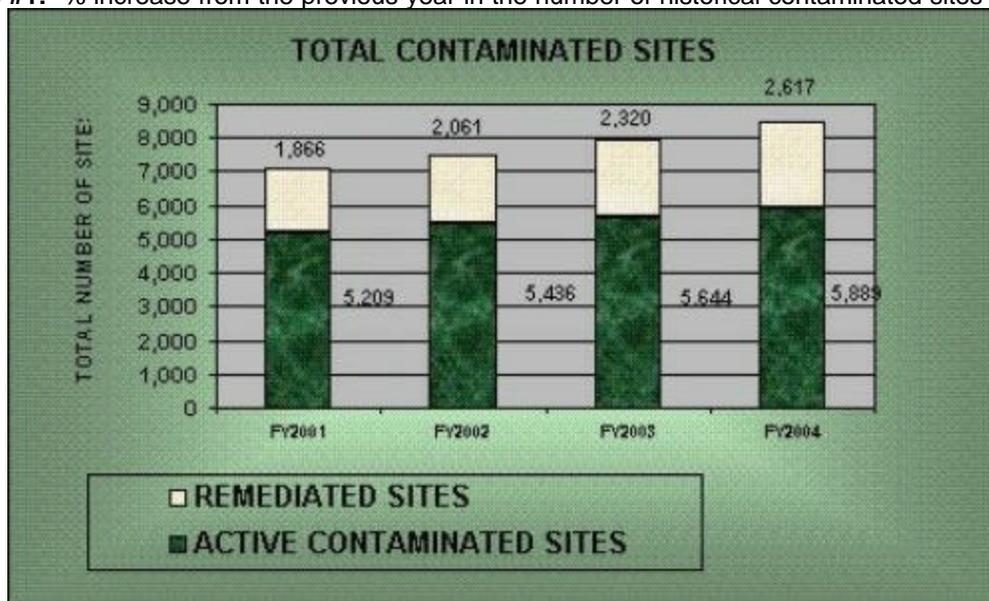
Full time	144
Part time	2
Total	146

Performance Measure Detail

A: Result - Land and water is not contaminated by spills of oil and hazardous substances.

Target #1: 10% increase from the previous year in the number of historical contaminated sites remediated.

Measure #1: % increase from the previous year in the number of historical contaminated sites remediated.



Percent Increase from the Previous Year in the Number of Historical Contaminated Sites Remediated

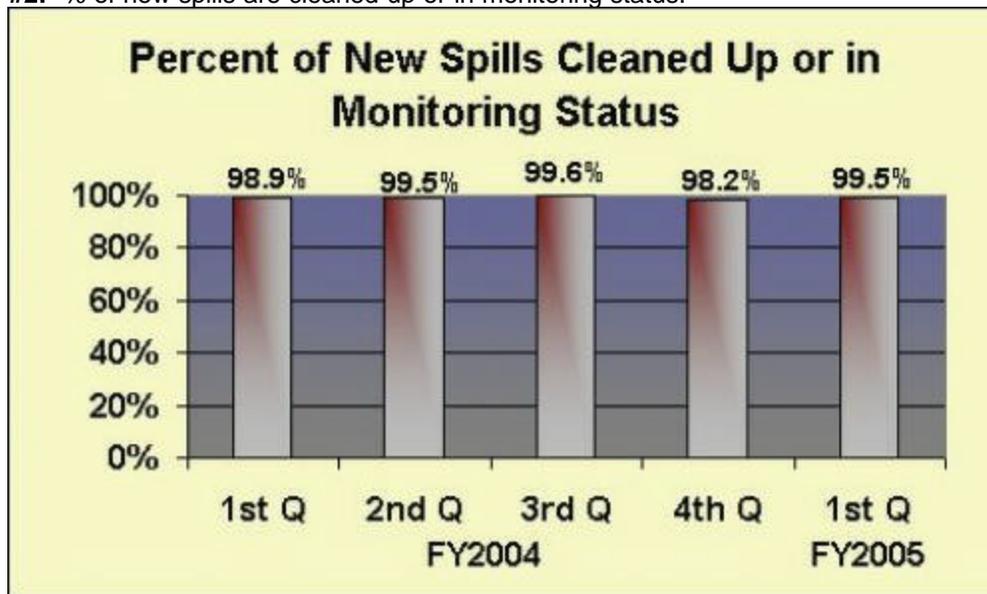
Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	0	0	0	0	14.7%
2003	0	0	0	0	32.8%

