



Division of Spill Prevention and Response (SPAR)

House Finance

Subcommittee Overview

Kristin Ryan, Director

February 11, 2016



Spill Prevention & Response

- Mission:
 - Protect public safety, health, and the environment through prevention, preparedness, and cleanup of oil and hazardous substances
- Programs:
 - Prevention, Preparedness, and Response
 - Contaminated Sites
 - Response Fund Administration





SPAR's Core Services

- Protect public health and the environment by identifying, overseeing, and conducting the cleanup, redevelopment, and management of contaminated sites in Alaska
- Protect public safety, public health, and the environment and 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
- 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, and provide administrative services to the Division's programs





Recent SPAR Cost Savings & Reductions



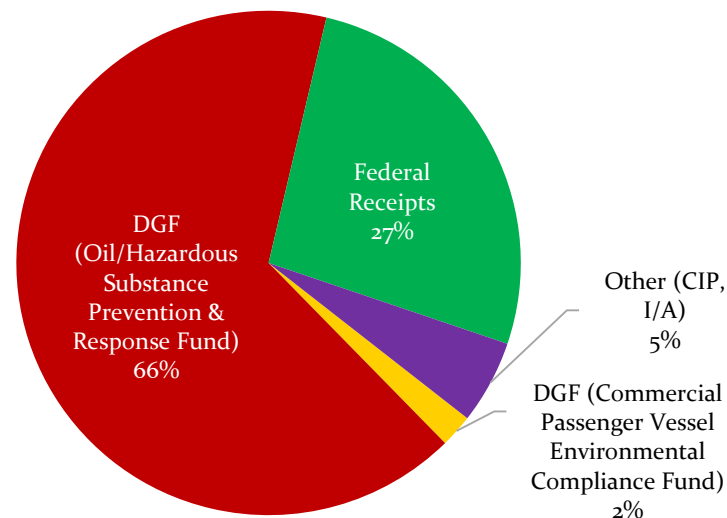
- FY2015 Reduced spending in response to last year's potential shortfall
 - Retained vacancies
 - Closed the Bethel field office
 - Reduced RSAs
 - Lapsed \$793.7 Prevention Account authority
- FY2016 Prevention Account appropriation to SPAR reduced \$620.0
 - Reorganized and combined five components into one
 - Deleted four positions
 - Redefined how we plan, prepare, and respond to spills
- FY2016 UGF appropriation reduced \$208.2
 - Eliminated two engineers in the Pipeline Integrity and Engineering section



SPAR FY2017 Operating Budget

Operating Request: \$20,386.1

- Unrestricted GF \$0.0
- Designated GF
 - CPVEC \$429.6
 - Prevention Account \$13,459.8
- Federal Receipts \$5,403.7
- Other Funds \$1,093.0
- Personal Services \$15,390.7
- Travel \$539.5
- Services \$4,285.7
- Commodities \$132.2
- Capital Outlay \$38.0
- 139 Permanent Full Time Positions





The Prevention Account





Statutory Authorities

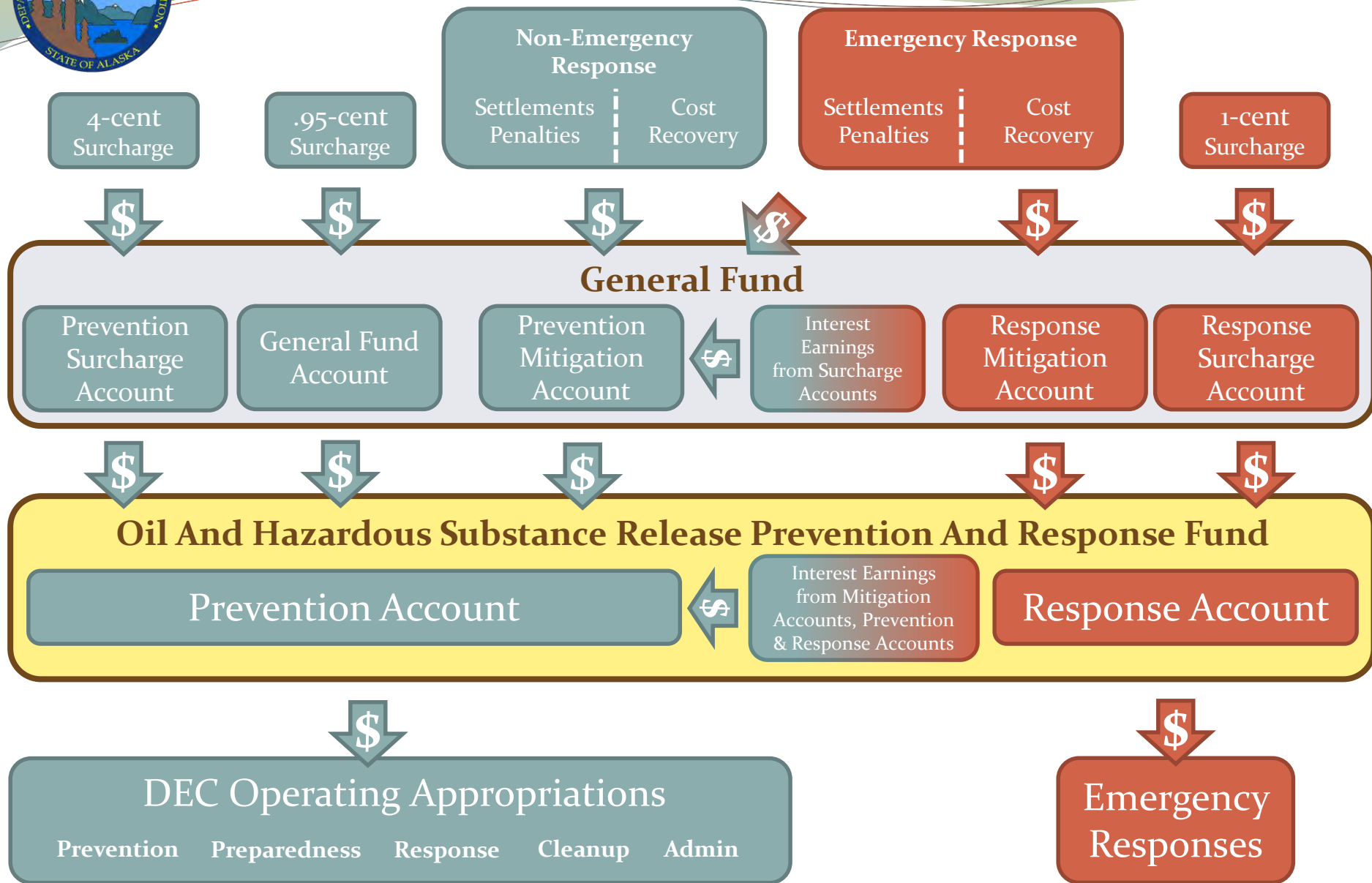
It is the intent of the Legislature and declared to be the public policy of the State that funds for the abatement of a release of oil or a hazardous substance will always be available (A.S. 46.08.030)





