

**State of Alaska**  
**FY2009 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 hazardous substances.
- 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 Result	Strategies to Achieve End Result
<p><b>A: Land and water is not contaminated by spills of oil and hazardous substances.</b></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 are in monitoring status. <u>Measure #2:</u> % of new spills are cleaned up or are in monitoring status.</p>	<p><b>A1: Establish standards for protection from spills of oil and hazardous substances.</b></p> <p><u>Target #1:</u> Review and update all regulations by FY2010. <u>Measure #1:</u> % of regulations reviewed and updated.</p> <p><b>A2: Contain and cleanup incidents of contamination to the environment from oil and hazardous substance spills.</b></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><b>A3: Prevent spills of oil and hazardous substances.</b></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.

### FY2009 Resources Allocated to Achieve Results

FY2009 Results Delivery Unit Budget: \$17,012,100

**Personnel:**

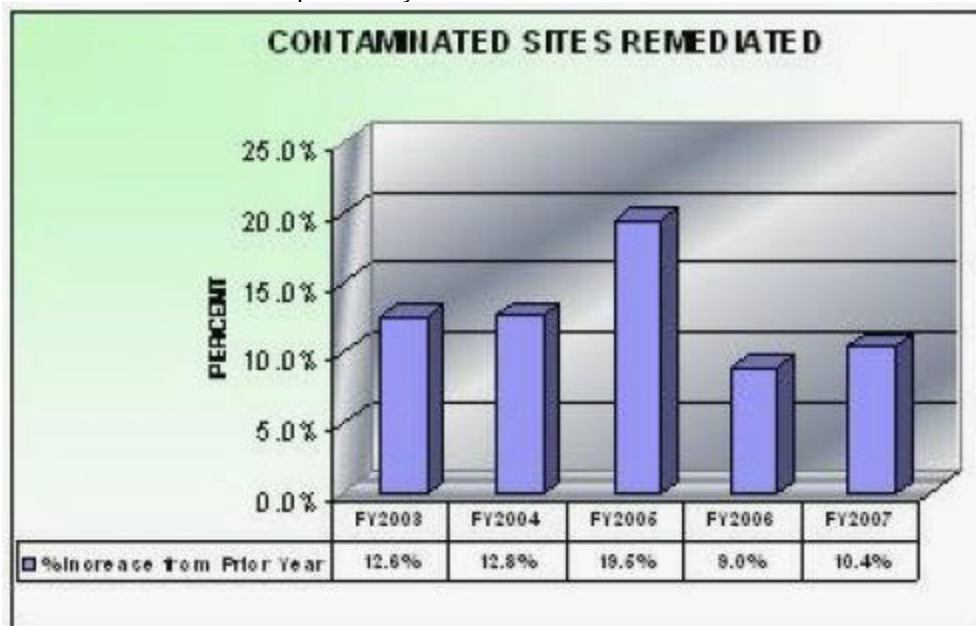
Full time	147
Part time	1
<b>Total</b>	<b>148</b>

