

## Department of Environmental Conservation

### Overview of 10 Year Plan

January 29, 2009

#### UNKNOWNNS

- Increases for inflation
- Bargaining unit increases besides the known GGU and SU increases in FY10
- Future cost of living allowances
- Future fuel distributions

#### BASELINE ASSUMPTIONS

- Non-formula programs were not adjusted for inflation.
- All years include an anticipated 1.875% increase in personal services to accommodate step increases and longevity increases.
- State statute providing \$2,000,000 to support food safety inspections throughout the state will be approved in FY2010.
- Adoption of additional federal rules for public water systems from amendments to the Safe Drinking Water Act will occur and be funded in FY2013 (\$500.0 GF and \$500.0 Fed).
- FY09 Capital includes \$135,000 General Fund Leg add-on for Dilution of Effluent Study.
- Mining is projected to increase 25% annually due to increasing metal prices and applications for mining permits will continue to increase. This is reflected as a 25% increase each year in I/A authority through FY19.
- The Federal appropriations for rural sanitation CIP projects will decline at a rate of \$10 million per year until zeroing out in FY16. This decrease in funding is shown in the Baseline scenario under the Capital section. General Funds are included in the New Initiatives section to offset this decline in funding and maintain the Water Facilities program at its current funding level.

#### BASELINE RESULTS

##### Total Costs

- From FY09 to FY19 total Baseline costs decrease by 28.1%, largely due to the significant decline in Federal funding. However, when the total baseline appropriation is combined with Capital New Initiatives, total funding increases by 3.7% over 10 years. This is referenced on the attached "Environmental Conservation – All Funds" chart.

##### Operating Costs

Formula Programs – *DEC has none*

Non-formula Programs – *includes all RDUs and Components*

- Non-formula program costs increase by 5.8% over 10 years.

##### Capital Costs

- Capital Appropriations in the Baseline Budget shows a decline 52% over 10 years due to the significant decline in Federal funding to the Water program.
- Overall Capital Funding (Baseline and New Initiatives) will increase by a modest 2.4% over 10 years.

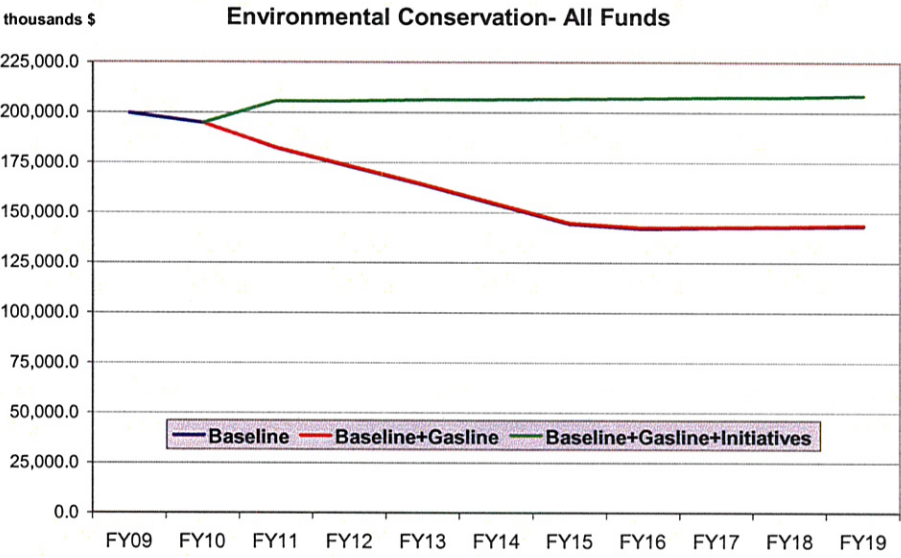
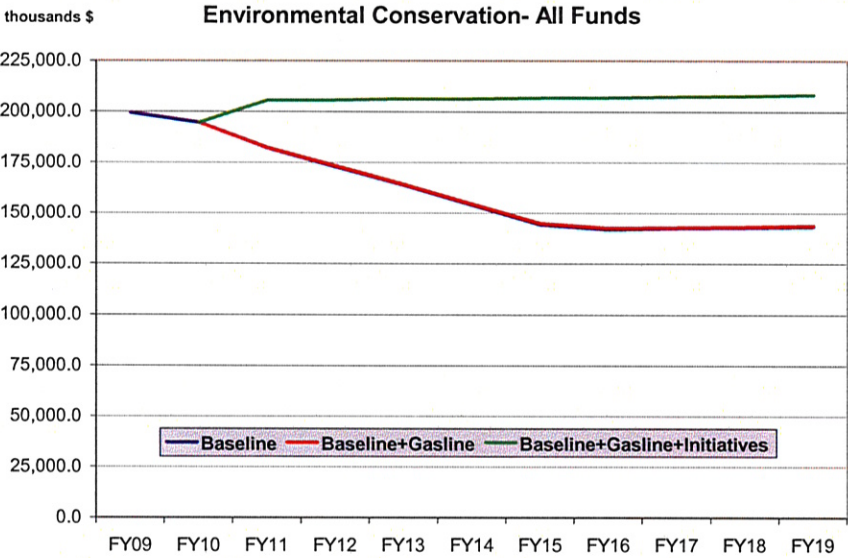
#### GASLINE ASSUMPTIONS