Statutory Authorities

- Funds from the **Response Account** are used to:
 - investigate and evaluate the release or threatened release of oil or a hazardous substance, and contain, clean up, and take other necessary action, such as monitoring and assessing, to address a release or threatened release of oil or a hazardous substance that poses **an imminent and substantial threat** to the public health or welfare, or to the environment -- AS 46.08.040(1)(A)
 - recover the costs to the state, a municipality, a village, or a school district of a containment and cleanup resulting from the release or the threatened release of oil or a hazardous substance for which money was expended from the response account; -- AS 46.08.040(1)(C)
- Funds from the **Prevention Account** are used to:
 - investigate and evaluate the release or threatened release of oil or a hazardous substance... and contain, clean up, and take other necessary action, such as monitoring and assessing, to address a release or threatened release of oil or a hazardous substance-- AS 46.08.040(2)(A)
 - *pay all costs incurred to establish and maintain the oil and hazardous substance response office; to review oil discharge prevention and contingency plans; to conduct training, response exercises, inspections, and tests; and to verify or establish proof of financial responsibility-- AS 46.08.040(2)(B)*
 - recover the costs to the state, a municipality, a village, or a school district of a containment and cleanup resulting from the release or threatened release of oil or a hazardous substance for which money was expended from the prevention account -- AS 46.08.040(2)(I)
 - *restore the environment by addressing the effects of an oil or hazardous substance release. -- AS 46.08.040(2)(K)*





Status of the Refined Fuel Surcharge

- The Legislature passed HB158 in 2015 that added a \$.0095 per/gallon environmental surcharge on refined fuel
- The surcharge is collected in the general fund and transferred to the Prevention Account by legislative appropriation
- Refunds against the surcharge are made directly from the Prevention Account
- The Department of Revenue currently projects collections from the surcharge in FY2016 and FY2017, after refunds, will be approximately \$7.2 million
- Unlike the production surcharge, the refined fuel surcharge is spent in the year it is collected
 - In FY2016, \$7.5 million general funds was transferred to the Prevention Account in anticipation of projected receipts
 - This amount will be reconciled against actual collections as of June 30, 2016

