



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Environmental  
Conservation**

DIVISION OF ADMINISTRATIVE SERVICES

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January 27, 2016

The Honorable Mark Neuman & Steve Thompson  
Co-Chairs, House Finance Committee  
State Capitol Room 505  
Juneau AK, 99801

The Honorable Pete Kelly & Anna MacKinnon  
Co-Chairs, Senate Finance Committee  
State Capitol Room 421  
Juneau AK, 99801

In addition to the Legislative Intent Response submitted on December 1, 2015, please find attached an update on the Department's steps to reduce the cost of drills. An interim 2015 Annual Report has also been posted to the Division of Spill Prevention and Response website at:

<http://dec.alaska.gov/spar/docs/annual/2015/FY15%20SPAR%20Annual%20Report.pdf>.

The section specific to efforts around increasing cost recovery begins on page 73.

Thank you for your opportunity to respond. If you have any questions, please do not hesitate to call.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. Cherian", with a horizontal line underneath.

Tom Cherian  
Director, Division of Administrative Services

Attachment:

Alaska Exercise Program Prioritization and Key Steps

Cc: Representative Cathy Muñoz, Chair, House Finance Subcommittee  
Samantha Gatton, Office of Management and Budget  
Alexei Painter, Legislative Finance Division

**Department of Environmental Conservation  
Alaska Response Exercise Program Improvements  
Prioritization and Key Steps**

The Department of Environmental Conservation planning and implementation of improvements and cost saving measures to the Alaska Response Exercise Program is an ongoing complex and dynamic process. There are many moving pieces that need to be coordinated, and adjustments will be needed as work continues on the outlined tasks below.

- The primary and immediate task is to right-size the number of Department staff that participate in exercises.
- Since November 2015, the Department has been assertively working with federal partners to propose a reduction of ten Subarea Planning Units to three distinct Area Plans. It is believed this will be the most significant paradigm shift in overall efforts to reduce costs and make the exercise program more efficient and effective because:
  - This would better align Alaska with the National Response Framework.
  - There is not sufficient staff and monetary resources to effectively support ten Subarea Committees, including having them play a more substantial role in regional exercise scheduling, design, and implementation.
- In September 2015, the Department increased research into how other states design, conduct, and evaluate exercises. This includes evaluation of which tools or processes may be useful in Alaska and how they may be applied, and which tools or processes cannot be used effectively here.
- Department IT staff are working to develop an interactive online exercise scheduling tool to improve the ability to plan and schedule exercises, and improve the ability to anticipate costs to the State and its partners for conducting response exercises throughout the year. A tool developed by the State of Washington is being used as an example, but the Department's tool will be tailored to fit Alaska's needs.
- Economic data gathering and analysis has been initiated with the Department's economist to identify what costs have been, and to set up a mechanism to evaluate the level of cost reduction achieved by implementing specific changes – both in the near term and over the next several years.
- The Department's economist is working to identify data that can be requested from industry, on a voluntary basis, to help determine if measures undertaken as an agency, and in concert with partners, helps reduce costs.
- Collaboration will take place with Primary Response Action Coordinators (PRACs) to identify ways to maximize the value of exercises for multiple PRAC members. The Department has initiated this approach in the last two years, and will work toward expanding it across various regions as an on-going mid-range project. This effort includes expanding the mutual aid exercise approach throughout Alaska.
- As a mid-to-long range project, the Department will work to develop a tiered approach for exercise requirements, evaluating the type and frequency of exercises that should be conducted for facilities based on risk and operational criteria.
- Over the long term, the Department will develop clear regulations governing Alaska's response exercise program for regulated facilities and coordination with the response community.