### 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.

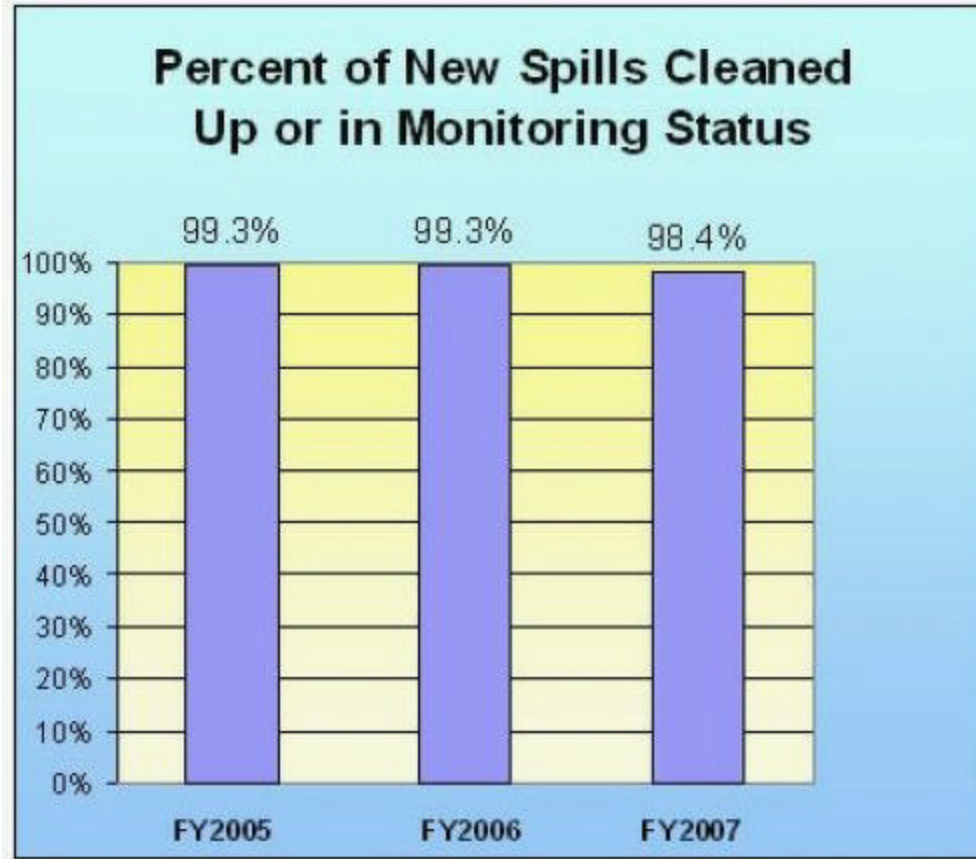


**Analysis of results and challenges:** Alaska has many sites that have been contaminated with oil or hazardous substances. Most of the contamination is historic, much of it occurring before the risks to the environment and human health were known. Additional historic contaminated sites are discovered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

2007 performance data shows that our 10% increase goal was met. The Contaminated Sites program has modified our cleanup strategy to focus short term resources at sites with a higher level risk to human health and the environment. When performing cleanups, we now focus on removing risk rather than reaching closure. Once risk is reduced at a site to a point where human health is not impacted, resources are then directed toward other sites where risk is still a factor – even though the first site has not been closed. Due to this change in our strategy, Contaminated Sites is implementing a new measurement approach to allow tracking of risk reduction, in addition to closures. Transition to this new tool, the Exposure Tracking Model, will begin in our FY2010 performance measure narrative.

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

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



**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.

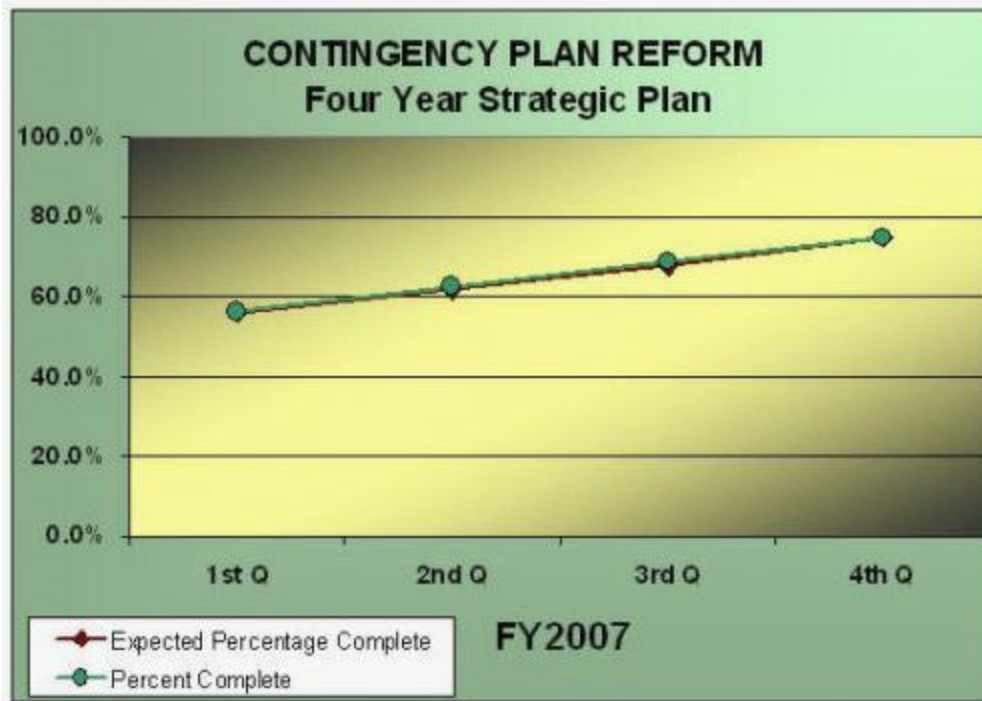
Only the largest and most complex new spills, such as spills that impact ground water are turned over to the contaminated sites program for long-term remediation.