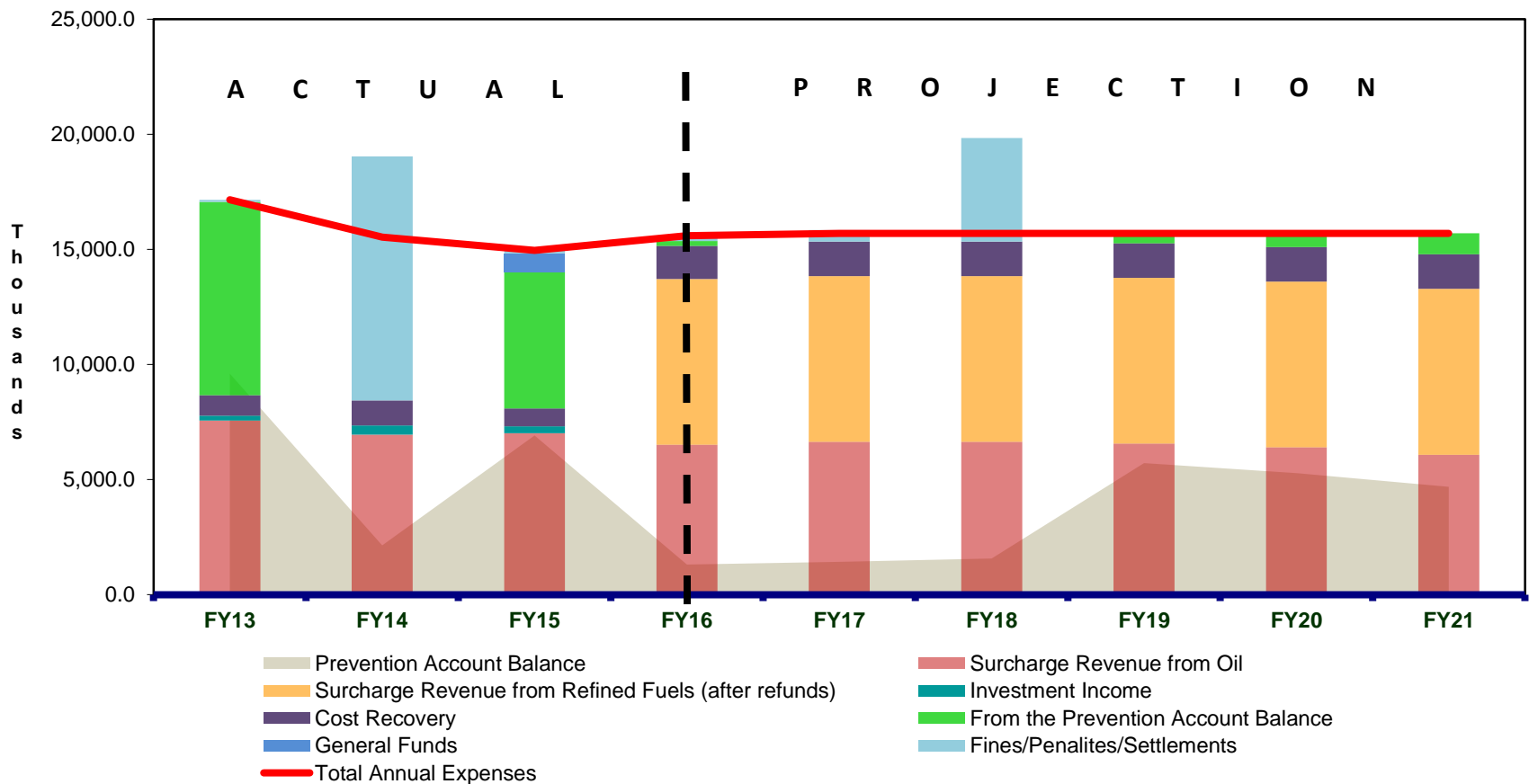




Status of the Prevention Account

PREVENTION ACCOUNT REVENUES, EXPENDITURES, AND BALANCE PROJECTION

Actuals FY 2013 - FY 2015, Projected FY 2016 - FY 2021 based on Fall 2015 Revenue Sources Book and DOR Projections





Status of the Prevention Account

PREVENTION ACCOUNT REVENUES, EXPENDITURES, AND BALANCE PROJECTION
Actuals FY 2013 - FY 2015, Projected FY 2016 - FY 2021 based on Fall 2015 Revenue Sources Book and DOR Projections

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Unobligated Prevention Account Beginning Balance	9,599.2	2,139.5	6,913.4	1,307.6	1,424.4	1,569.1	5,713.8	5,278.5	4,683.2
REVENUE to PREVENTION ACCOUNT	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Surcharge Revenue from Oil	7,558.6	6,951.2	7,015.9	6,512.5	6,640.0	6,640.0	6,560.0	6,400.0	6,080.0
Surcharge Revenue from Refined Fuels (after refunds)				7,200.0	7,200.0	7,200.0	7,200.0	7,200.0	7,200.0
Cost Recovery	890.4	1,085.1	778.0	1,437.7	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
Fines/Penalties/Settlements	86.2	10,604.1	156.0	230.8	500.0	4,500.0			
Investment Income	215.8	395.8	290.0						
Other miscellaneous revenue		257.3	(20.6)						
Appropriation of General Funds			800.0						
Total Annual Revenue	8,751.0	19,293.6	9,019.3	15,381.0	15,840.0	19,840.0	15,260.0	15,100.0	14,780.0
EXPENSES from PREVENTION ACCOUNT									
Operating Expense	15,344.8	15,542.9	14,697.6	15,264.2	15,695.3	15,695.3	15,695.3	15,695.3	15,695.3
Capital Expense	1,806.3	(10.0)	259.2	321.0	0.0	0.0	0.0	0.0	0.0
Total Annual Expenses	17,151.1	15,532.9	14,956.8	15,585.2	15,695.3	15,695.3	15,695.3	15,695.3	15,695.3
To the Prevention Account Balance	0.0	3,760.7	0.0	0.0	144.7	4,144.7	0.0	0.0	0.0
From the Prevention Account Balance	8,400.1	0.0	5,937.5	204.2	0.0	0.0	435.3	595.3	915.3
Summary									
Unobligated Beginning Balance	9,599.2	2,139.5	6,913.4	1,307.6	1,424.4	1,569.1	5,713.8	5,278.5	4,683.2
Add: Total Annual Revenue	8,751.0	19,293.6	9,019.3	15,381.0	15,840.0	19,840.0	15,260.0	15,100.0	14,780.0
Less: Total Annual Expenses	(17,151.1)	(15,532.9)	(14,956.8)	(15,585.2)	(15,695.3)	(15,695.3)	(15,695.3)	(15,695.3)	(15,695.3)
Less: Total Increase (Decrease) in Obligations and Other Activity	940.4	1,013.2	331.8	321.0	0.0	0.0	0.0	0.0	0.0
Unobligated Ending Balance	2,139.5	6,913.4	1,307.6	1,424.4	1,569.1	5,713.8	5,278.5	4,683.2	3,767.9



Response to Legislative Intent





Reduce the Costs of Drills

- Right-size the number of DEC staff participating in drills
- Proposed reduction of ten Subarea Plans to three Area Plans
 - Better alignment with National Response Framework
 - Not sufficient resources to support ten subarea committees
- Research how other states design, conduct, and evaluate drills
- Develop interactive online drill scheduling tool
- Put proposal out for stakeholder suggestions February 5





