

State of Alaska FY2020 Governor's Operating Budget

Department of Environmental Conservation

Department of Environmental Conservation

Mission

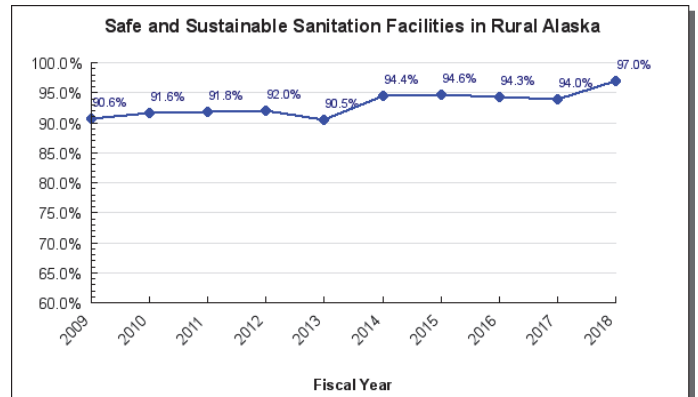
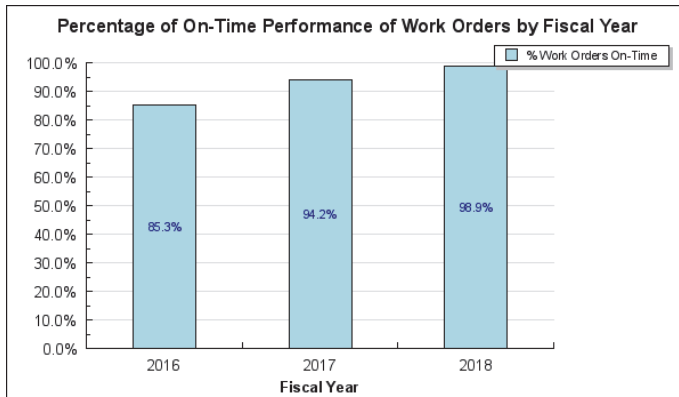
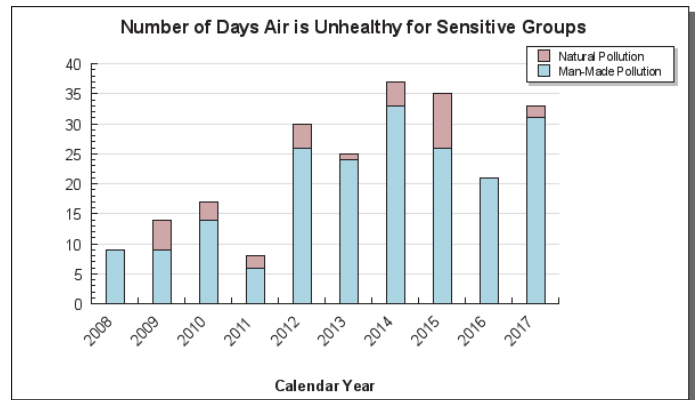
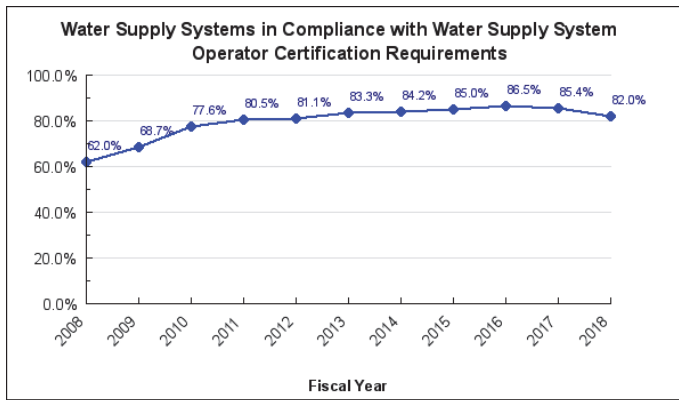
Protect human health and the environment. AS 46.03.010, AS 44.46.020

	Core Services (in priority order)	UGF	DGF	Other	Fed	Total	PFT	PPT	NP	% GF
1	Protecting Human Health	10,953.4	7,538.9	8,966.9	12,391.3	39,850.5	236	0	1	45.9%
2	Protecting the Environment	4,438.4	17,381.0	8,617.0	10,965.0	41,401.4	248	0	0	54.1%
	FY2019 Management Plan	15,391.8	24,919.9	17,583.9	23,356.3	81,251.9	484	0	1	

