

State of Alaska FY2009 Governor's Operating Budget

Department of Environmental Conservation Spill Prevention and Response Director Component Budget Summary

Component: Spill Prevention and Response Director

Contribution to Department's Mission

Protect public safety, public health and the environment through prevention, preparedness and cleanup of oil and hazardous substance releases.

Core Services

- Manage Division resources to protect public health and the environment through safe handling of oil and cleanup of oil and hazardous substance releases.
- Manage the Oil and Hazardous Substance Release Prevention and Response Fund.
- Coordinate state spill prevention and response programs with state and federal agencies, industry and nongovernmental organizations.
- Implement state spill prevention and response programs to ensure the safe handling of oil through prevention, preparedness and response using a risk-based approach.

Major Activities to Advance Strategies

- Manage Division resources to ensure response, removal and remediation of oil and hazardous substance releases.
- Implement a risk-based decision making process to ensure that division resources are directed to the highest priority division needs.

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$253,300	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Personnel:</td> </tr> <tr> <td style="padding: 2px 10px;">Full time</td> <td style="text-align: right; padding: 2px 10px;">2</td> </tr> <tr> <td style="padding: 2px 10px;">Part time</td> <td style="text-align: right; padding: 2px 10px;">0</td> </tr> <tr> <td style="border-top: 1px solid black; padding: 2px 10px;">Total</td> <td style="border-top: 1px solid black; text-align: right; padding: 2px 10px;">2</td> </tr> </table>	Personnel:		Full time	2	Part time	0	Total	2
Personnel:									
Full time	2								
Part time	0								
Total	2								

Key Component Challenges

Three programs in the division implement a wide array of interrelated activities to meet the division goals for prevention, preparedness and response. The programs include the Prevention and Emergency Response Program, Industry Preparedness and Pipeline Operations and the Contaminated Sites Program. These programs are designed to meet the department's statutory obligation to protect public safety, public health and the environment while fostering economic growth and resource development through rational, unambiguous, predictable and integrated regulatory requirements.

Revenues to the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund come from a combination of cost recovery, fines, penalties, settlements, investment income, and a 4-cent per barrel surcharge on crude oil production. In recent years, revenues have been declining due to a number of factors, including a reduction in crude oil production from a peak of 2 million barrels per day to less than 800,000 barrels per day. Revenues have declined to a point where they can no longer sustain the division's core spill prevention, preparedness and response programs. An increase in the surcharge is needed to sustain the states spill prevention and response programs into the future.

Other challenges include a comprehensive baseline risk assessment of the entire Alaska North Slope crude oil infrastructure including production, storage, transportation systems, the Trans Alaska Pipeline and Valdez Marine Terminal which will begin in FY2008. The system wide risk assessment will evaluate the safety, environmental and

operational risk associated with the system and reliability of the existing infrastructure. The risk assessment will also evaluate the extent, degree and adequacy of government oversight and make recommendations for continued safe and reliable operation of the system.

New state regulations for flowlines are being phased in under a new compliance inspection program beginning late in 2007. Flowlines include all oil-containing pipelines upstream of separation facilities, including multi-phase and produced water pipelines. Compliance oversight for the new regulations will involve significant revision of our field inspection strategies, and will also require additional staff and a substantial amount of additional training for staff.

Significant Changes in Results to be Delivered in FY2009

None.

Major Component Accomplishments in 2007

- Initiated implementation of new regulations for oil and gas pipelines upstream of production centers.
- Successfully responded to 32 significant spills including the Selendang AYU, Seabulk Pride, GC2 pipeline spill and others.
- Conducted assessment, cleanup, monitoring or oversight at over 2,452 contaminated sites in Alaska.
- Closed or conditionally closed 356 contaminated sites in Alaska.
- Conducted 77 inspections of regulated facilities, evaluated 51 oil spill exercises and participated in 32 spill drills.

Statutory and Regulatory Authority

AS 46.03, AS 46.04, AS 46.08, AS 46.09, 18 AAC 75, 18 AAC 78.

Contact Information
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**Spill Prevention and Response Director
Component Financial Summary**

All dollars shown in thousands

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	212.8	200.3	204.3
72000 Travel	18.4	18.8	18.8
73000 Services	49.6	28.7	28.7
74000 Commodities	8.3	1.5	1.5
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	289.1	249.3	253.3
Funding Sources:			
1007 Inter-Agency Receipts	45.5	0.0	0.0
1052 Oil/Hazardous Response Fund	243.6	249.3	253.3
Funding Totals	289.1	249.3	253.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	45.5	0.0	0.0
Restricted Total		45.5	0.0	0.0
Total Estimated Revenues		45.5	0.0	0.0

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	0.0	0.0	249.3	249.3
Adjustments which will continue current level of service:				
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.0	0.2	0.2
-FY 09 Bargaining Unit Contract Terms: General Government Unit	0.0	0.0	3.8	3.8
FY2009 Governor	0.0	0.0	253.3	253.3

**Spill Prevention and Response Director
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2008</u>	<u>FY2009</u>		
	<u>Management</u>	<u>Governor</u>		
	<u>Plan</u>			
Full-time	2	2	Annual Salaries	136,454
Part-time	0	0	COLA	3,263
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	70,269
			<i>Less 2.71% Vacancy Factor</i>	(5,686)
			Lump Sum Premium Pay	0
Totals	2	2	Total Personal Services	204,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Division Director	0	0	1	0	1
Secretary	0	0	1	0	1
Totals	0	0	2	0	2