Reduce the Costs of Drills



- Economic analysis of the State's past drill costs, and continued monitoring of the effects as changes are implemented
- Gather drill cost data from industry partners (on a voluntary basis) and evaluate the economic impacts of changes
- Collaboration with Primary Response Action Coordinators (PRACs) to maximize the value of drills
- Develop a tiered approach to drill requirements
- Develop clear regulations governing the State's drill program



Increase Cost Recovery

- Drafted new cost recovery regulations describing how cost recovery will occur which are in final adoption phase.
- Took over the informal cost recovery billing process from the Department of Law
- Automated, monthly billing – saving over \$200,000 in DOL costs
- Developed procedures to determine a responsible party's ability to pay
- Clarified what is and what is not billable
- Improved accounting processes to track costs better and generate clear bills
- Billed for the first time for over 200 sites
- FY2015 increased cost recovery revenue by 48%





Reporting Under AS 46.08.060(a)

- The report on the Response Account is statutorily required biannually, due during the first regular session of the legislature
- SPAR has produced an interim annual report for FY2015 which is available online:

- <http://dec.alaska.gov/spar/reports.htm>





Questions?





Walk-Thru of the Short Form Book

House Finance

Subcommittee Overview

Tom Cherian,

Administrative Services Director

February 11, 2016



What are the Objects of Expenditure?

- Personal Services
- Travel
- Services
- Commodities
- Capital Outlay
- Grants, Benefits
- Miscellaneous



What Different Scenarios are Shown?

- 2015 Actual
 - What was actually spent last year
- 2015 Management Plan
 - What was authorized to be spent last year
- 2016 Management Plan
 - What is authorized to be spent in the current year
- 2016 Supplemental/RPL
 - Any additional authority in the current year
- 2017 Adjusted Base
 - Adjustments from FY2016 for any one-time items; this is the starting point for FY2017
- 2017 Governors
 - Changes from the Adjusted Base



DEC Fund Source Acronyms

- I/A
 - Interagency Receipts
- ISPF-I/A
 - In-State Pipeline Fund Interagency Receipts
- CIP
 - Capital Improvement Projects
- GFPR
 - General Fund Program Receipts
- CPVEC
 - Commercial Passenger Vessel Environmental Compliance Fund
- OR
 - Ocean Ranger Fees
- CAPF
 - Clean Air Protection Fund
- OHSPRF
 - Oil and Hazardous Substance Release Prevention and Response Fund
- ACWF
 - Alaska Clean Water Administrative Fees
- ADWF
 - Alaska Drinking Water Administrative Fees
- EVOS
 - Exxon Valdez Oil Spill Settlement



DEC's Appropriation Structure

- Administration
 - Commissioner's Office
 - Administrative Services
 - State Support Services
- Building Maintenance and Operations
 - Building Maintenance and Operations
- Environmental Health
 - Environmental Health Director
 - Food Safety & Sanitation
 - Laboratory Services
 - Drinking Water
 - Solid Waste Management
- Air Quality
 - Air Quality
- Spill Prevention and Response
 - Spill Prevention and Response
- Water
 - Water Quality
 - Facility Construction



What Adjustments can Agencies Make?

- Line Item adjustments within an allocation and fund source
- Move authority within a fund source between allocations within an appropriation
- Position adjustments including adding, removing, location changes, and reclassifications
- OMB Approval is required for the adjustments listed above when:
 - Authority adjustments impact the Grants line
 - New permanent positions are created
 - Position location changes go in and out of Juneau
 - Reclassifications result in an increase of three or more ranges
- Without the Legislative Approval We Cannot:
 - Move authority between appropriations
 - Move authority between fund sources
 - Increase authority



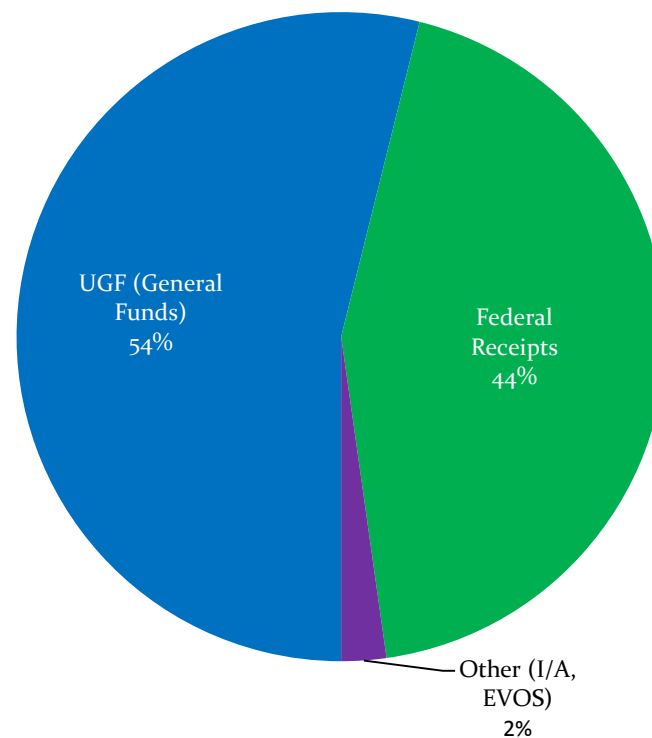
Office of the Commissioner - Page 12

FY2017 Operating Request: \$1,270.8

- Unrestricted GF \$684.8
- Federal Receipts \$557.6
- Other Funds \$28.4

- Personal Services \$1,173.4
- Travel \$22.5
- Services \$64.3
- Commodities \$10.6

