



Department of Environmental Conservation

House Finance Committee

Jason Brune, Commissioner

Ruth Kostik, Administrative Services Director

March 2, 2021



DEC's Mission

Conserving, improving, and protecting Alaska's natural resources and environment to enhance the health, safety, economic, and social well-being of Alaskans.





Our Values

We make Objective decisions, based on science and facts.

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

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



What We Do

Protect Human Health and the Environment

Air Quality

- Permit industrial air emissions
- Monitor & assess air quality
- Address small & mobile air pollution sources
- Conduct inspections & ensure compliance

Water Quality

- Permit water discharges
- Oversee water quality standards, assessment & restoration
- Technical assistance for financing
- Conduct inspections & ensure compliance

Environmental Health

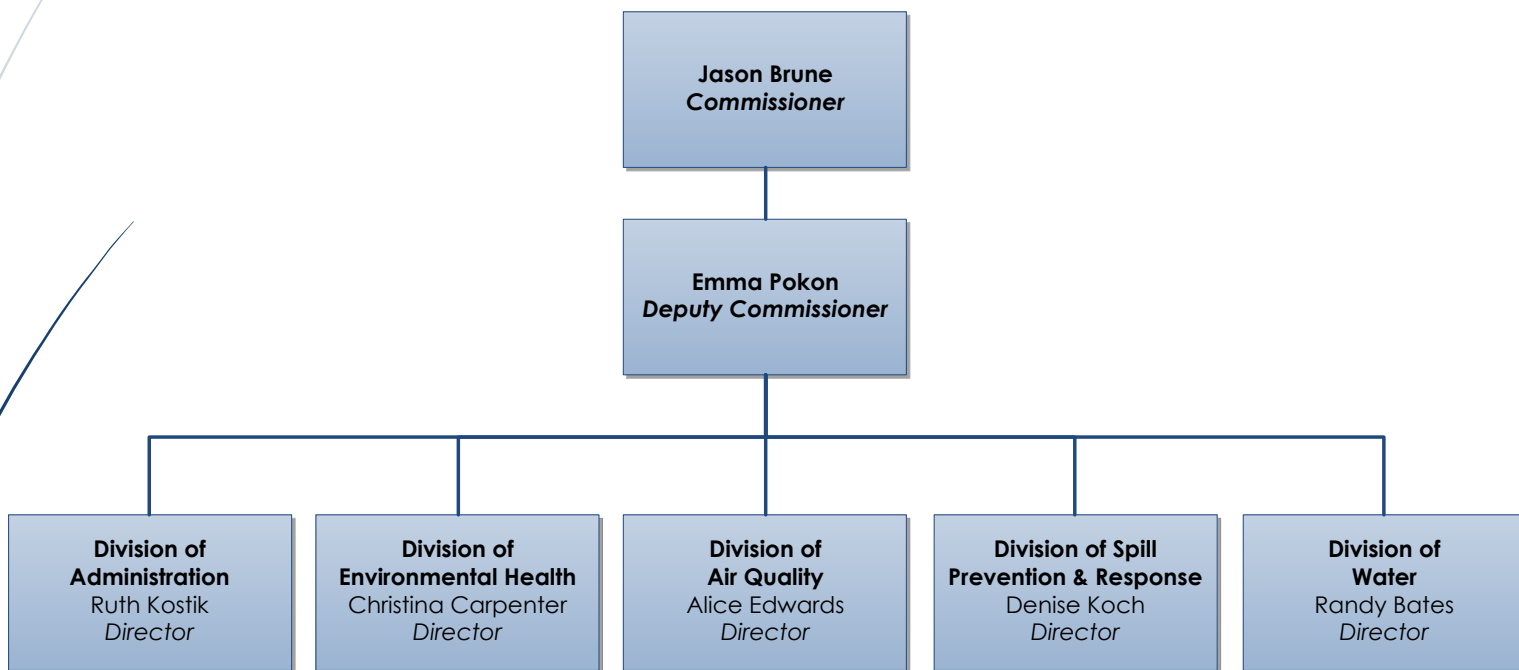
- Ensure safe food & drinking water
- Oversee landfills & pesticide applicators
- Provide animal care & importation standards
- Conduct analytical testing
- Conduct inspections & ensure compliance