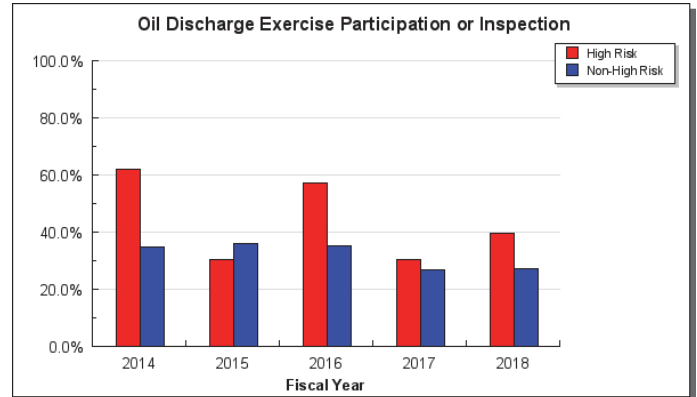
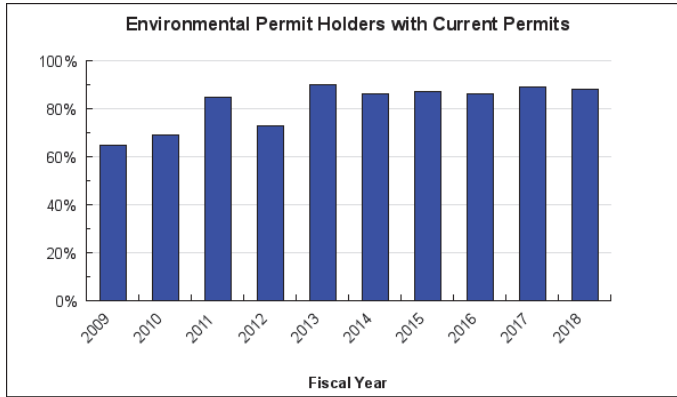
Measures by Core Service

(Additional performance information is available on the web at <https://omb.alaska.gov/results/>.)

1. Protecting Human Health



2. Protecting the Environment



Major Department Accomplishments in 2018

Edison Chouest Offshore

Alyeska Pipeline Service Company announced in 2016, they would be changing the contractor that provides the required escort tugs for oil tankers operating in Prince William Sound. The Department approved the major amendments necessary for both the Valdez Marine Terminal and the Alyeska Shipper Oil Discharge Prevention and Contingency Plans to undergo this contractor change from Crowley Marine Services to Edison Chouest Offshore. These amendments had significant public interest and required careful review by Department staff to ensure the commitments made by Alyeska and the Shippers could be met by the new contractor.

E. Coli Outbreak

A cluster of E. coli 0157:H7 infections occurred at a correctional facility in Nome during April 2018, which was subsequently linked to illness outbreaks occurring throughout the country. Department staff in the Food Safety and Sanitation program traced the outbreak in Alaska to whole head lettuce from a particular farm in Arizona. Federal officials were able to use this information to locate the source of the outbreak, which resulted in a nationwide public health alert to include whole head lettuce instead of just chopped romaine.

Portable Drill Rig General Permit

The Division of Air Quality issued a new minor general permit for portable oil and gas operations on the North Slope. This permit was the culmination of several years of work by the State and industry to better address routine temporary operations while meeting air quality requirements. A joint multi-agency State and industry working group developed the critical ambient data sets, modeling demonstration and monitoring needed to satisfy permit requirements through a more flexible general permit approach.

Small Vessel Wastewater Discharge Exemption Act

The 2017 legislature passed the Small Vessel Wastewater Discharge Exemption Act (SB 3) renewing a statute that had been allowed to sunset in 2016, which exempts small commercial passenger vessels from the wastewater treatment system and discharge requirements that large cruise ships must meet. Accompanying regulations were updated in 2018 so that instead, vessels with capacities under 250 overnight passengers, including the Alaska Marine Highway System ferries, must meet Best Management Practices plans that are approved by the Department.