- 8 Permanent Full Time Positions





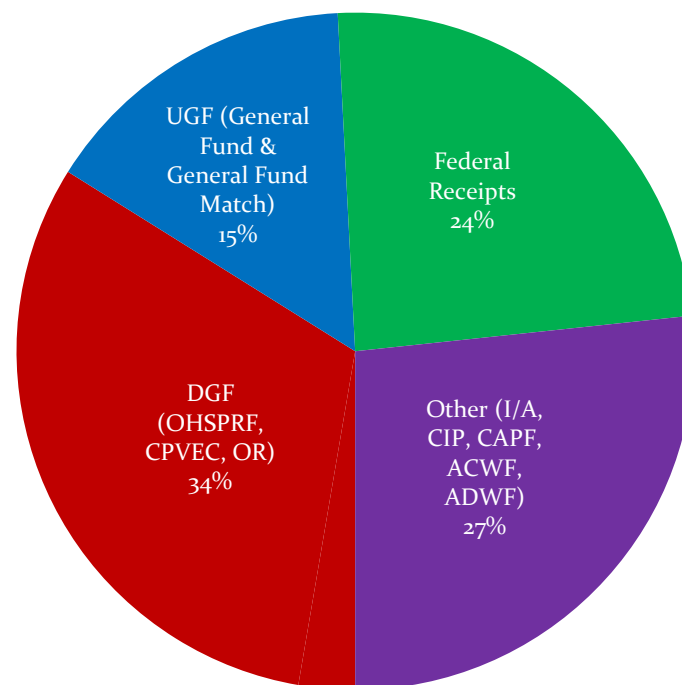
Administrative Services - Page 14

FY2017 Operating Request: \$6,189.0

- Unrestricted GF \$946.3
- Federal Receipts \$1,494.2
- Designated GF \$2,097.4
- Other Funds \$1,651.1

- Personal Services \$5,313.4
- Travel \$41.8
- Services \$734.2
- Commodities \$89.6
- Capital Outlay \$10.0

- 51 Permanent Full Time Positions

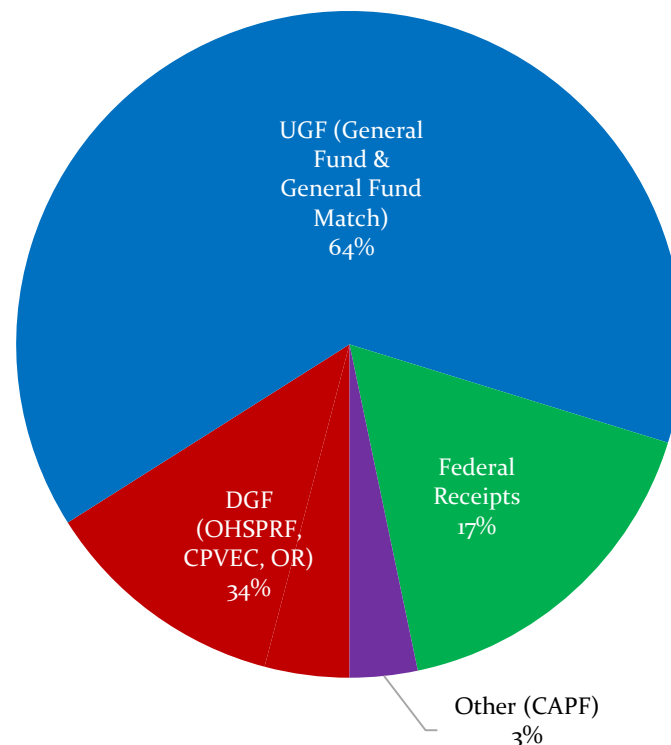




State Support Services - Page 16

FY2017 Operating Request: \$2,552.0

- Unrestricted GF \$1,626.6
- Federal Receipts \$432.5
- Designated GF \$409.0
- Other Funds \$83.9
- Personal Services \$0
- Travel \$0
- Services \$2,552.0
- Commodities \$0
- o Positions





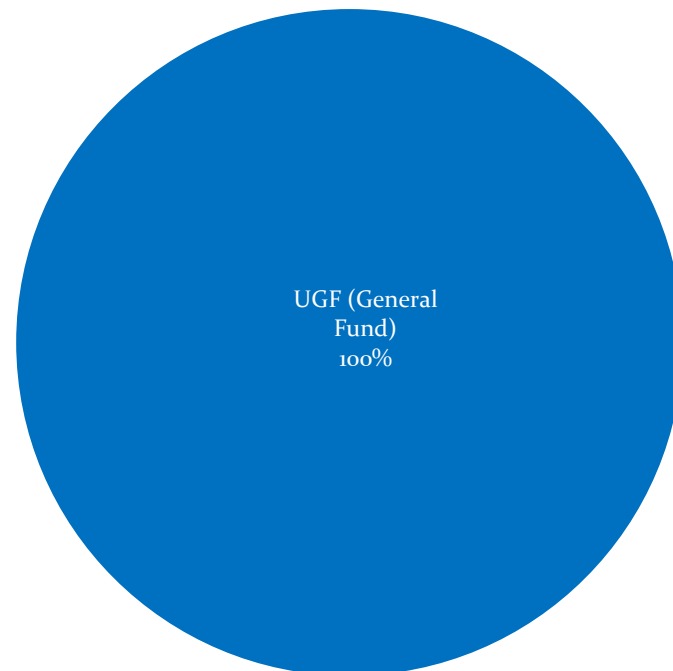
Building Maintenance & Ops - Page 18

FY2017 Operating Request: \$636.5

- Unrestricted GF \$636.5
- Federal Receipts \$0
- Designated GF \$0
- Other Funds \$0

