



Department of Environmental Conservation

House Finance Subcommittee

Jason Brune, Commissioner

Ruth Kostik, Acting Administrative Services Director

February 4, 2020



Our Values

We strive to provide excellent Customer Service both inside and outside of the organization by being professional, responsive, reliable, and respectful.

We are Accountable for our actions and stand proudly behind our work, as individuals and as an organization.

We perform to the highest moral and ethical standards, and produce transparent and consistent regulatory actions to show our Integrity.

We support and encourage Collaboration across programs and partners to meet challenges and further our collective mission.

We make Objective decisions, based on science and facts.



DEC FY2021 Operating Budget: Significant Changes (in thousands)

Increase Inspections for Alaska Pollutant Discharge Elimination Systems (APDES) Program

- Primacy over portion of Clean Water Act
- Permits all major industries in Alaska
- Alaska received failing grade in recent EPA review due to staffing deficiencies
- EPA conducting inspections on DEC's behalf
- RPL approved in December added \$430.0 Fed to fund 4 new positions in FY2020
- Increase \$573.0 Fed and positions funded in RPL
 - Increased inspections by DEC staff
 - Improve program performance



DEC FY2021 Operating Budget: Significant Changes (in thousands)

Status of Ocean Ranger Program

- Governor proposed elimination in FY2020
- Legislature restored funding
- Governor vetoed
- Ocean Ranger fee remains in statute and continues to be collected into the Commercial Passenger Vessel Environmental Compliance Fund
- Ocean Ranger contract expired in October, 2019
- No Ocean Rangers will be onboard cruise ships in 2020
- No funding is requested as part of the FY2021 budget



DEC FY2021 Operating Budget: Significant Changes (in thousands)

Cruise Ship Enforcement Program

- ▶ DEC continues to have regulatory permitting, compliance and enforcement authority over cruise ship discharges
- ▶ Draft legislation to replace HB74 and SB70 would replace Ocean Rangers with strengthened DEC inspection and enforcement authority
 - ▶ Initial inspections of each vessel early season by marine engineers
 - ▶ Random and targeted inspections throughout the season in port and underway
 - ▶ Ability to incorporate use of electronic monitoring of discharges
 - ▶ Simplified fee schedule
 - ▶ Grant or loan program to support improvements to shore-based wastewater treatment facilities in port communities



DEC FY2021 Operating Budget: Significant Changes (in thousands)

Transfer Monitoring of Cruise Ship Air Emissions

- Moves enforcement from Division of Water to Division of Air Quality
- Activities include
 - Opacity readings
 - Ambient air monitoring
 - Complaint response
- Transfer \$312.6 commercial passenger vessel environmental compliance fees and one position
- No change in services



DEC FY2021 Operating Budget: Significant Changes (in thousands)

