



Division of Water

House Finance
Subcommittee

Michelle Hale, Director

February 16, 2017



Water's Mission

Protect water quality and assist communities in improving sanitation conditions





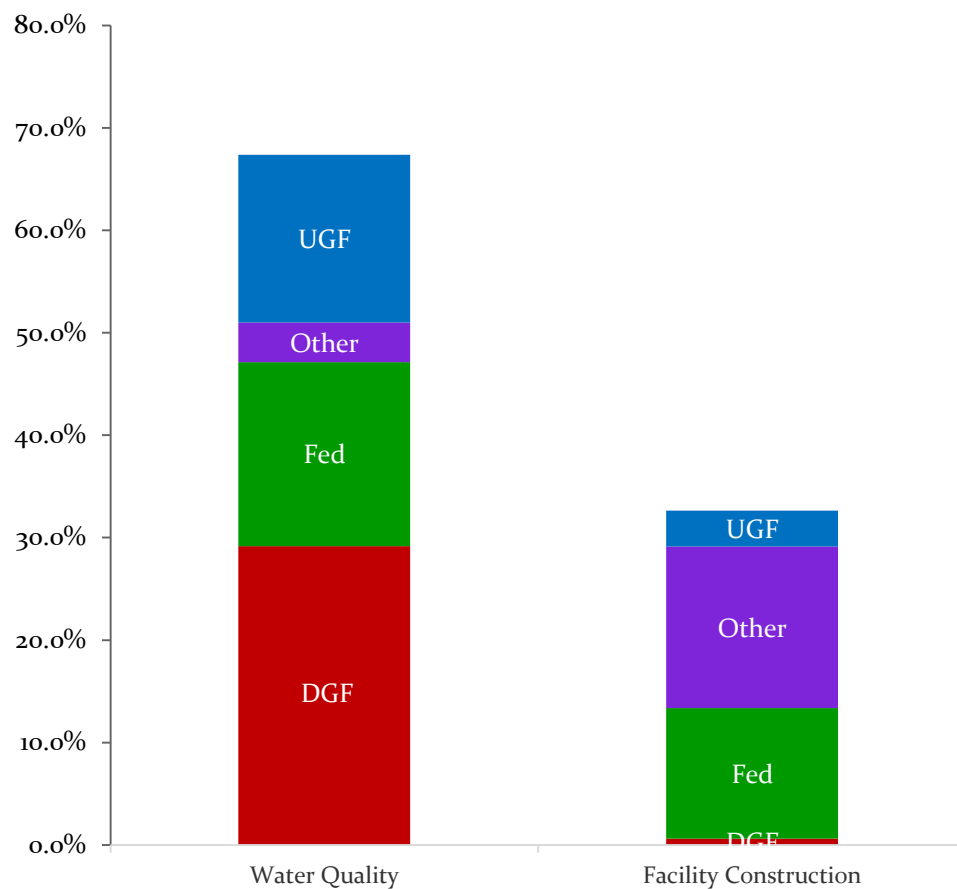
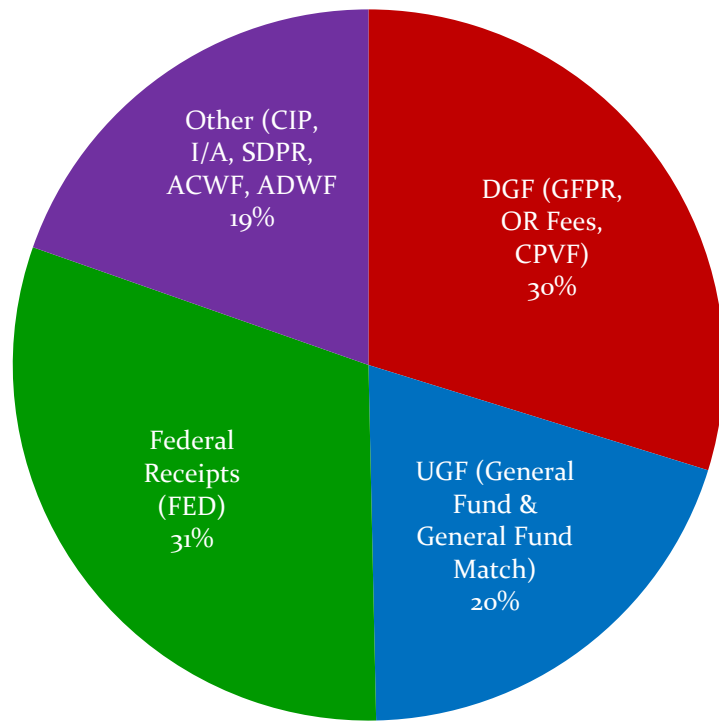
Core Services