- Personal Services \$174.2
- Travel \$1.4
- Services \$428.4
- Commodities \$32.5

- 2 Permanent Full Time Positions





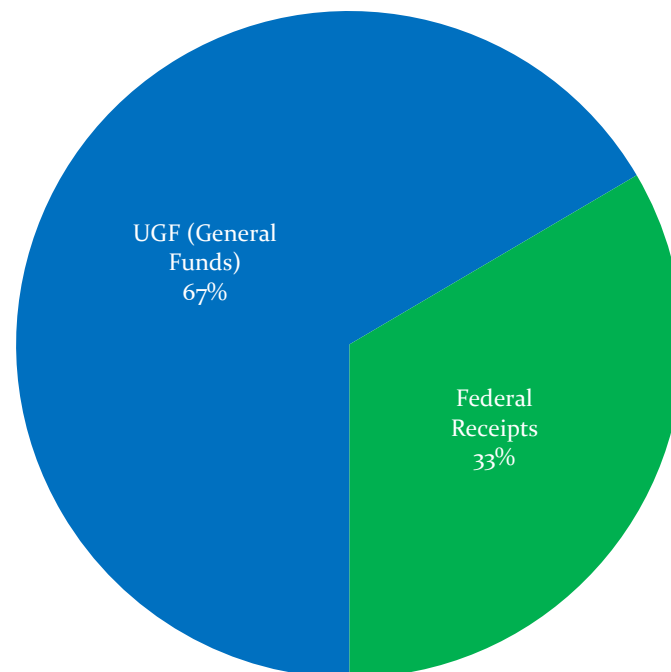
Environmental Health Director - Page 20

FY2017 Operating Request: \$674.0

- Unrestricted GF \$448.4
- Federal Receipts \$225.6
- Designated GF \$0
- Other Funds \$0

- Personal Services \$604.2
- Travel \$12.9
- Services \$49.0
- Commodities \$7.9

- 5 Permanent Full Time Positions





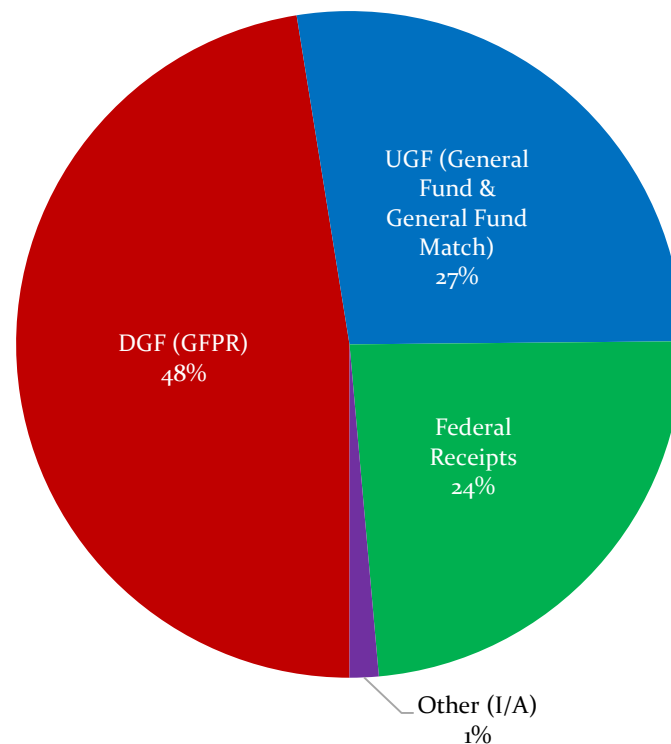
Food Safety & Sanitation - Page 22

FY2017 Operating Request: \$4,530.5

- Unrestricted GF \$1,240.8
- Federal Receipts \$1,075.7
- Designated GF \$2,150.3
- Other Funds \$63.7

- Personal Services \$3,332.6
- Travel \$275.1
- Services \$857.1
- Commodities \$65.7

- 32 Permanent Full Time Positions





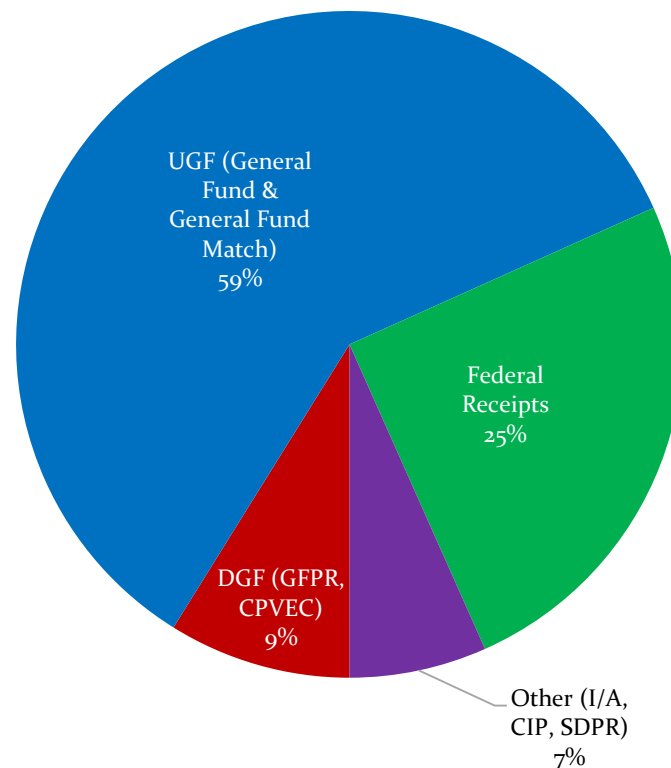
Laboratory Services - Page 24

FY2017 Operating Request: \$3,641.2

- Unrestricted GF \$2,163.8
- Federal Receipts \$912.3
- Designated GF \$322.4
- Other Funds \$242.7

