



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Environmental
Conservation**

DIVISION OF ADMINISTRATIVE SERVICES

410 Willoughby Ste 303
Juneau, Alaska 99801
Main: 907-465-5010
Fax: 907-465-5097
www.dec.alaska.gov

January 26, 2018

The Honorable Paul Seaton
Co-Chair, House Finance Committee
State Capitol Room 505
Juneau AK, 99801

The Honorable Neal Foster
Co-Chair, House Finance Committee
State Capitol Room 410
Juneau AK, 99801

Dear Representatives Seaton and Foster:

Thank you for the opportunity to provide you with a brief overview of the Department of Environmental Conservation's FY2019 operating budget request on January 25th. Several questions arose during this meeting that required additional information. I have responded to these question below. If you would like additional information, or have additional questions, I am happy to assist.

Why do we charge fees to retail food establishments but not public facilities? (Rep. Wilson)

AS 44.46.025(a)(1) allows the department to charge reasonable fees for regulatory services provided by the Department for food facilities regulated under AS 17.20 (Alaska Food, Drug, and Cosmetic Act) and public accommodations under AS 18.35 (Public Accommodations and Facilities).

The public facilities regulated under AS 18.35 include tourist and trailer camps, motor courts, motels, and public restrooms. These facilities are not actively regulated by the Department. No plans are submitted for review, no inspections are conducted, and complaints are referred to the local municipality or other agency with potential jurisdiction. Since there are no services or support provided to these facilities, there is no reasonable fee to charge per AS 44.46.025.

While included under the generalized "Public Accommodations" sub-component on the tables provided to the Committee, public pools and spas are not include in the statutory definition of public accommodations and facilities, and there is no other section of statute that provides the Department the statutory authority to collect fees. However, due to their relatively high risk to the public, public pools and spas are required by regulation to go through a plan review process and are inspected regularly in accordance with the Food Safety and Sanitation program's risk priority matrix.

The Department continues to inspect tattoo parlors and body piercing facilities because of the high risk nature of these operations. The Department is reimbursed for the cost of inspections through a reimbursable service agreement with the Department of Commerce, Community, and Economic Development, who has authority to charge for inspection costs through the Board of Barbers and Hairdressers licensing fees.

Is the balance of the Prevention Account still a concern coming down the line? Has the increase in oil production stemmed that challenge? (Rep. Pruitt)

Attached please find the most recent projection for the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund, which is based on the Fall 2017 Revenue Sources book.

Sincerely,



Tom Cherian
Director, Division of Administrative Services

Attachments:

Prevention Account Projection FY2017 – FY2026

Cc: Alexei Painter, Legislative Finance Division
Samantha Gatton, Office of Management and Budget
Joan Brown, Staff to Representative Seaton
Brodie Anderson, Staff to Representative Foster

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
PREVENTION ACCOUNT REVENUES, EXPENDITURES, AND BALANCE PROJECTION
Actuals FY 2017 - FY 2018, Projected FY 2019 - FY 2026 based on Fall 2017 Revenue Sources Book

| | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Unobligated Prevention Account Beginning Balance | 3,764.8 * | 8,745.3 * | 7,949.7 | 6,243.8 | 4,957.9 | 3,672.0 | 2,226.1 | 540.2 | (1,225.7) | (3,071.6) |
| REVENUE to PREVENTION ACCOUNT | | | | | | | | | | |
| Surcharge Revenue: Oil | 6,836.6 | 6,950.7 | 7,120.0 | 7,040.0 | 7,040.0 | 6,880.0 | 6,640.0 | 6,560.0 | 6,480.0 | 6,480.0 |
| Surcharge Revenue: Refined Fuels | 6,543.6 | 6,615.5 | 6,300.0 | 6,300.0 | 6,300.0 | 6,300.0 | 6,300.0 | 6,300.0 | 6,300.0 | 6,300.0 |
| Cost Recovery | 1,257.2 | 1,479.7 | 1,200.0 | 1,200.0 | 1,200.0 | 1,200.0 | 1,200.0 | 1,200.0 | 1,200.0 | 1,200.0 |
| Fines/Penalites/Settlements | 5,370.4 | 196.2 | | | | | | | | |
| Investment Income | 335.2 | | | | | | | | | |
| Total Annual Revenue | 20,343.1 | 15,242.1 | 14,620.0 | 14,540.0 | 14,540.0 | 14,380.0 | 14,140.0 | 14,060.0 | 13,980.0 | 13,980.0 |
| EXPENSES from PREVENTION ACCOUNT | | | | | | | | | | |
| Operating Expense | 15,362.6 | 15,787.7 | 15,825.9 | 15,825.9 | 15,825.9 | 15,825.9 | 15,825.9 | 15,825.9 | 15,825.9 | 15,825.9 |
| Capital Expense | 46.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Annual Expenses | 15,409.1 | 15,787.7 | 15,825.9 | 15,825.9 | 15,825.9 | 15,825.9 | 15,825.9 | 15,825.9 | 15,825.9 | 15,825.9 |
| Addition to the Prevention Account Balance | 4,934.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Draw from the Prevention Account Balance | 0.0 | 545.6 | 1,205.9 | 1,285.9 | 1,285.9 | 1,445.9 | 1,685.9 | 1,765.9 | 1,845.9 | 1,845.9 |
| Summary | | | | | | | | | | |
| Unobligated Beginning Balance | 3,764.8 | 8,745.3 | 7,949.7 | 6,243.8 | 4,957.9 | 3,672.0 | 2,226.1 | 540.2 | (1,225.7) | (3,071.6) |
| Total Annual Revenue | 20,343.1 | 15,242.1 | 14,620.0 | 14,540.0 | 14,540.0 | 14,380.0 | 14,140.0 | 14,060.0 | 13,980.0 | 13,980.0 |
| Total Annual Expenses | (15,409.1) | (15,787.7) | (15,825.9) | (15,825.9) | (15,825.9) | (15,825.9) | (15,825.9) | (15,825.9) | (15,825.9) | (15,825.9) |
| Total Change in Obligations & Other Activity | 46.5 | (250.0) | (500.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Unobligated Ending Balance | 8,745.3 * | 7,949.7 | 6,243.8 | 4,957.9 | 3,672.0 | 2,226.1 | 540.2 | (1,225.7) | (3,071.6) | (4,917.5) |

* Unobligated Beginning and Ending Balances estimated pending prior year fund balance closing procedures to be completed by Division of Finance

Prevention Account Revenues, Expenditures and Balance Projection