Key Department Challenges

Reduced Program Capacity

The Department has \$8,450.5 less UGF than in FY2014, a reduction of 35.4%. The Department's operating UGF in FY2019 is \$15,391.8, which is less than 19% of the total operating budget. This represents under 0.4% of the State's total operating UGF spending. Personal services comprise roughly 69% of the Department's spending, and as a result of reductions to UGF as well as declining federal and interagency receipt revenue, the Department has lost 72 positions, not including the ten positions transferred to the Department of Administration for the implementation of Shared Services of Alaska and the centralized Office of Information Technology.

These reductions were realized through both efficiencies and reductions to services. Impacts to the public include:

- Fewer routine inspections of retail food establishments, well below recommended levels;
- Food Safety field offices closures in Kodiak and Valdez;
- A reduction in the number of fish tissue tests, which inhibits Alaska from advocating for higher dietary consumption recommendations;
- Drinking water systems that serve less than 25 people are no longer regulated, which may pose a health risk to consumers of those systems;
- Two fewer positions in the Pipeline Integrity and Engineering section responsible for ensuring corrosion prevention in aging infrastructure results in fewer inspections and less proactive management.

While all of these reductions equate to a higher risk to human health or the environment, because of the size of the past cuts to core programs, the Department is concerned additional cuts to these programs could create unacceptable risks or failures. Any actions that might take resources away from programs or add significant new work to them will have to be carefully considered in light of the current capacity of the programs.

Fairbanks PM2.5 Nonattainment Area

The Fairbanks North Star Borough includes locations with the worst measured air quality in the nation for fine particulate matter (PM2.5). EPA reclassified the nonattainment area from “moderate” to “serious” in June 2017, and the Department has been broadly communicating with impacted entities about the changes and new requirements that were triggered. As part of drafting a new State Implementation Plan, the Department issued preliminary drafts of certain elements, including the Best Available Control Technology and Best Available Control Measures for public evaluation in March 2018. The control measure options found in these documents spurred the Borough to form a stakeholder group to provide local perspective on the options. The Department is working collaboratively with the community to finalize the required plan during calendar year 2019.

Poly- and Perfluoroalkyl Substance (PFAS) Contamination

PFAS contamination has been found in groundwater and nearly 300 drinking water wells, primarily at private residences but also including public water systems. The main PFAS contamination source identified to date is past use of aqueous film forming foams (AFFF) for petroleum fire training and response activities. In August 2018, the Department of Environmental Conservation developed a Technical Memorandum establishing PFAS action levels for drinking water. These cleanup levels were proposed for adoption into regulation in October 2018. The divisions of Spill Prevention and Response and Environmental Health are taking the lead on this action plan. The Contaminated Sites program has promulgated soil and groundwater cleanup levels and has been coordinating with the Drinking Water program to identify private and public drinking water wells that may be impacted by PFAS and ensure any necessary treatment or alternative water supplies are provided.

Prevention Account

As the result of unanticipated exemptions from the surcharge on refined fuels implemented in FY2016, the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund is receiving significantly less revenue than was projected when the Legislature passed HB158 in 2015. The most recent exemption discovered is expected to significantly lower the amount collected in the current fiscal year as three prior years of refunds are also deducted. This combined with the level of production, which impacts revenue from the \$0.04 per/barrel surcharge on crude oil, provides for some uncertainty over the long-term health of the Fund.

Fees

The Department's operating budget in FY2019 is 26% fee supported. Many of these fees are set based on the “applicable direct cost” (AS 37.10.058(3)). That method requires a general fund subsidy to provide services, because it excludes all overhead expenses (e.g., lease costs, computer, telephone, administrative support) and travel expenses for inspections of businesses with less than 20 employees that could be captured in the fee assessed for a regulatory service. Additionally, due to a 49% statutory cap on benefit rates, updated fees do not capture all real benefit costs (actual benefit rates exceed 61%). Meanwhile, applicable direct costs have risen faster than fees. Most of the Department's fee-based programs require a general fund subsidy to provide services.

Significant Changes in Results to be Delivered in FY2020

Increased Public Health Threats from Emerging Contaminants

The Department continues to confront emerging contaminants. In 2009, the Department identified sulfolane groundwater contamination in the North Pole area, which has resulted in the State and other responsible parties investing \$100 million in a new piped water system. Currently, the Department is analyzing the extent of public health risk from PFAS contaminants found near firefighting training facilities and other industrial areas. In the coming years, new contaminants will inevitably be discovered that present public health risks that must be assessed and mitigated.