- Personal Services \$2,715.5
- Travel \$51.2
- Services \$496.5
- Commodities \$334.3
- Capital Outlay \$43.7

- 27 Permanent Full Time Positions





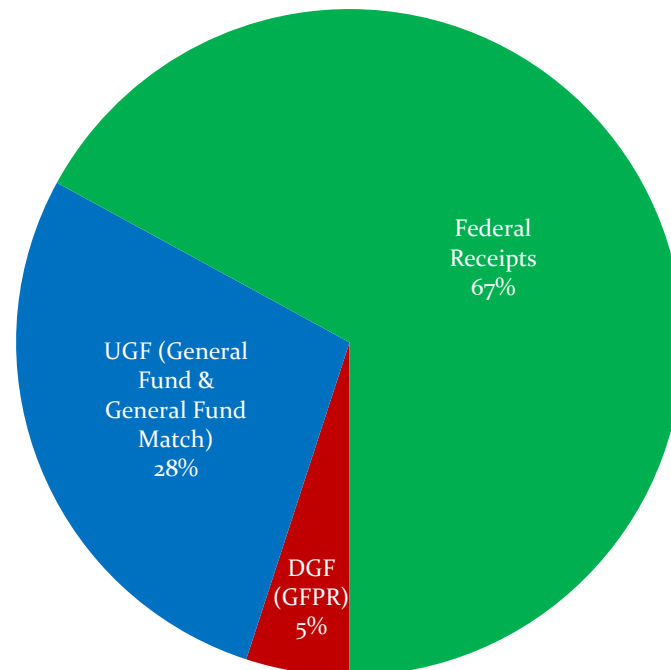
Drinking Water - Page 26

FY2017 Operating Request: \$6,611.2

- Unrestricted GF \$1,846.9
- Federal Receipts \$4,432.8
- Designated GF \$331.5
- Other Funds \$0

- Personal Services \$5,720.5
- Travel \$242.2
- Services \$411.9
- Commodities \$216.6
- Capital Outlay \$20.0

- 53 Permanent Full Time Positions





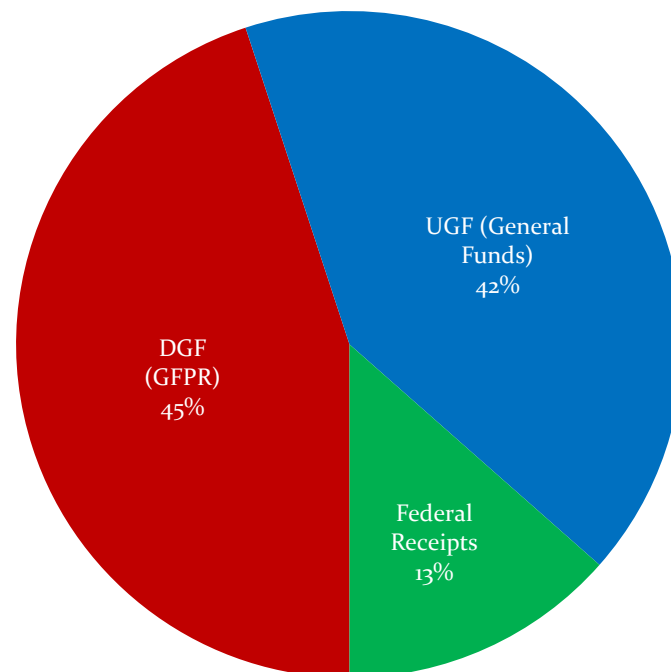
Solid Waste Management - Page 28

FY2017 Operating Request: \$2,293.1

- Unrestricted GF \$952.8
- Federal Receipts \$309.5
- Designated GF \$1,030.8
- Other Funds \$0

- Personal Services \$2,035.1
- Travel \$57.4
- Services \$169.5
- Commodities \$31.2

- 19 Permanent Full Time Positions





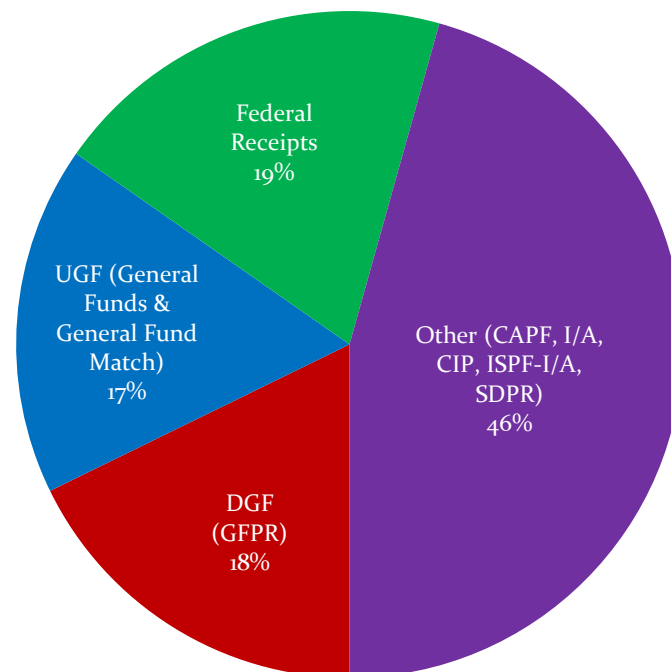
Air Quality - Page 32

FY2017 Operating Request: \$10,979.9

• Unrestricted GF	\$1,859.9
• Federal Receipts	\$2,157.5
• Designated GF	\$1,949.9
• Other Funds	\$5,012.6