Spill Prevention & Response

- Respond to spills
- Require spill prevention & response plans
- Evaluate response drills
- Manage cleanup of contamination
- Conduct inspections & ensure compliance



DEC FY2022 Operating Budget: Leadership





COVID Impacts

- 75% of DEC staff currently teleworking
- Fieldwork safety guidelines
- Reasonable accommodation to permittees
 - Enforcement discretion
 - Increased communication
- Virtual inspections
- Lending workforce, expertise, and supplies to other agencies
- Piloted surveillance testing of wastewater with UAA
- Online public comment system (statewide)
- Digitizing files



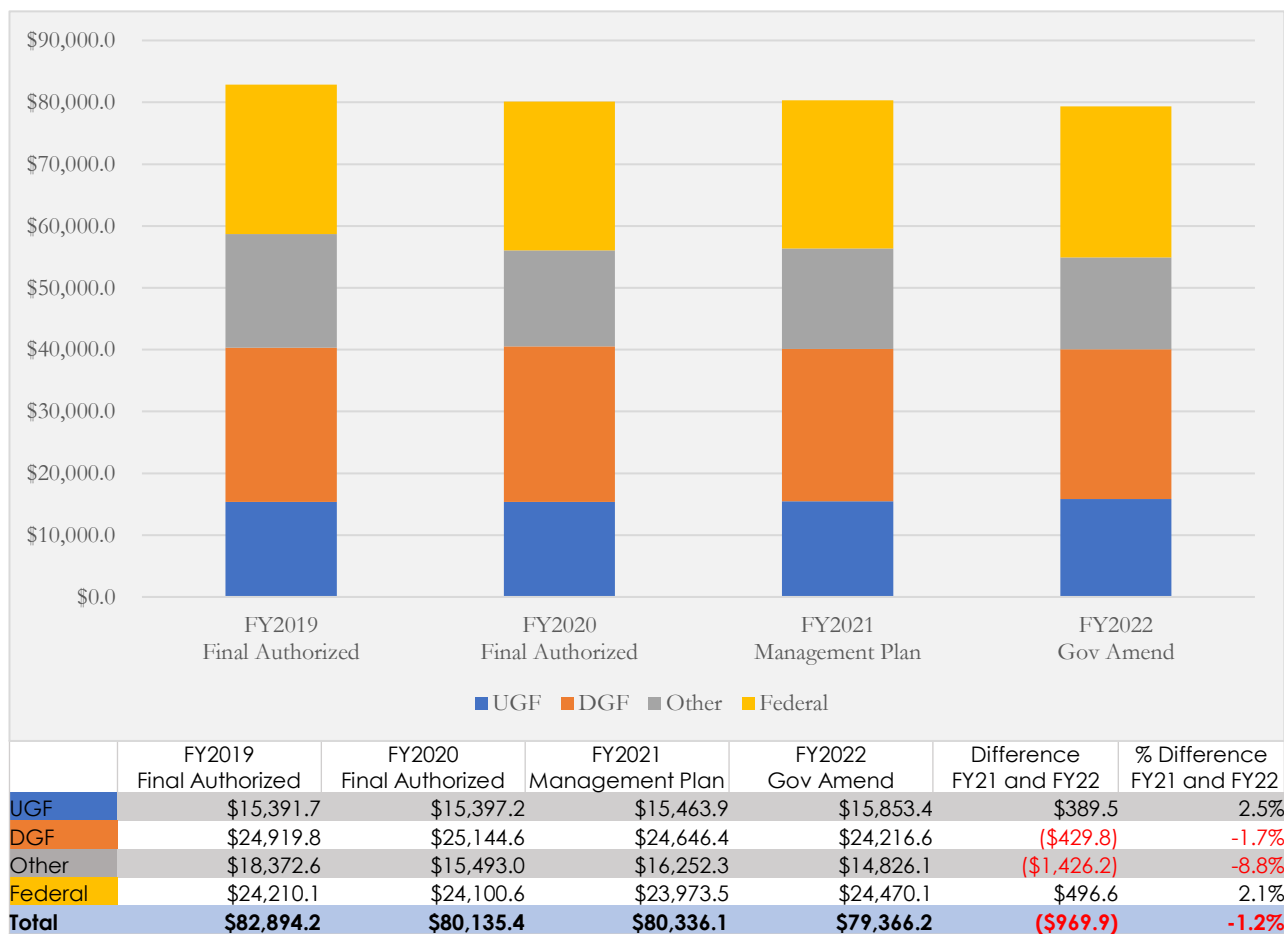
COVID Impacts

Cruise Ship Season

- 2020 season saw one small vessel (100% inspection rate!)
 - Conducted baseline ambient water quality sampling in port communities and common corridors
 - Developed approach for ambient air monitoring in port communities and set up new sensors in Juneau and Ketchikan for initial baseline effort
 - Lost revenue ~\$7.6 million to the Commercial Passenger Vessel Environmental Compliance (CPVEC) Fund
 - \$4.5 million appropriation from the CPVEC Fund to DCCED for port communities to prepare for COVID
- 2021 season remains uncertain
 - Canada's ban on cruise ships could stop all large vessels
 - May see a limited season for U.S. flagged small vessels
- If there is no, or a very limited season, the CPVEC Fund is projected to run a deficit in FY2021



DEC FY2022 Operating Budget: Department Overview (in thousands)





DEC FY2022 Fund Breakdown: Department Overview (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$15,853.4	\$24,216.6	\$40,070.0	\$14,826.1	\$24,470.1	\$79,366.2	466
*Duplicate				(\$5,240.0)		(\$5,240.0)	
Non-Duplicate Total	\$15,853.4	\$24,216.6	\$40,070.0	\$9,586.1	\$24,470.1	\$74,126.2	466