- Assumes AGIA startup in FY17. This includes AGIA only, and does not include affiliated projects (Bullet line or Alaska Natural Gas Development Authority).
- Assumes the following activities will be needed from DEC:
  - Air permits, monitoring and pre-construction review efforts. Food Safety & Sanitation, Drinking Water and Solid Waste permitting activity for pipeline camps during construction phase from FY15 to FY18. Construction of water and wastewater systems in temporary construction camps beginning in FY12 and increasing each year by 4% based on population growth as found on ADOL&WD's projection report during oil pipeline development in the 1970's. A 4% increase was determined by taking the average of the population growth trend during the construction period.
- All costs are for non-formula programs, which include: involvement in gas line legislation and permitting, AGIA startup and associated monitoring and permitting (see assumptions above), and Air Non-Point Mobile Source program conformity review for the FNSB in FY14 through FY16.

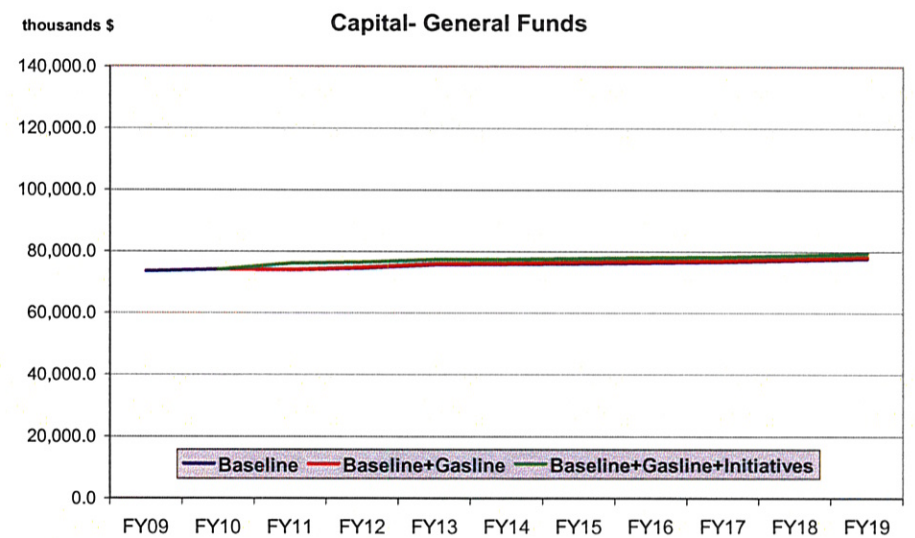
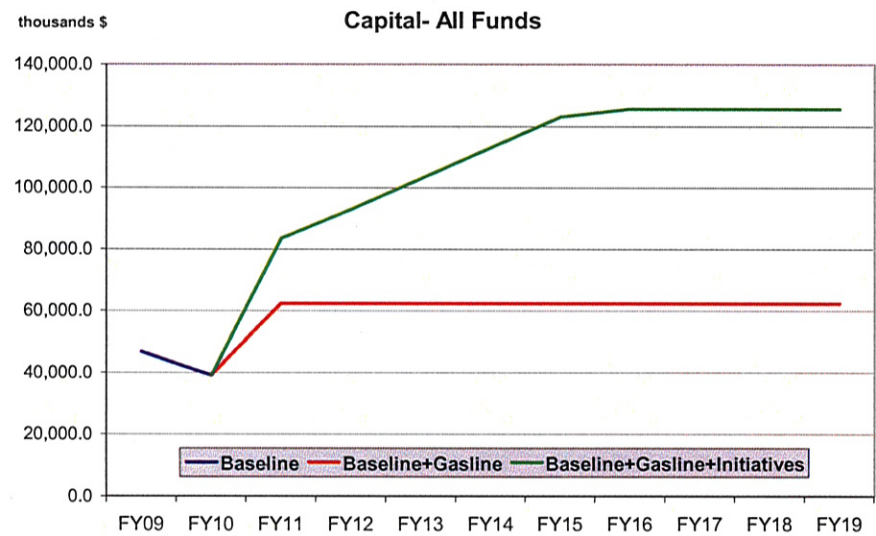
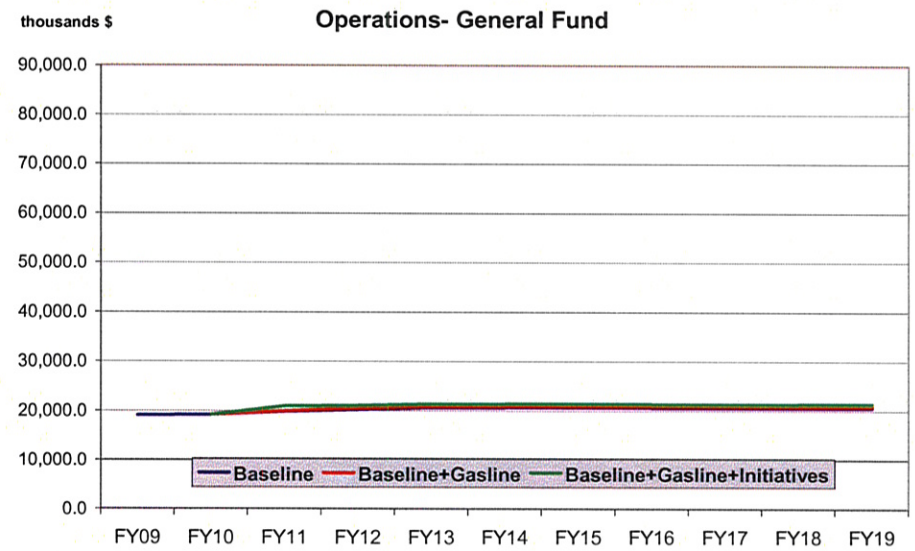
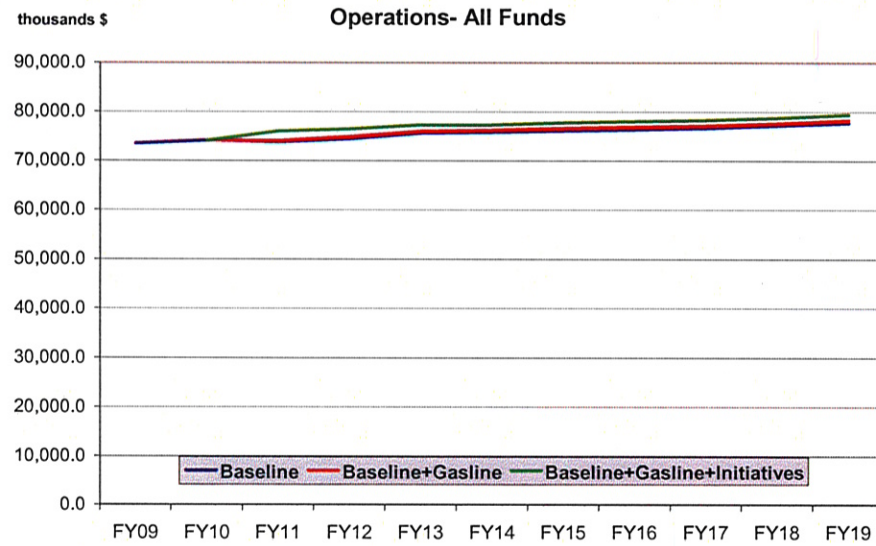
#### NEW INITIATIVES ASSUMPTIONS

- The Fugitive Dust project will be paid for using general funds absent any federal funds for three years with additional funds needed for compliance efforts after promulgation.
- Increased funding needed for increased monitoring of air quality with additional federal regulation implementation and adoption related to climate change and other environmental monitoring efforts.
- Federal appropriations for rural sanitation CIP projects will decline and will be completely expended and unavailable by FY16, as noted in the Baseline section. All but \$500,000 of the Capital General Funds in New Initiatives will be used to replace the unavailable federal appropriations and maintain the current funding level.