Regulate Wastewater in Port Communities

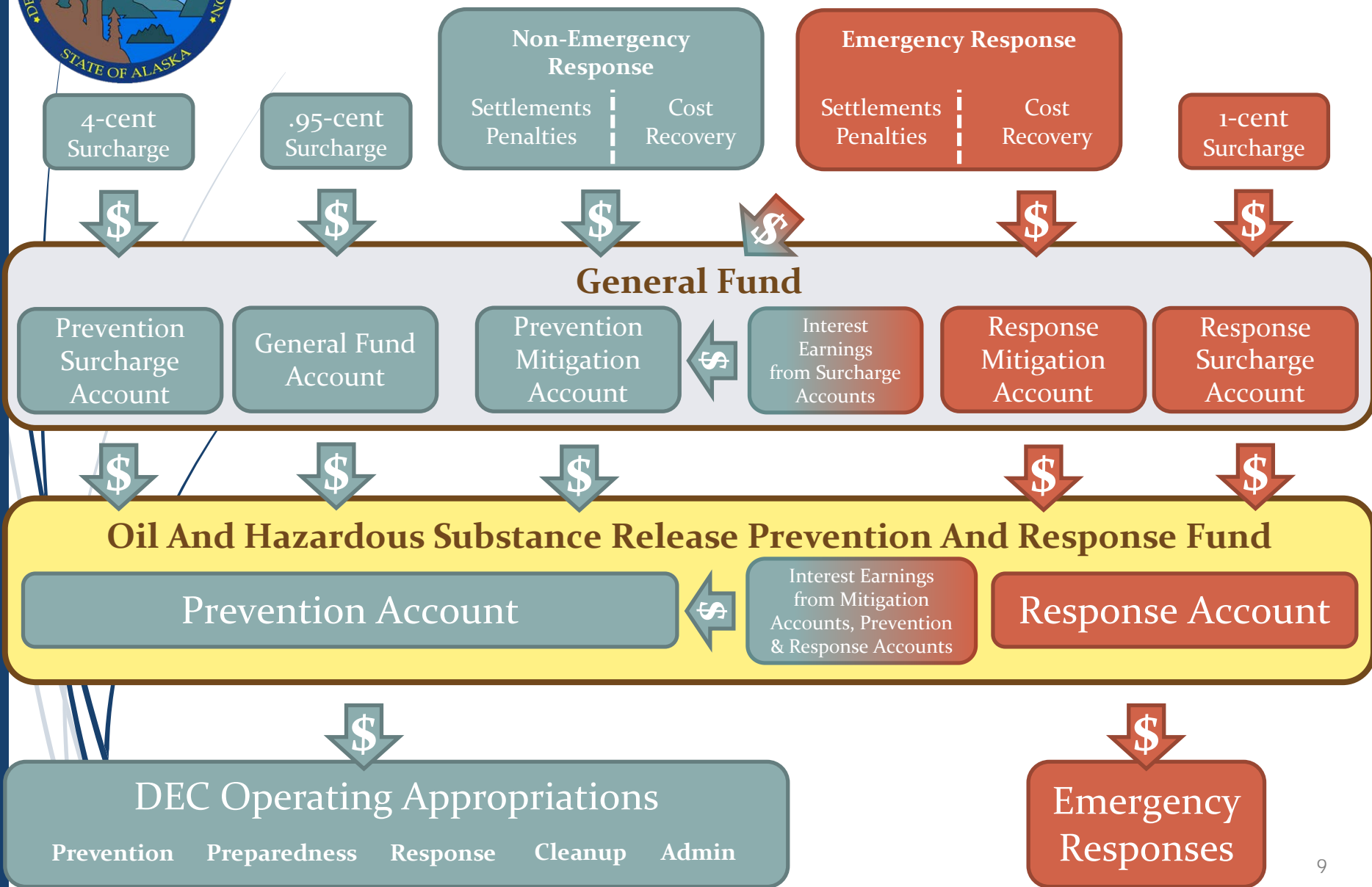
- ▶ 1.2 million cruise ship passengers in 2019
- ▶ Increased daily load in the summer has significant impacts on systems
- ▶ Fund source change \$454.6 UGF to commercial passenger vessel environmental compliance fees



DEC FY2021 Operating Budget: Significant Changes (in thousands)

Reduce Prevention Account Expenditures

- Prevention Account funded by
 - \$0.04 per barrel of crude oil
 - \$0.0095 per gallon of refined fuel
- Fund projected to run a deficit as early as FY2024
- Reduce \$1,019.1 and 7 positions
 - \$643.5 prevention account
 - \$375.6 federal receipts
- Increase \$375.0 oil/haz interagency receipts to reflect average annual personal services charged to emergency response account