- Identify, abate, and control water pollution in a cost effective, accountable manner to protect public health and preserve the many uses of Alaska's waters
- Assist communities in providing sustainable water, sewer, and solid waste services in full regulatory compliance





FY2018 Operating Budget By Fund Source

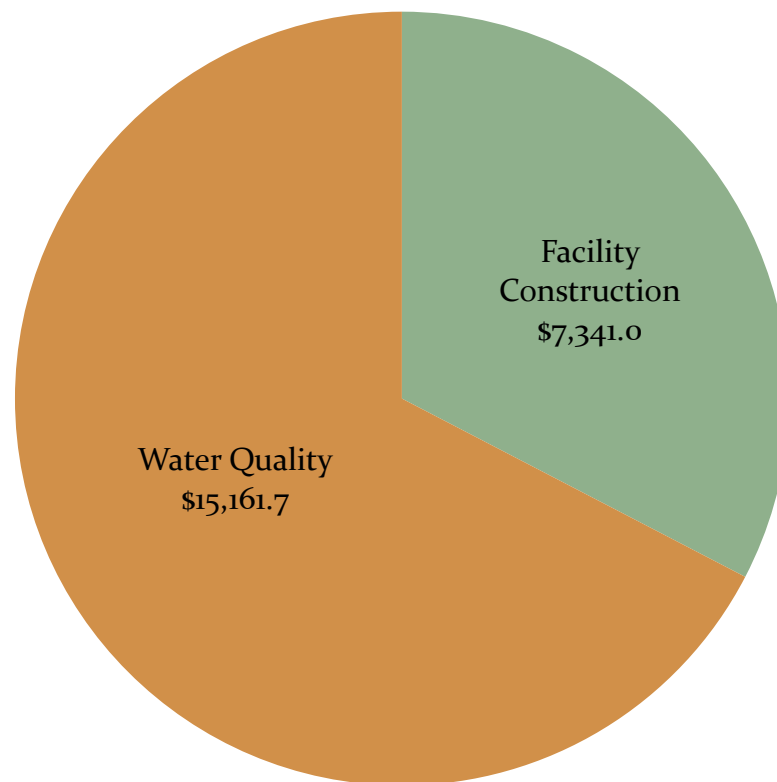




FY2018 Budget Detail

Operating Request: \$22,502.7

- Unrestricted GF \$4,471.5
- Designated GF \$6,702.5
- Other State Funds \$4,416.8
- Federal \$6,911.9

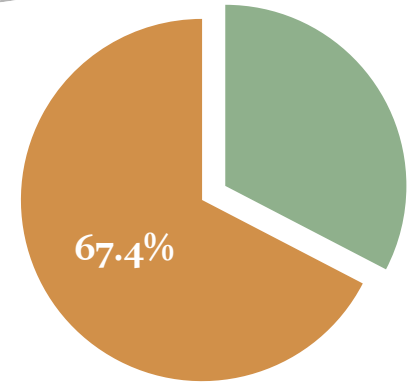




Water Quality

Responsibilities:

- Alaska Pollutant Discharge Elimination System (APDES) Permitting
- Engineering Support & Plan Review
- Compliance
- Surface Water Standards Assessment and Restoration
- Cruise Ship



FY2018 Adjusted Base \$15,235.5

FY2018 Governor's Request \$15,161.7

- Unrestricted GF \$3,685.2
- Designated GF \$6,561.0
- Other State Funds \$872.6
- Federal Receipts \$4,042.9

(Subcommittee Book p. 52-54)



Budget Changes

- Replace UGF with Program Receipts from increased Wastewater Discharge fees *(\$800.0) UGF/\$800.0 DGF*
- Reduce funds available for Travel and Contractual for APDES Permitting and Compliance *(\$58.8) UGF*
- Reduce Uncollectible Statutory Designated Program Receipts *(\$15.0) Other*
- Consolidate financial administration of water and wastewater facility grant and loan programs into Admin Services *-1 PCN*