• Personal Services	\$6,940.1
• Travel	\$266.0
• Services	\$3,491.3
• Commodities	\$227.5
• Capital Outlay	\$55.0

- 66 Permanent Full Time Positions





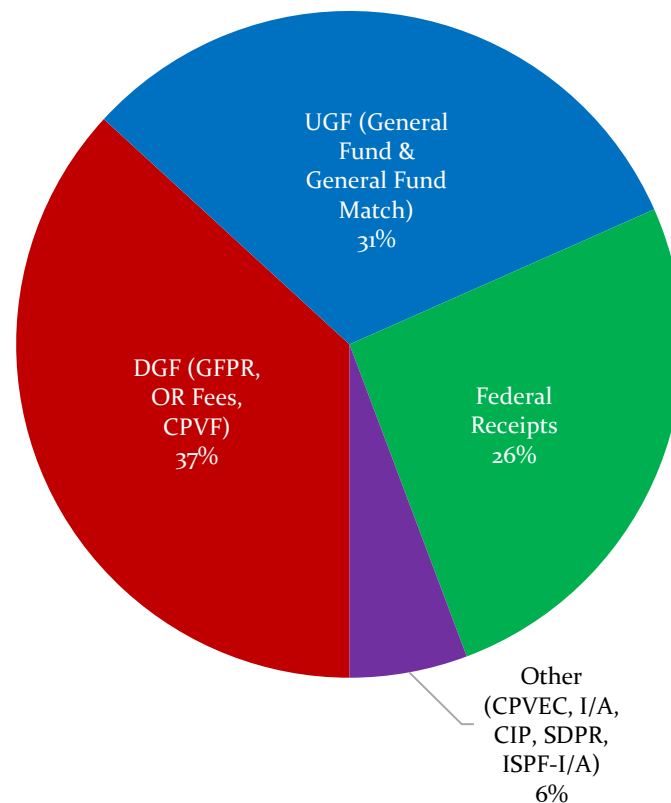
Water Quality - Page 46

FY2017 Operating Request: \$15,502.7

• Unrestricted GF	\$4,891.2
• Federal Receipts	\$4,017.8
• Designated GF	\$5,706.8
• Other Funds	\$886.9

• Personal Services	\$9,157.6
• Travel	\$368.3
• Services	\$5,361.2
• Commodities	\$164.4
• Capital Outlay	\$16.8
• Grants	\$434.4

- 75 Permanent Full Time Positions





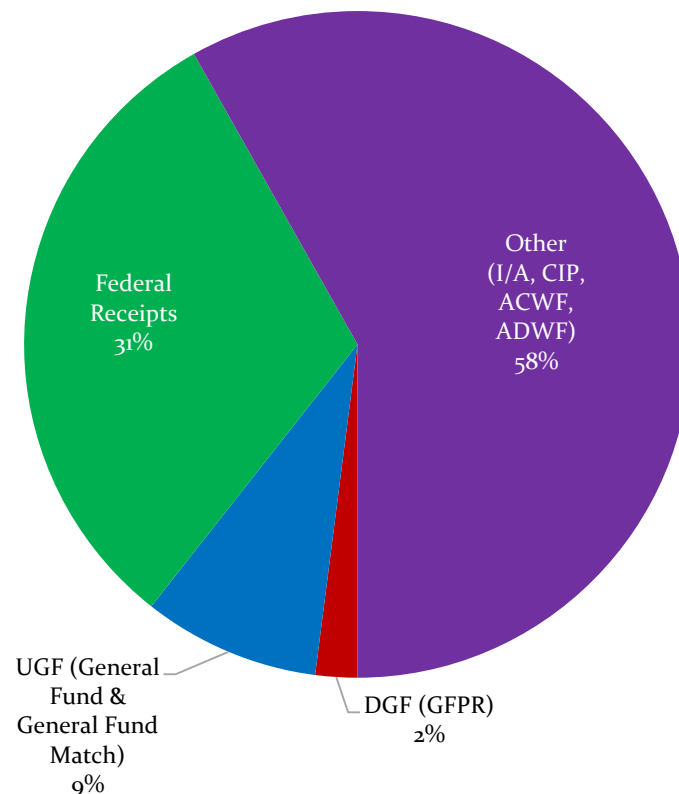
Facility Construction - Page 48

FY2017 Operating Request: \$9,158.3

- Unrestricted GF \$786.0
- Federal Receipts \$2,859.6
- Designated GF \$186.0
- Other Funds \$5,326.7

- Personal Services \$4,793.8
- Travel \$222.7
- Services \$2,060.7
- Commodities \$108.1
- Capital Outlay \$30.0
- Grants \$1,934.0

- 39 Permanent Full Time Positions
- 2 Temporary Positions





Questions?