Data indicates that in FY2007, 98.4% 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 FY2010.

**Measure #1:** % of regulations reviewed and updated.



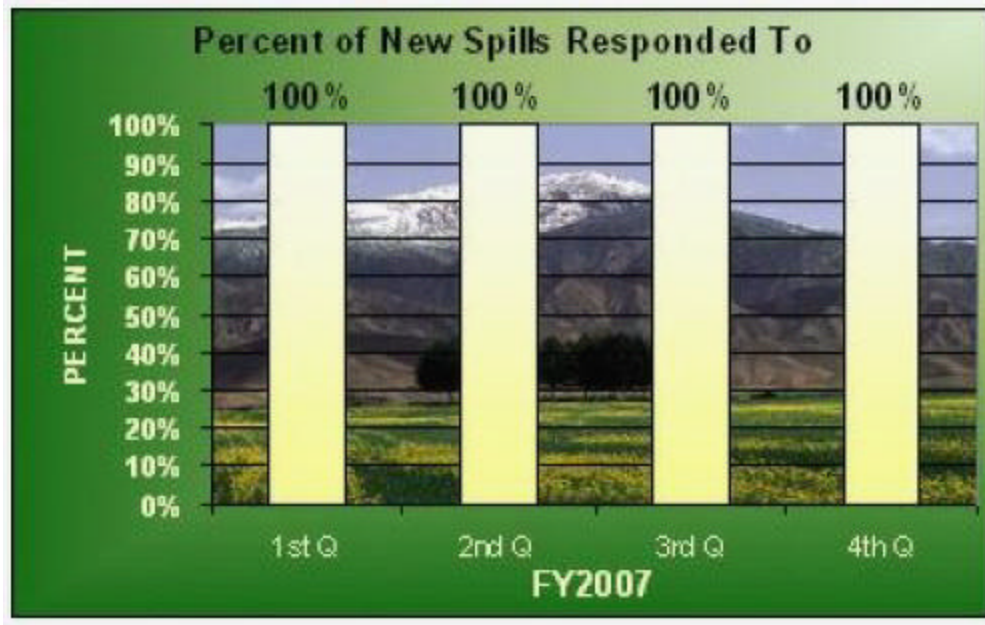
**Analysis of results and challenges:** As part of the Department's 4-year plan, regulations governing contingency plan (C-plan) preparation are being reviewed for clarity and effectiveness toward meeting the objectives they are meant to accomplish.

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. 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.

**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.



**Analysis of results and challenges:** Regulations require that spills of oil or hazardous substances be reported to the Department of Environmental Conservation. 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.

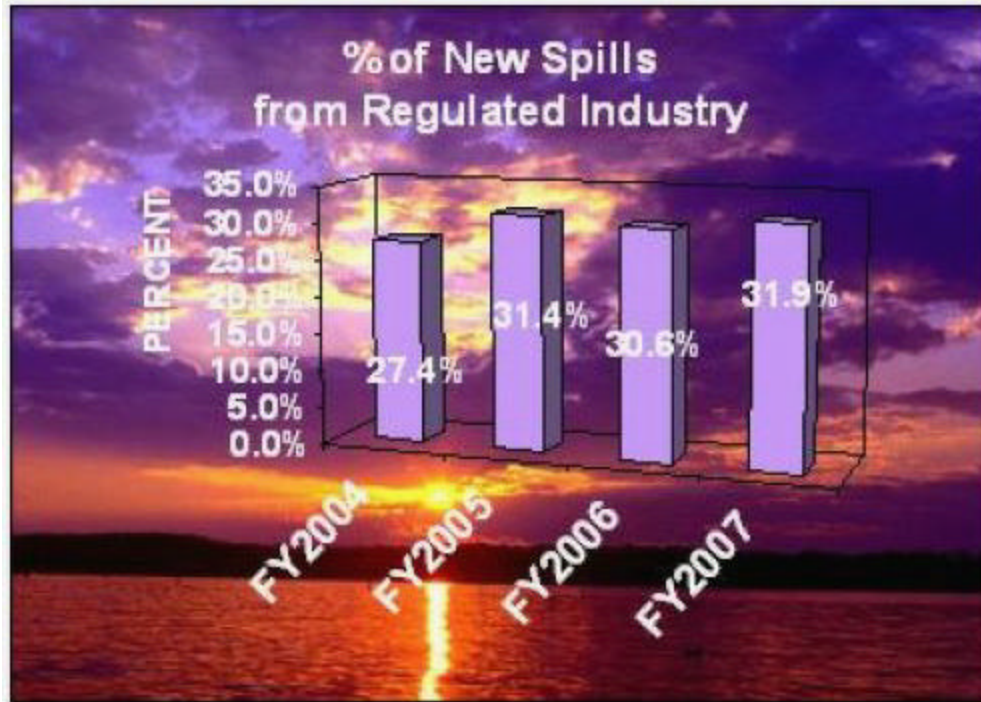
In FY2007, the division has met the goal of 100% in responding to new spills.