Recent Cost Savings & Reductions

- FY2016 UGF reduced \$198.0 and eliminated 2 PCNs
 - Slowdown in admin processing of grants and contracts
 - Less public outreach related to nonpoint source pollution
 - Fewer APDES inspections and enforcement in rural areas
 - Ceased work with EPA and the Army Corps of Engineers to improve the existing 404 permitting process in Alaska
- FY2016 Eliminated 8 PCNs
- FY2017 Replaced \$400.0 UGF with Program Receipts from increased fees
- FY2017 UGF reduced \$1,062.3 and eliminated 8 PCNs
 - Dissolved the Technical Services section and reorganized work and supervision structure
 - Eliminated two middle management positions



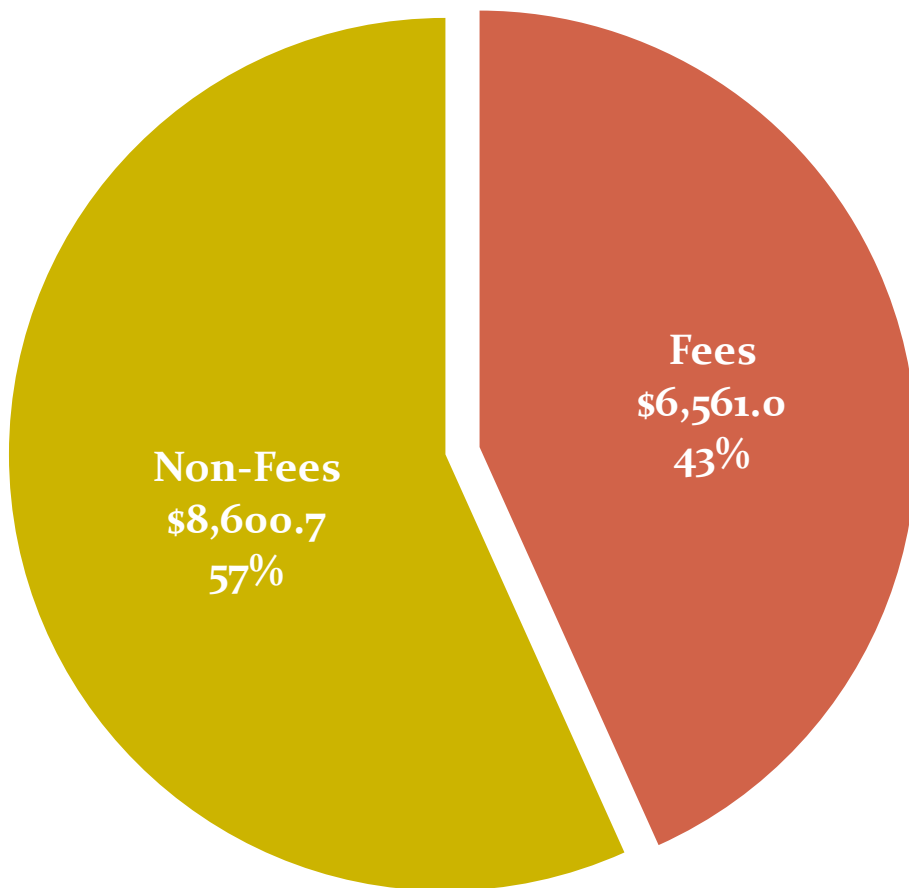
Recent Cost Savings & Reductions

- Engineering Support and Plan Review is implementing an overhaul of the program
 - Expedite wastewater system construction and maintenance
 - Allow the State to better track 19 million gallons of wastewater produced daily
- Water Quality is conducting LEAN process evaluations this year of the Integrated Report and General Permit authorizations





How Much is Fee-Supported?



*In DEC's FY2016 Annual Fee Report per AS 37.10.050(c),
Water Quality lists
83 separate fees*



Permits & Authorizations

- Alaska Pollutant Discharge Elimination System (APDES)
 - Wastewater Plan Review
 - Oil & Gas Exploration Discharge
 - Sewage Treatment Plant Discharge
 - Seafood Processors Waste Discharge
 - Construction Projects
- Engineering Plan Review & Approval of Onsite Septic Systems
 - Homes and businesses not served by community systems
- Cruise Ships
 - Commercial Passenger Vessel Environmental Compliance Fees
 - Ocean Ranger Fees



Indirect Expenditures

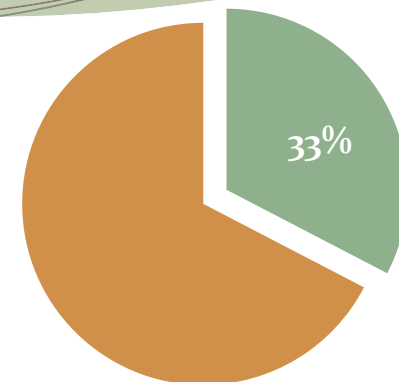
- Wastewater Fees for Small Businesses
 - Businesses with fewer than 20 employees
 - Unknown universe
 - Unknown revenue impact