Analysis of results and challenges: Alaska has many sites that have been contaminated with oil or hazardous substances. Most of the contamination is historic, much of it occurring before the risks to the environment and human health were known, and additional historic contaminated sites are discovered almost daily. Severely contaminated sites may also have adverse economic and social impacts in terms of cleanup costs, or limitations on land use or land sales or transfers.

Although data shows that we are on target to meet or exceed our goal of a 10% increase in the number of sites cleaned over the previous fiscal year, there are challenges inherent in this measure. The type or amount of contamination can affect the number of sites that get remediated. Sites with large amounts of contamination, sites having several types of contamination or sites contaminated with particularly hazardous materials generally take more time and use more resources than other sites. Several of these sites already exist and are being worked on. If similar sites are discovered, there is the potential for directing resources away from several sites to work on one that is especially problematic.

Target #2: 98% of new spills are cleaned up or in monitoring status.

Measure #2: % of new spills are cleaned up or in monitoring status.



Percent of New Spills that are Cleaned up or in Monitoring Status

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	98.9%	99.5%	99.6%	98.2%	99.0%
2005	99.5%	0	0	0	99.5%

Analysis of results and challenges: The sooner a spill of oil or hazardous substances is contained and cleaned, the less impact it will have on the environment, on human health and on the economy. Our goal is to respond to, contain, and clean up spills as they occur to prevent them from causing wide-spread damage to water sources, land, wildlife, and adjoining properties.

When sites are in monitoring status, they have been cleaned to a point that allows continued use of the site. Frequently, this will include removing and storing contaminated soils, which are monitored during field visits until the contamination has declined to a level that meets acceptable state standards.

Only the largest and most complex new spills (for example, spills that impact ground water) are turned over to the contaminated sites program for long-term remediation.

Data indicates that in FY2004, 99% of new spills reported were contained and cleaned to a point that allows continued use of property with no further cleanup action required.

A1: Strategy - Establish standards for protection from spills of oil and hazardous substances.

Target #1: Review and update all regulations by FY2007.

Measure #1: % of regulations reviewed and updated.



Percent of Regulations Reviewed and Updated

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	19%	22%	25%	30%	
2005	33%	0	0	0	

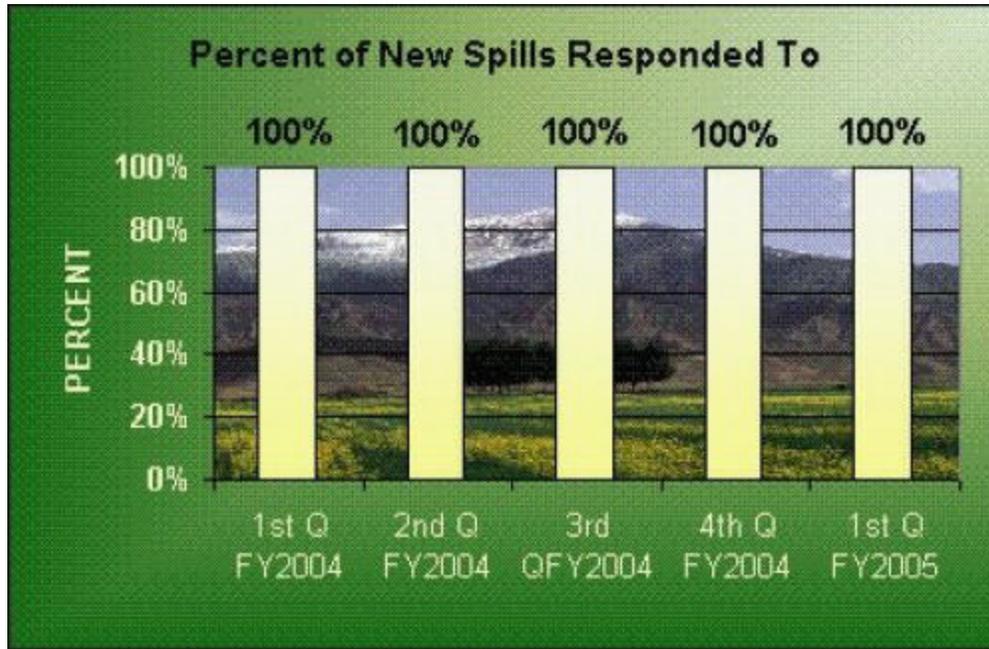
Analysis of results and challenges: As part of the Department's 4-year plan, regulations governing contingency plan (c-plan) preparation are being reviewed for clarity and effectiveness toward meeting the objectives they are meant to accomplish.