**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.



**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 fourth quarter is consistent with quarterly data from previous years and is due to increased oil production, exploration, and transportation that occur 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 state's core spill prevention, preparedness, and response capability in the face of declining revenues. The division's goals are prevention, preparedness, and response. Three programs in the division implement a wide array of interrelated activities to meet these goals. The programs include the Prevention and Emergency Response Program, Industry Preparedness Program and Contaminated Sites Program. The programs are designed to meet the Department's statutory obligation to protect human 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 and settlements, investment income, and a 4-cent surcharge against each barrel of crude oil produced in the state. In recent years revenues have been declining due to a number of factors, including the 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.

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

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 RDU Accomplishments in 2007**

- Received 2,196 spill reports, conducted follow-up for 813 and initiated emergency responses to 32 significant spills statewide.
- Conducted 77 inspections of regulated facilities and completed 361 oil spill contingency plan reviews.
- Completed assessment, clean up or monitoring at 2,452 contaminated sites.
- Completed implementation of the Charter Agreement for the North Slope.

#### **Contact Information**

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

*All dollars shown in thousands*

	FY2007 Actuals				FY2008 Management Plan				FY2009 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>												
Spill Prev. & Resp. Director	0.0	0.0	289.1	289.1	0.0	0.0	249.3	249.3	0.0	0.0	253.3	253.3
Contaminated Sites Program	0.0	2,853.4	3,389.6	6,243.0	0.0	3,504.3	3,286.4	6,790.7	0.0	3,622.7	3,428.4	7,051.1
Industry Prep. & Pipeline Op.	0.0	157.5	3,162.5	3,320.0	606.5	208.3	3,360.8	4,175.6	619.3	213.4	3,494.4	4,327.1
Prevention and Emerg. Response	0.0	0.0	4,090.1	4,090.1	0.0	0.0	3,778.9	3,778.9	0.0	0.0	3,931.2	3,931.2
Response Fund Administration	0.0	31.5	1,282.6	1,314.1	0.0	39.7	1,394.3	1,434.0	0.0	40.2	1,409.2	1,449.4
<b>Totals</b>	<b>0.0</b>	<b>3,042.4</b>	<b>12,213.9</b>	<b>15,256.3</b>	<b>606.5</b>	<b>3,752.3</b>	<b>12,069.7</b>	<b>16,428.5</b>	<b>619.3</b>	<b>3,876.3</b>	<b>12,516.5</b>	<b>17,012.1</b>

**Spill Prevention and Response  
Summary of RDU Budget Changes by Component  
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>
<b>FY2008 Management Plan</b>	<b>606.5</b>	<b>3,752.3</b>	<b>12,069.7</b>	<b>16,428.5</b>
<b>Adjustments which will continue current level of service:</b>				
-Spill Prev. & Resp. Director	0.0	0.0	4.0	4.0
-Contaminated Sites Program	0.0	118.4	142.0	260.4
-Industry Prep. & Pipeline Op.	12.8	5.1	133.6	151.5
-Prevention and Emerg. Response	0.0	0.0	152.3	152.3
-Response Fund Administration	0.0	0.5	14.9	15.4
<b>FY2009 Governor</b>	<b>619.3</b>	<b>3,876.3</b>	<b>12,516.5</b>	<b>17,012.1</b>