

State of Alaska FY2011 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.
- Prevent releases from underground 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.

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.

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, the Industry Preparedness Program and the 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 conservation 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 an FY 2010 forecast of less than 700,000 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.

New state regulations are being phased in under a new compliance inspection program. This includes all oil-containing pipelines upstream of separation facilities, including multi-phase and produced water pipelines. Compliance oversight for the new regulations will involve development of field inspection strategies, engineering reviews and a compliance inspection program.

Significant Changes in Results to be Delivered in FY2011

None.

Major RDU Accomplishments in 2009

- Received 2,164 spill reports, conducted follow-up for 781 and initiated emergency responses to 27 significant spills statewide.
- Conducted 95 inspections of regulated facilities and completed 674 review and administrative decisions for oil spill contingency plans.
- Completed assessment, clean up or monitoring at 684 contaminated sites.

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

All dollars shown in thousands

	FY2009 Actuals				FY2010 Management Plan				FY2011 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	277.8	277.8	0.0	0.0	267.7	267.7	0.0	0.0	269.8	269.8
Contaminated Sites Program	319.3	2,820.8	3,753.3	6,893.4	0.0	3,653.1	3,556.2	7,209.3	0.0	3,653.1	3,556.2	7,209.3
Industry Prep. & Pipeline Op. Prevention and Emerg. Response	15.7	344.4	4,239.0	4,599.1	638.9	287.0	3,610.1	4,536.0	638.9	287.0	3,610.1	4,536.0
Response Fund Administration	0.0	0.0	3,764.1	3,764.1	0.0	0.0	4,040.2	4,040.2	0.0	0.0	4,040.2	4,040.2
	0.0	0.1	1,184.8	1,184.9	0.0	40.6	1,429.9	1,470.5	0.0	40.6	1,429.9	1,470.5
Totals	335.0	3,165.3	13,219.0	16,719.3	638.9	3,980.7	12,904.1	17,523.7	638.9	3,980.7	12,906.2	17,525.8

**Spill Prevention and Response
Summary of RDU Budget Changes by Component
From FY2010 Management Plan to FY2011 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	638.9	3,980.7	12,904.1	17,523.7
Adjustments which will continue current level of service:				
-Spill Prev. & Resp. Director	0.0	0.0	2.1	2.1
FY2011 Governor	638.9	3,980.7	12,906.2	17,525.8