Changing Federal Requirements and Priorities

Federal requirements are always in flux. However, as federal agencies implement new regulatory regimes, the Department must continually adapt to new ways of implementing its primacy over the federal Clean Air, Clean Water, and Safe Drinking Water Acts.

Workforce Recruitment and Retention

The state is facing unprecedented challenges recruiting and retaining a sufficiently skilled workforce. Many recruitments receive few if any applicants, and often stay in recruitment for many months. Employee turnover is on the rise. Career retirements are also causing a net loss in institutional knowledge and capacity. Alaska is now competing with an overheated lower-48 economy for talent, and wage/benefit packages do not appear sufficiently attractive.

Climate Change in Alaska

The Department will collaborate with other state and federal partners to effectively manage the real-world impacts resulting from climate change in Alaska including those associated with the expanding maritime environment, coastal erosion, and increased wildland fires. Additionally, the Department continues to assess the levels of pollutants that contribute to climate change in the state.

Contact Information	
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FY2020 Capital Budget Request

Project Title	Unrestricted Gen (UGF)	Designated Gen (DGF)	Other Funds	Federal Funds	Total Funds
Laboratory Testing Equipment for Per- and Polyfluoroalkyl Substances (PFAS)	0	600,000	0	0	600,000
Spill Response Planning to Address New Maritime Risks; Phase-1	0	200,000	0	0	200,000
Village Safe Water and Wastewater Infrastructure Projects	12,080,000	0	500,000	52,250,000	64,830,000
Drinking Water Capitalization Grant	0	0	2,500,000	0	2,500,000
Clean Water Capitalization Grant	0	0	1,000,000	0	1,000,000
Oil and Hazardous Substance First Responder Equipment and Preparedness	0	400,000	0	0	400,000
Cruise Ship Air Pollutant Monitoring Equipment	0	0	115,000	0	115,000
Department Total	12,080,000	1,200,000	4,115,000	52,250,000	69,645,000

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Summary of Department Budget Changes by RDU

From FY2019 Management Plan to FY2020 Governor

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2019 Management Plan	15,391.8	24,919.9	17,583.9	23,356.3	81,251.9
Adjustments which continue current level of service:					
-Administration	9.2	-164.7	110.1	181.2	135.8
-DEC Bldgs Maint & Operations	0.7	0.0	0.0	0.0	0.7
-Environmental Health	105.5	96.1	17.2	134.4	353.2
-Air Quality	23.7	45.0	101.2	27.9	197.8
-Spill Prevention and Response	0.0	294.6	28.1	67.4	390.1
-Water	73.8	43.6	87.6	79.8	284.8
Proposed budget increases:					
-Administration	9.3	0.0	0.0	0.0	9.3
-Environmental Health	120.0	0.0	0.0	0.0	120.0
-Air Quality	120.0	0.0	120.0	0.0	240.0
Proposed budget decreases:					
-Administration	0.0	0.0	-550.0	0.0	-550.0
FY2020 Governor	15,854.0	25,234.5	17,498.1	23,847.0	82,433.6