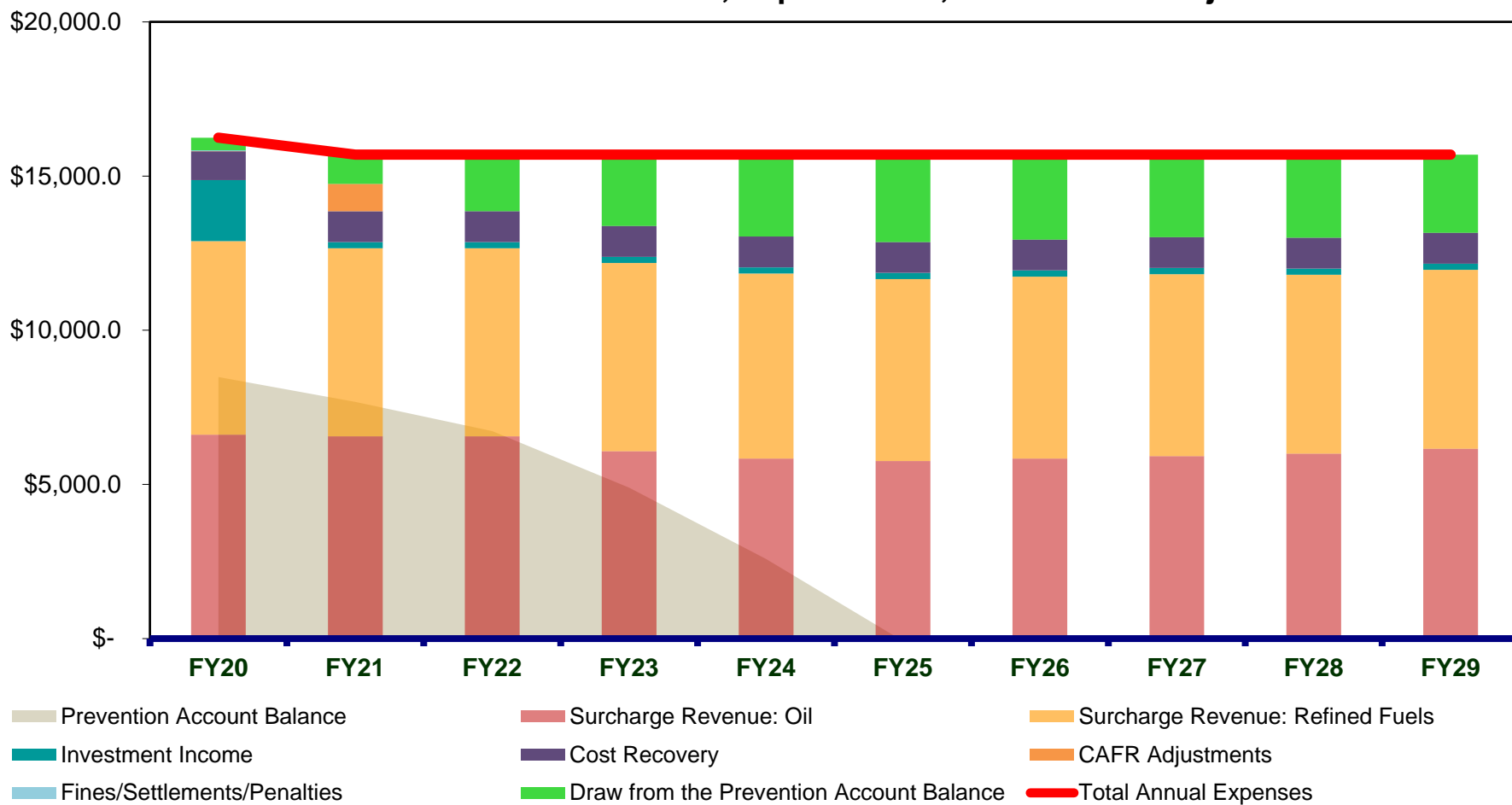
DEPARTMENT OF ENVIRONMENTAL CONSERVATION PREVENTION ACCOUNT REVENUES, EXPENDITURES, AND BALANCE PROJECTION