UGF	1004 General Fund	\$11,160.0
	1003 General Fund Match	\$4,693.4
DGF	1005 General Fund Program Receipts	\$8,995.7
	1052 Oil and Hazardous Response Fund	\$15,220.9
Other	1007 Inter-Agency Receipts (Duplicate)	\$1,538.5
	1018 Exxon Valdez Oil Spill Settlement	\$6.9
	1055 Inter-Agency Oil/Haz Fund (Duplicate)	\$382.4
	1061 Capital Improvement Project Receipts (Duplicate)	\$3,221.1
	1093 Clean Air Protection Fund	\$4,603.3
	1108 Statutory Designated Program Receipts	\$78.4
	1166 Commercial Passenger Vehicle Environmental Compliance Fund	\$1,449.7
	1205 Ocean Ranger Berth Fees	\$2,418.1
	1230 Alaska Clean Water Administrative Fund	\$691.2
	1231 Alaska Drinking Water Administrative Fund	\$338.5
Federal	1236 Inter-Agency Alaska Liquid Natural Gas Project Fund (Duplicate)	\$98.0
	1002 Federal Receipts	\$24,470.1



DEC FY2022 Operating Budget:

Division of Administration (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$2,346.2	\$2,016.8	\$4,363.0	\$2,006.2	\$2,545.4	\$8,914.6	41
*Duplicate				(\$852.7)		(\$852.7)	
Non-Duplicate Total	\$2,346.2	\$2,016.8	\$4,363.0	\$1,153.5	\$2,545.4	\$8,061.9	41

UGF	1004 General Fund	\$2,276.6
	1003 General Fund Match	\$69.6
DGF	1052 Oil and Hazardous Response Fund	\$2,016.8
	1007 Inter-Agency Receipts (Duplicate)	\$524.4
	1018 Exxon Valdez Oil Spill Settlement	\$6.9
	1061 Capital Improvement Project Receipts (Duplicate)	\$328.3
	1093 Clean Air Protection Fund	\$518.0
Other	1108 Statutory Designated Program Receipts	\$30.0
	1166 Commercial Passenger Vehicle Environmental Compliance Fund	\$256.2
	1205 Ocean Ranger Berth Fees	\$100.8
	1230 Alaska Clean Water Administrative Fund	\$103.1
	1231 Alaska Drinking Water Administrative Fund	\$138.5
Federal	1002 Federal Receipts	\$2,545.4



DEC FY2022 Operating Budget:

Division of Administration (in thousands)