Facility Construction

Responsibilities:

- Village Safe Water
- Municipal Grants & Loans
- Operations Assistance



FY2018 Adjusted Base \$8,341.0

FY2018 Governor's Request \$7,341.0

- Unrestricted GF \$786.3
- Designated GF \$141.5
- Other State Funds \$3,544.2
- Federal Receipts \$2,869.0

(Subcommittee Book p. 56-58)



Budget Changes

- Consolidate financial administration of water and wastewater facility grant and loan programs into Admin Services *(\$798.7) Other; -6 PCNs*
- Reduce uncollectible Capital Improvement Project receipts *(\$1,000.0) Other*
- Eliminate positions due to declining receipts *-2 PCNs*





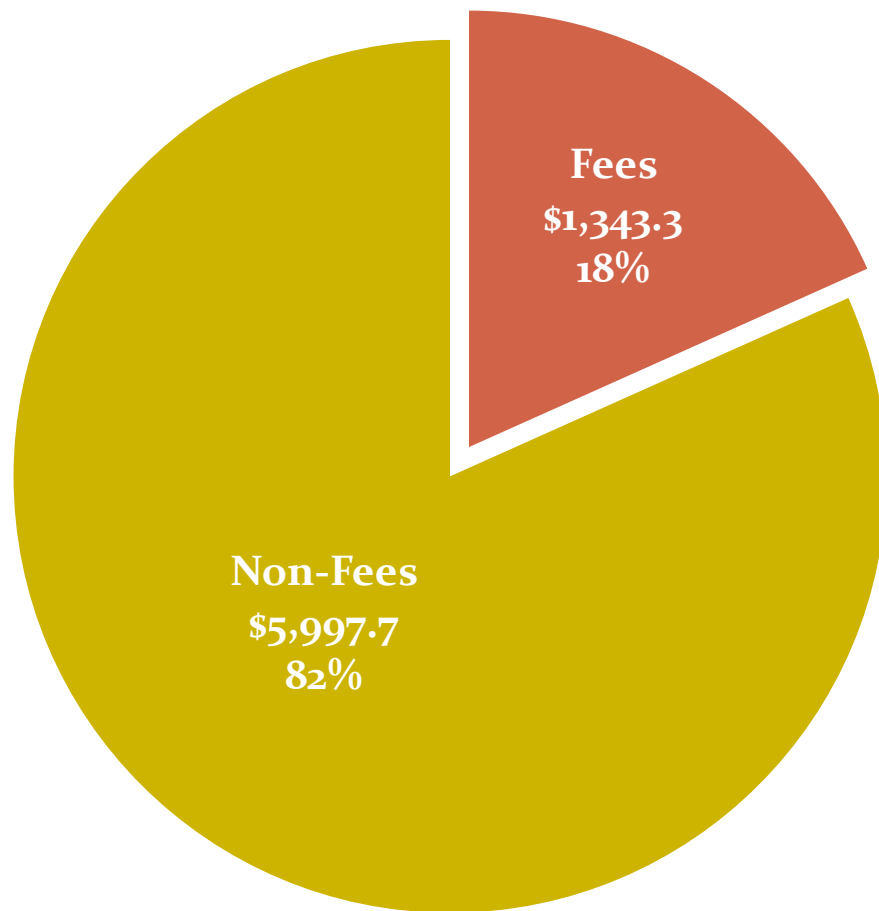
Recent Cost Savings & Reductions

- FY2016 UGF reduced \$100.0 UGF and replaced with allowable federal set-asides from the Alaska Clean Water and Drinking Water Loan Funds within existing authority
- FY2017 UGF reduced \$253.0 and replaced with other fund sources within existing authority





How Much is Fee-Supported?



In DEC's FY2016 Annual Fee Report per AS 37.10.050(c), Facility Construction lists 19 separate fees



Permits & Authorizations

- Water & Wastewater Operator Certification fees
 - Nominal fees for training courses, examinations, and certifications
- Alaska Clean Water & Alaska Drinking Water Loans
 - 1.5% finance charge on loans to municipalities for qualifying projects
 - 1% deposited to loan pool; available for making additional loans
 - 0.5% administrative fee; available for program administration costs
 - Loan subsidies provided in the form of partial principal forgiveness



Questions?