Actual Revenue FY2020, FY2021-2029 based on Fall 2019 Revenue Sources Book

| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|-------------------|-------------------|
| Unobligated Prevention Account Beginning Balance | 8,483.0 | 7,675.7 | 6,728.7 | 4,895.2 | 2,581.7 | (71.8) | (2,905.3) | (5,658.8) | (8,332.3) | (11,025.8) |
| REVENUE to PREVENTION ACCOUNT | | | | | | | | | | |
| Surcharge Revenue: Oil | 6,613.9 | 6,560.0 | 6,560.0 | 6,080.0 | 5,840.0 | 5,760.0 | 5,840.0 | 5,920.0 | 6,000.0 | 6,160.0 |
| Surcharge Revenue: Refined Fuels | 6,275.9 | 6,100.0 | 6,100.0 | 6,100.0 | 6,000.0 | 5,900.0 | 5,900.0 | 5,900.0 | 5,800.0 | 5,800.0 |
| Cost Recovery | 936.3 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |
| Fines/Settlements/Penalties | 5.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Investment Income | 1,977.8 | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 |
| Total Annual Revenue | 15,809.0 | 13,860.0 | 13,860.0 | 13,380.0 | 13,040.0 | 12,860.0 | 12,940.0 | 13,020.0 | 13,000.0 | 13,160.0 |
| CAFR Adjustments | 26.9 | 886.5 | | | | | | | | |
| Total Adjusted Annual Revenue | 15,835.9 | 14,746.5 | 13,860.0 | 13,380.0 | 13,040.0 | 12,860.0 | 12,940.0 | 13,020.0 | 13,000.0 | 13,160.0 |
| EXPENSES from PREVENTION ACCOUNT | | | | | | | | | | |
| Operating Expense | 16,243.2 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 |
| Capital Expense | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Annual Expenses | 16,243.2 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 | 15,693.5 |
| Addition to the Prevention Account Balance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Draw from the Prevention Account Balance | 407.3 | 947.0 | 1,833.5 | 2,313.5 | 2,653.5 | 2,833.5 | 2,753.5 | 2,673.5 | 2,693.5 | 2,533.5 |
| Summary | | | | | | | | | | |
| Unobligated Beginning Balance | 8,483.0 | 7,675.7 | 6,728.7 | 4,895.2 | 2,581.7 | (71.8) | (2,905.3) | (5,658.8) | (8,332.3) | (11,025.8) |
| Total Adjusted Annual Revenue | 15,835.9 | 14,746.5 | 13,860.0 | 13,380.0 | 13,040.0 | 12,860.0 | 12,940.0 | 13,020.0 | 13,000.0 | 13,160.0 |
| Total Annual Expenses | (16,243.2) | (15,693.5) | (15,693.5) | (15,693.5) | (15,693.5) | (15,693.5) | (15,693.5) | (15,693.5) | (15,693.5) | (15,693.5) |
| Total Change in Capital Obligations & Other Activity | (400.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Unobligated Ending Balance | 7,675.7 | 6,728.7 | 4,895.2 | 2,581.7 | (71.8) | (2,905.3) | (5,658.8) | (8,332.3) | (11,025.8) | (13,559.3) |