Reduce Authority Due to Administrative Efficiencies

- ▶ Admin Services Division is able to reduce authority as a result of process improvements
- ▶ Reduce \$466.3 and 3 vacant positions
 - ▶ (\$140.0) UGF
 - ▶ (\$121.0) Oil/Haz
 - ▶ (\$152.7) Fed
 - ▶ (\$52.6) Other



DEC FY2022 Operating Budget:

Division of Administration (in thousands)

Rebalance Use of Admin Fee Accounts

- 0.5% fees on loans from the Clean Water and Drinking Water State revolving loan funds (SRF) to administer the programs
- Fund source change
 - (\$52.7) ACWF
 - \$52.7 ADWF

Transfer Authority for Grants Administrators

- Three Grant Administrator positions transferred to Water at Management Plan
- Transfers the associated funding authority
 - (\$212.8) CIP
 - (\$88.7) ACWF
 - (\$53.2) ADWF



DEC FY2022 Operating Budget:

Division of Administration (in thousands)

Transfer Positions to DOA for Consolidation

- Procurement staff have already transferred supervision
- Transfer three positions and shift line items to pay chargeback to DOA
 - (\$585.6) Personal Services
 - \$585.6 Services
- Governor's Amended transfers an additional HR position
 - (\$92.6)
 - \$92.6



DEC FY2022 Operating Budget:

Building Maintenance & Operations (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$647.2	\$0.0	\$647.2	\$0.0	\$0.0	\$647.2	2
*Duplicate							
Non-Duplicate Total	\$647.2	\$0.0	\$647.2	\$0.0	\$0.0	\$647.2	2

UGF	1004 General Fund	\$647.2
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DEC FY2022 Operating Budget:

Building Maintenance & Operations (in thousands)

Unrealized Savings due to Delayed Project

- Secured \$2.7 million loan for building improvements to reduce energy consumption
- Energy cost savings expected to offset annual loan payment over 15 years
- Project work completed in December 2020
- Won't realize a full fiscal year of savings
- FY2021 Supplemental request
 - \$70.0 UGF



DEC FY2022 Operating Budget:

Division of Environmental Health (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$6,455.9	\$4,049.8	\$10,505.7	\$423.7	\$6,532.7	\$17,462.1	124
*Duplicate				(\$91.3)		(\$91.3)	
Non-Duplicate Total	\$6,455.9	\$4,049.8	\$10,505.7	\$332.4	\$6,532.7	\$17,370.8	124

UGF	1004 General Fund	\$4,629.5
	1003 General Fund Match	\$1,826.4
DGF	1005 General Fund Program Receipts	\$4,049.8
	1007 Inter-Agency Receipts (Duplicate)	\$91.3
Other	1108 Statutory Designated Program Receipts	\$15.1
	1205 Ocean Ranger Berth Fees	\$317.3
Federal	1002 Federal Receipts	\$6,532.7



DEC FY2022 Operating Budget:

Division of Environmental Health (in thousands)

Replace CPVEC Fees for Shellfish Testing

- ▶ The use of Commercial Passenger Vessel Environmental Compliance fees for shellfish testing violates the Tonnage Clause of the U.S Constitution
- ▶ Fund source change
 - ▶ (\$459.7) CPVEC
 - ▶ \$459.7 UGF
- ▶ Governor's Amended includes a Supplemental fund source change for Shellfish testing as well



DEC FY2022 Operating Budget:

Division of Environmental Health (in thousands)

Unanticipated Legal Expenditures

- ▶ Enforcement case against public water system owner/operator
- ▶ Above and beyond normal annual legal costs
- ▶ FY2021 Supplemental Request
 - ▶ \$120.0 UGF



DEC FY2022 Operating Budget:

Division of Air Quality (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$1,760.6	\$2,304.4	\$4,065.0	\$4,712.1	\$2,234.1	\$11,011.2	66
*Duplicate				(\$294.4)		(\$294.4)	
Non-Duplicate Total	\$1,760.6	\$2,304.4	\$4,065.0	\$4,417.7	\$2,545.4	\$10,716.8	66