Department Totals
Department of Environmental Conservation

Description	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
Department Totals	73,088.2	81,285.0	81,251.9	81,251.9	82,433.6	1,181.7	1.5%
Objects of Expenditure:							
71000 Personal Services	53,767.3	57,590.2	57,590.2	55,991.8	57,560.9	1,569.1	2.8%
72000 Travel	1,189.0	1,270.2	1,270.2	1,400.2	1,400.2	0.0	
73000 Services	15,499.6	18,932.7	18,899.6	20,505.0	20,015.6	-489.4	-2.4%
74000 Commodities	725.8	772.2	772.2	935.2	978.2	43.0	4.6%
75000 Capital Outlay	49.3	194.5	194.5	94.5	153.5	59.0	62.4%
77000 Grants, Benefits	1,857.2	2,525.2	2,525.2	2,325.2	2,325.2	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Funding Source:							
1002 Fed Rcpts (Fed)	18,973.0	23,375.2	23,356.3	23,356.3	23,847.0	490.7	2.1%
1003 G/F Match (UGF)	4,343.9	4,440.9	4,440.9	4,440.9	4,788.4	347.5	7.8%
1004 Gen Fund (UGF)	10,932.1	10,965.1	10,950.9	10,950.9	11,065.6	114.7	1.0%
1005 GF/Prgm (DGF)	7,809.9	8,802.0	8,802.0	8,802.0	8,986.7	184.7	2.1%
1007 I/A Rcpts (Other)	1,668.2	1,730.6	1,730.6	1,730.6	1,518.6	-212.0	-12.3%
1018 EVOSS (Other)	0.0	6.9	6.9	6.9	6.9	0.0	0.0%
1052 Oil/Haz Fd (DGF)	15,258.8	16,117.9	16,117.9	16,117.9	16,247.8	129.9	0.8%
1055 IA/OIL HAZ (Other)	488.5	0.0	0.0	0.0	8.1	8.1	100.0%
1061 CIP Rcpts (Other)	2,722.1	3,759.7	3,759.7	3,759.7	3,532.4	-227.3	-6.0%
1093 Clean Air (Other)	3,905.9	4,558.1	4,558.1	4,558.1	4,606.5	48.4	1.1%
1108 Stat Desig (Other)	11.5	63.3	63.3	63.3	63.3	0.0	0.0%
1166 Vessel Com (Other)	1,633.6	1,802.5	1,802.5	1,802.5	2,054.3	251.8	14.0%
1205 Ocn Rngr (Other)	3,800.7	3,846.8	3,846.8	3,846.8	3,857.3	10.5	0.3%
1230 AKCW Ad Fu (Other)	1,146.6	1,260.9	1,260.9	1,260.9	1,282.9	22.0	1.7%
1231 AKDW Ad Fu (Other)	293.0	462.5	462.5	462.5	471.3	8.8	1.9%
1232 ISPF-I/A (Other)	0.0	30.5	30.5	30.5	0.1	-30.4	-99.7%
1236 AK LNG I/A (Other)	100.4	62.1	62.1	62.1	96.4	34.3	55.2%
Totals:							
Unrestricted Gen (UGF)	15,276.0	15,406.0	15,391.8	15,391.8	15,854.0	462.2	3.0%
Designated Gen (DGF)	23,068.7	24,919.9	24,919.9	24,919.9	25,234.5	314.6	1.3%
Other Funds	15,770.5	17,583.9	17,583.9	17,583.9	17,498.1	-85.8	-0.5%
Federal Funds	18,973.0	23,375.2	23,356.3	23,356.3	23,847.0	490.7	2.1%
Positions:							
Permanent Full Time	485	485	485	484	486	2	0.4%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	1	1	1	1	1	0	0.0%

Component Summary Unrestricted General Funds Only
Department of Environmental Conservation

Results Delivery Unit/ Component	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
Administration							
Office of the Commissioner	427.2	427.6	427.6	427.6	431.8	4.2	1.0%
Administrative Services	253.2	196.9	182.7	182.7	197.0	14.3	7.8%
State Support Services	2,040.3	1,968.4	1,968.4	1,968.4	1,968.4	0.0	0.0%
RDU Totals:	2,720.7	2,592.9	2,578.7	2,578.7	2,597.2	18.5	0.7%
DEC Buildings Maintenance and Operations							
DEC Bldgs Maint & Operations	635.3	645.9	645.9	645.9	646.6	0.7	0.1%
RDU Totals:	635.3	645.9	645.9	645.9	646.6	0.7	0.1%
Environmental Health							
Environmental Health	0.0	4,307.4	4,307.4	5,869.9	6,095.4	225.5	3.8%
Environmental Health Director	745.5	0.0	0.0	0.0	0.0	0.0	0.0%
Food Safety & Sanitation	427.3	0.0	0.0	0.0	0.0	0.0	0.0%
Laboratory Services	1,567.7	1,562.5	1,562.5	0.0	0.0	0.0	0.0%
Drinking Water	2,262.4	0.0	0.0	0.0	0.0	0.0	0.0%
Solid Waste Management	751.1	0.0	0.0	0.0	0.0	0.0	0.0%
RDU Totals:	5,754.0	5,869.9	5,869.9	5,869.9	6,095.4	225.5	3.8%
Air Quality							
Air Quality	1,703.0	1,732.0	1,732.0	1,732.0	1,875.7	143.7	8.3%
RDU Totals:	1,703.0	1,732.0	1,732.0	1,732.0	1,875.7	143.7	8.3%
Water							
Water Qlty Infrastructure	0.0	4,565.3	4,565.3	4,565.3	4,639.1	73.8	1.6%
Water Quality	3,759.5	0.0	0.0	0.0	0.0	0.0	0.0%
Facility Construction	703.5	0.0	0.0	0.0	0.0	0.0	0.0%
RDU Totals:	4,463.0	4,565.3	4,565.3	4,565.3	4,639.1	73.8	1.6%
Unrestricted Gen (UGF):	15,276.0	15,406.0	15,391.8	15,391.8	15,854.0	462.2	3.0%
Designated Gen (DGF):	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds:	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds:	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Total Funds:	15,276.0	15,406.0	15,391.8	15,391.8	15,854.0	462.2	3.0%