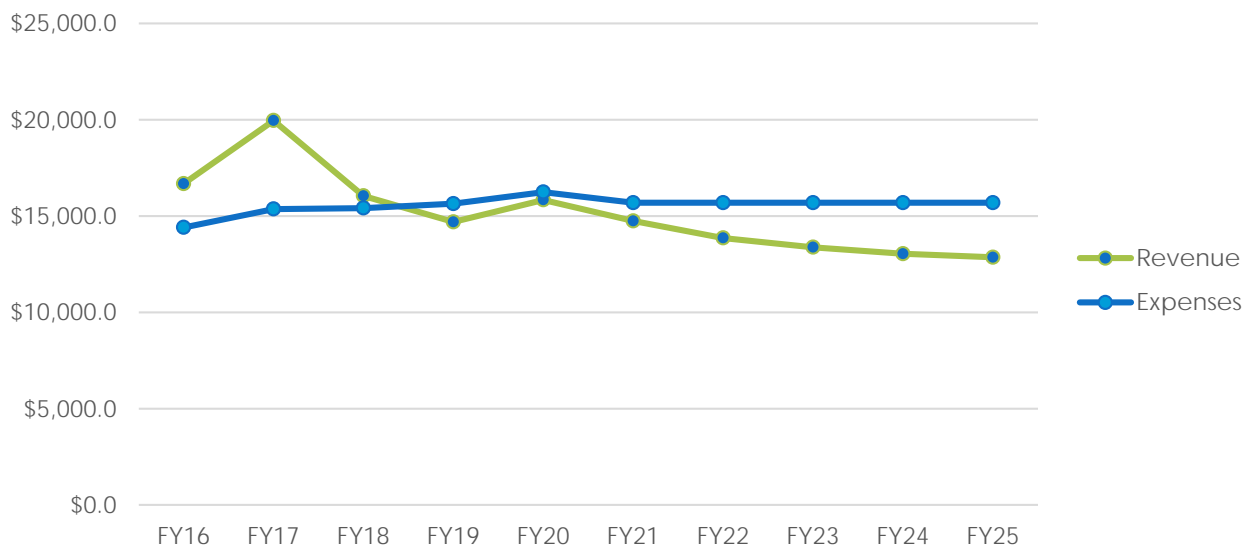


Prevention Account Revenues, Expenditures, and Balance Projection

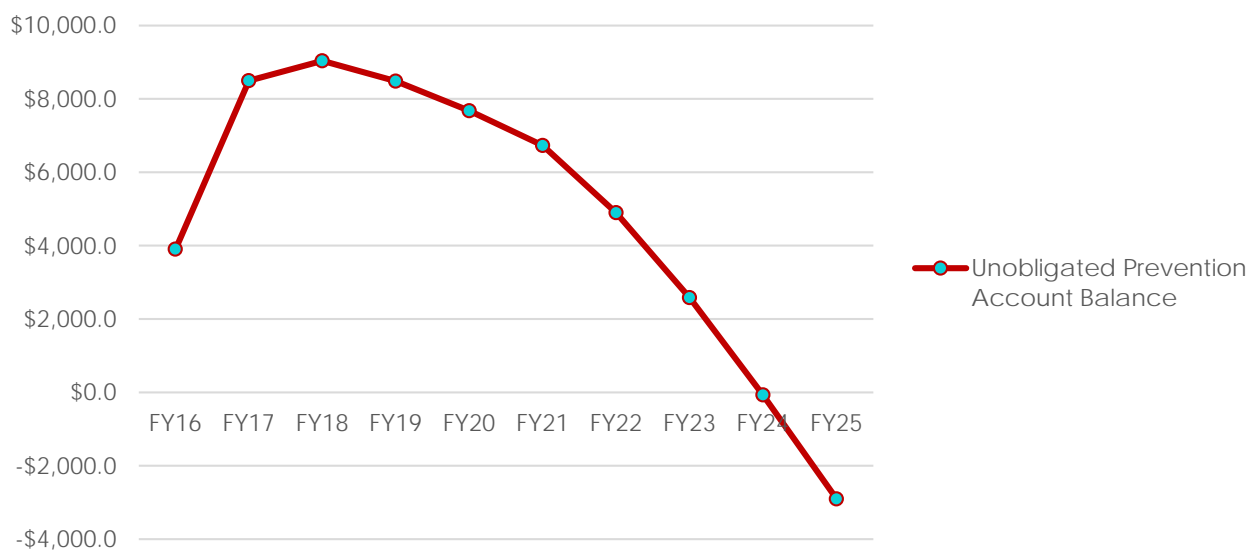




FY16 - FY25 SPAR Revenue and Expenses



FY16 - FY25 Prevention Account Balance





DEC FY2021 Operating Budget: Significant Changes (in thousands)

Program Impacts

- Eliminate Class II Storage Facility Program
 - Register facilities and provide technical assistance
 - Fuel storage capacity 1,000-420,000 gallons non-crude
 - Not statutorily required
 - EPA continues to have regulatory oversight
- Reduced Capacity in Training & Guidance Unit
 - Training for responders and staff
 - Regulations support
 - Remaining staff will absorb workload
- Reduced Capacity in Contaminated Sites
 - Long term soil and water contamination
 - Remaining staff will absorb workload
- Reduced administrative support



DEC FY2021 Operating Budget: Significant Changes (in thousands)

Status of FY2020 50% Travel Reductions

- Governor proposed 50% reduction to actual FY2018 travel level across all fund sources
- Legislature restored non-UGF fund sources
- Governor vetoed non-UGF fund sources
- DEC travel has not decreased
 - FY2019 Actuals \$1,247.8
 - FY2020 Authorized \$998.8
 - FY2020 Management Plan \$1,237.7
 - FY2021 Governor \$1,387.5
- Non-UGF reductions largely impacted uncollectible authority
- DEC absorbed UGF reductions in FY2020 to fund mission critical travel
- FY2021 travel reflect increased inspections in Alaska Pollutant Discharge Elimination Systems (APDES) program



Questions?