UGF	1004 General Fund	\$304.6
	1003 General Fund Match	\$1,456.0
DGF	1005 General Fund Program Receipts	\$2,304.4
	1007 Inter-Agency Receipts (Duplicate)	\$41.6
	1061 Capital Improvement Project Receipts (Duplicate)	\$165.3
Other	1093 Clean Air Protection Fund	\$4,085.3
	1108 Statutory Designated Program Receipts	\$18.3
	1166 Commercial Passenger Vehicle Environmental Compliance Fund	\$314.1
	1236 Inter-Agency Alaska Liquid Natural Gas Project Fund (Duplicate)	\$87.5
Federal	1002 Federal Receipts	\$2,234.1



DEC FY2022 Operating Budget: Spill Prevention & Response (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$0.0	\$13,204.1	\$13,204.1	\$1,297.4	\$4,717.1	\$19,218.6	123
*Duplicate				(\$869.8)		(\$869.8)	
Non-Duplicate Total	\$0.0	\$13,204.1	\$13,204.1	\$427.6	\$4,717.1	\$18,348.8	123

DGF	1052 Oil and Hazardous Response Fund	\$13,204.1
Other	1007 Inter-Agency Receipts (Duplicate)	\$418.2
	1055 Inter-Agency Oil/Haz Fund (Duplicate)	\$382.4
	1061 Capital Improvement Project Receipts (Duplicate)	\$69.2
	1166 Commercial Passenger Vehicle Environmental Compliance Fund	\$427.6
Federal	1002 Federal Receipts	\$4,717.1



DEC FY2022 Operating Budget: Spill Prevention & Response (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 FY2026
- ▶ Reduce \$692.7 and 5 vacant positions
 - ▶ \$641.3 Oil/Haz
 - ▶ \$29.8 Fed
 - ▶ \$21.6 CPVEC
- ▶ Governor's Amended restored \$230.0 Oil/Haz



DEC FY2022 Operating Budget: Spill Prevention & Response (in thousands)

Program Impacts

- Reduced Capacity in Program Support Unit
- Reduced Capacity in the Aleutian/Western AK region
 - Five positions remain in this unit to cover the area in the event of a spill
- Reduced Capacity in Contaminated Sites
- Reduced administrative support



DEC FY2022 Operating Budget:

Division of Water (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$4,643.5	\$2,641.5	\$7,285.0	\$6,386.7	\$8,440.8	\$22,112.5	110
*Duplicate				(\$3,131.8)		(\$3,131.8)	
Non-Duplicate Total	\$4,643.5	\$2,641.5	\$7,285.0	\$3,254.9	\$8,440.8	\$18,980.7	110

UGF	1004 General Fund	\$3,302.1
	1003 General Fund Match	\$1,341.4
DGF	1005 General Fund Program Receipts	\$2,641.5
	1007 Inter-Agency Receipts (Duplicate)	\$463.0
	1061 Capital Improvement Project Receipts (Duplicate)	\$2,658.3
	1108 Statutory Designated Program Receipts	\$15.0
Other	1166 Commercial Passenger Vehicle Environmental Compliance Fund	\$451.8
	1205 Ocean Ranger Berth Fees	\$2,000.0
	1230 Alaska Clean Water Administrative Fund	\$588.1
	1231 Alaska Drinking Water Administrative Fund	\$200.0
	1236 Inter-Agency Alaska Liquid Natural Gas Project Fund (Duplicate)	\$10.5
Federal	1002 Federal Receipts	\$8,440.8



DEC FY2022 Operating Budget:

Division of Water (in thousands)

Transfer Authority for Grants Administrators

- Three Grant Administrator positions transferred from Admin Services at Management Plan
- Transfers the associated funding authority
 - \$212.8 CIP
 - \$88.7 ACWF
 - \$53.2 ADWF

Rebalance Use of Admin Fee Accounts

- State Revolving Loan Fund (SRF) admin fees
- Fund source change
 - \$600.0 Fed
 - (\$462.5) ACWF
 - (\$137.5) ADWF



DEC FY2022 Operating Budget:

Division of Water (in thousands)

Unanticipated Legal Expenditures

- Multiple high profile permit appeals
- Increased compliance monitoring in line with primacy requirements from EPA
- Above and beyond normal annual legal costs
- FY2021 Supplemental Request
 - \$236.9 UGF



Questions?