Component Summary All Funds
Department of Environmental Conservation

Results Delivery Unit/ Component	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor		
Administration								
Office of the Commissioner	1,047.4	1,022.2	1,022.2	1,022.2	1,032.3	10.1	1.0%	
Administrative Services	4,833.2	6,437.1	6,404.0	6,404.0	5,989.0	-415.0	-6.5%	
State Support Services	3,350.7	3,278.6	3,278.6	3,278.6	3,278.6	0.0	0.0%	
RDU Totals:	9,231.3	10,737.9	10,704.8	10,704.8	10,299.9	-404.9	-3.8%	
DEC Buildings Maintenance and Operations								
DEC Bldgs Maint & Operations	635.3	645.9	645.9	645.9	646.6	0.7	0.1%	
RDU Totals:	635.3	645.9	645.9	645.9	646.6	0.7	0.1%	
Environmental Health								
Environmental Health	0.0	13,708.1	13,708.1	17,150.5	17,623.7	473.2	2.8%	
Environmental Health Director	1,111.9	0.0	0.0	0.0	0.0	0.0	0.0%	
Food Safety & Sanitation	3,752.4	0.0	0.0	0.0	0.0	0.0	0.0%	
Laboratory Services	3,296.7	3,442.4	3,442.4	0.0	0.0	0.0	0.0%	
Drinking Water	5,839.2	0.0	0.0	0.0	0.0	0.0	0.0%	
Solid Waste Management	2,355.9	0.0	0.0	0.0	0.0	0.0	0.0%	
RDU Totals:	16,356.1	17,150.5	17,150.5	17,150.5	17,623.7	473.2	2.8%	
Air Quality								
Air Quality	8,170.2	10,436.5	10,436.5	10,436.5	10,874.3	437.8	4.2%	
RDU Totals:	8,170.2	10,436.5	10,436.5	10,436.5	10,874.3	437.8	4.2%	
Spill Prevention and Response								
Spill Prevention and Response	18,694.8	19,747.6	19,747.6	19,747.6	20,137.7	390.1	2.0%	
RDU Totals:	18,694.8	19,747.6	19,747.6	19,747.6	20,137.7	390.1	2.0%	
Water								
Water Qlty Infrastructure	0.0	22,566.6	22,566.6	22,566.6	22,851.4	284.8	1.3%	
Water Quality	13,720.4	0.0	0.0	0.0	0.0	0.0	0.0%	
Facility Construction	6,280.1	0.0	0.0	0.0	0.0	0.0	0.0%	
RDU Totals:	20,000.5	22,566.6	22,566.6	22,566.6	22,851.4	284.8	1.3%	
Unrestricted Gen (UGF):	15,276.0	15,406.0	15,391.8	15,391.8	15,854.0	462.2	3.0%	
Designated Gen (DGF):	23,068.7	24,919.9	24,919.9	24,919.9	25,234.5	314.6	1.3%	
Other Funds:	15,770.5	17,583.9	17,583.9	17,583.9	17,498.1	-85.8	-0.5%	
Federal Funds:	18,973.0	23,375.2	23,356.3	23,356.3	23,847.0	490.7	2.1%	
Total Funds:	73,088.2	81,285.0	81,251.9	81,251.9	82,433.6	1,181.7	1.5%	
Permanent Full Time:								
	485	485	485	484	486	2	0.4%	
Permanent Part Time:								
	0	0	0	0	0	0	0.0%	
Non Permanent:								
	1	1	1	1	1	0	0.0%	
Total Positions:	486	486	486	485	487	2	0.4%	