The division has completed Phase 1 of a four-phase, multi-year project to comprehensively review, revise, and update the c-plan regulations at 18 AAC 75. Phase 1 was an update of c-plan regulations for oil exploration and production facilities. Final regulations for Phase 1 became effective May 26, 2004. Phase 2, a review and update of the oil pollution prevention regulations, has begun and is expected to be completed in FY2006. Phase 3 will consist of a review and revision of the c-plan approval process, and Phase 4 will be a comprehensive update of general c-plan requirements. We do not anticipate any challenges with meeting this goal.

A2: Strategy - Contain and cleanup incidents of contamination to the environment from oil and hazardous substance spills.

Target #1: 100% response to reports of new contamination from oil and hazardous substance spills.

Measure #1: % of reports of new contamination responded to.



Percent of Reports of New Contamination Responded To

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	100%	100%	100%	100%	
2005	100%	0	0	0	

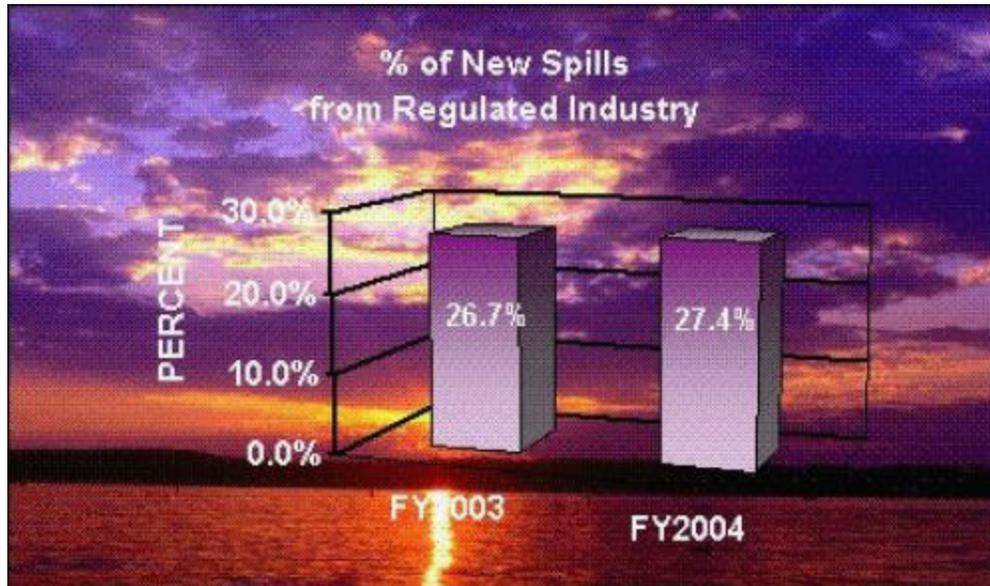
Analysis of results and challenges: Regulations require that spills of oil or hazardous substances be reported to the department. Depending on the size and nature of the spill, a response may range from providing verbal instruction to the responsible party to deployment of division staff, equipment, and contractors. Regardless of size, the sooner a spill of oil or hazardous substances is contained and cleaned, the less impact it will have on the environment, on human health and on the economy.

The division has been able to respond to all new spills reported.

A3: Strategy - Prevent spills of oil and hazardous substances.

Target #1: Reduce number of new spills of oil and hazardous substances from regulated industry.

Measure #1: % change in number of new spills of oil and hazardous substances from regulated industry.



Percent Change in Number of New Spills of Oil and Hazardous Substances from Regulated Industry

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	0	0	0	0	.7%

Analysis of results and challenges: Regulated industry includes such things as oil exploration and production facilities, refineries, railroads, crude oil pipelines, terminals, tank farms and tankers, non-crude oil tank vessels and barges, and non-tank vessels. Regulations require that new spills be reported, regardless of source. However, because of the high volume of oil handled or carried by these entities, and the potential consequences of a major spill, additional requirements are placed upon them, including development of spill prevention plans and contingency plans for response to spills.

The increase in spills in the third quarter is consistent with quarterly data from previous years and is due to increased oil production, exploration, and transportation that occurs in the spring. Additionally, as harsher weather begins to subside, spills that occurred during the winter months are discovered.

Certain components of oil facilities are not regulated under state law. A challenge with interpreting and recording this data is identifying whether the spill originated from the regulated component of the facility.

Key RDU Challenges

Sustain the state's core spill prevention, preparedness and response capability in the face of declining revenues.

Utilize risk-based decision making, site cleanup prioritization, and data-quality management to achieve the most cost-effective return on the State's investment.

Significant Changes in Results to be Delivered in FY2006

None.

Major RDU Accomplishments in 2004

Of 2,225 new spills reported, 2,203 were responded to and cleaned or remediated without becoming long-term issues.

Completed 30% of the review and update of contingency plan regulations. This project is scheduled to be completed by 2007.

Completed 188 contaminated site cleanups and 109 underground storage tank site cleanups with historical contamination.

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.

Contact Information
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**Spill Prevention and Response
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2004 Actuals				FY2005 Management Plan				FY2006 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
Formula Expenditures												
None.												
Non-Formula Expenditures												
Spill Prev. & Resp. Director	0.0	0.0	197.7	197.7	0.0	0.0	216.3	216.3	0.0	0.0	220.1	220.1
Contaminated Sites Program	0.0	2,750.7	3,105.7	5,856.4	0.0	3,200.5	4,241.6	7,442.1	0.0	3,277.5	3,384.3	6,661.8
Industry Prep. & Pipeline Op.	0.0	0.0	2,778.5	2,778.5	0.0	112.1	3,405.0	3,517.1	0.0	107.7	3,712.1	3,819.8
Prevention and Emerg. Response	24.7	0.0	4,225.1	4,249.8	12.0	0.0	3,436.9	3,448.9	12.0	0.0	3,615.5	3,627.5
Response Fund Administration	0.0	33.4	1,409.9	1,443.3	0.0	34.8	1,800.5	1,835.3	0.0	36.3	1,426.3	1,462.6
Totals	24.7	2,784.1	11,716.9	14,525.7	12.0	3,347.4	13,100.3	16,459.7	12.0	3,421.5	12,358.3	15,791.8

**Spill Prevention and Response
Summary of RDU Budget Changes by Component
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	12.0	3,347.4	13,100.3	16,459.7
Adjustments which will continue current level of service:				
-Spill Prev. & Resp. Director	0.0	0.0	3.8	3.8
-Contaminated Sites Program	0.0	77.0	93.4	170.4
-Industry Prep. & Pipeline Op.	0.0	4.1	88.5	92.6
-Prevention and Emerg. Response	0.0	0.0	178.6	178.6
-Response Fund Administration	0.0	1.5	-20.6	-19.1
Proposed budget decreases:				
-Contaminated Sites Program	0.0	0.0	-950.7	-950.7
-Industry Prep. & Pipeline Op.	0.0	-8.5	0.0	-8.5
-Response Fund Administration	0.0	0.0	-353.6	-353.6
Proposed budget increases:				
-Industry Prep. & Pipeline Op.	0.0	0.0	218.6	218.6
FY2006 Governor	12.0	3,421.5	12,358.3	15,791.8