Environmental Conservation



## Environmental Conservation





## Environmental Conservation

### Baseline Budget Growth 1/

(thousands \$)

	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<b>Total Appropriations</b>	199,454.4	194,741.0	182,105.2	172,877.0	163,827.9	154,017.7	144,294.7	141,925.7	142,495.5	142,757.5	143,334.7
General Fund	38,856.2	40,125.9	64,026.0	64,351.0	64,851.0	64,851.0	64,891.0	64,851.0	64,851.0	64,851.0	64,851.0
General Fund Match	26,886.1	18,056.2	18,037.6	18,038.6	18,039.6	18,040.6	18,041.6	18,042.6	18,043.6	18,044.6	18,045.6
Federal Funds	100,125.3	73,622.6	62,502.6	52,502.6	43,002.6	33,002.6	23,002.6	20,877.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,586.8	62,936.3	37,539.0	37,984.8	37,934.7	38,123.5	38,359.5	38,154.5	38,723.3	38,984.3	39,560.5
<b>Operations</b>	73,486.0	74,135.0	73,849.2	74,471.0	75,621.9	75,811.7	76,088.7	76,344.7	76,714.5	77,176.5	77,753.7
General Fund	15,025.8	15,125.9	15,786.6	16,161.6	16,661.6	16,661.6	16,701.6	16,661.6	16,661.6	16,661.6	16,661.6
General Fund Match	3,976.6	4,014.6	3,996.0	3,997.0	3,998.0	3,999.0	4,000.0	4,001.0	4,002.0	4,003.0	4,004.0
Federal Funds	21,396.8	21,497.6	20,377.6	20,377.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,086.8	33,496.9	33,689.0	33,934.8	34,084.7	34,273.5	34,509.5	34,804.5	35,173.3	35,634.3	36,210.5
<b>Formula Programs</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-formula Programs</b>	73,486.0	74,135.0	73,849.2	74,471.0	75,621.9	75,811.7	76,088.7	76,344.7	76,714.5	77,176.5	77,753.7
General Fund	15,025.8	15,125.9	15,786.6	16,161.6	16,661.6	16,661.6	16,701.6	16,661.6	16,661.6	16,661.6	16,661.6
General Fund Match	3,976.6	4,014.6	3,996.0	3,997.0	3,998.0	3,999.0	4,000.0	4,001.0	4,002.0	4,003.0	4,004.0
Federal Funds	21,396.8	21,497.6	20,377.6	20,377.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,086.8	33,496.9	33,689.0	33,934.8	34,084.7	34,273.5	34,509.5	34,804.5	35,173.3	35,634.3	36,210.5
<b>Capital</b>	125,968.4	120,606.0	108,256.0	98,406.0	88,206.0	78,206.0	68,206.0	65,581.0	65,781.0	65,581.0	65,581.0
General Fund	23,830.4	25,000.0	48,239.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4
General Fund Match	22,909.5	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6
Federal Funds	78,728.5	52,125.0	42,125.0	32,125.0	22,125.0	12,125.0	2,125.0	0.0	0.0	0.0	0.0
Other State Funds	500.0	29,439.4	3,850.0	4,050.0	3,850.0	3,850.0	3,850.0	3,350.0	3,550.0	3,350.0	3,350.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

#### Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

FY09 Capital includes: \$135.0 GF Leg add on for Dilution of Effluent Study project #46852

Growth to the baseline budget includes the following assumptions:

- FY2010 includes the 3% negotiated COLA increase for GGU and SU employees.
- All years include an anticipated 1.875% increase in personal services to accommodate step increases and longevity increases.
- State statute providing \$2,000.0 to support food safety inspections throughout state will be approved in FY2010.
- Adoption of additional federal rules for public water systems from amendments to the Safe Drinking Water Act will occur and be funded in FY2013 (\$500.0 GF and \$500.0 Fed).
- Federal appropriations for rural sanitation CIP projects will decline at a rate of \$10 million per year until zeroing out in FY2016.

Assumption that State General Funds will replace federal appropriations to maintain an annual CIP total of \$125.6 million.

• FY09 Capital includes: \$135.0 GF Leg add on for Dilution of Effluent Study project #46852. Mining is projected to increase 25% annually due to increase in the metal prices.

We are seeing an increase in the mining permit applications. Federal Performance Partnership Grant has been decreasing and will impact starting from FY2011.

## Environmental Conservation

### Gasline Related Budget Growth

(thousands \$)

	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<b>Total Appropriations</b>	0.0	0.0	155.0	397.4	361.9	391.8	512.0	522.7	403.8	415.4	482.4
General Fund	0.0	0.0	155.0	342.4	251.9	261.8	272.0	282.7	293.8	305.4	317.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	6.0	6.0	6.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	14.0	14.0	14.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	55.0	110.0	110.0	220.0	220.0	110.0	110.0	165.0
<b>Operations</b>	0.0	0.0	155.0	397.4	361.9	391.8	512.0	522.7	403.8	415.4	482.4
General Fund	0.0	0.0	155.0	342.4	251.9	261.8	272.0	282.7	293.8	305.4	317.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	6.0	6.0	6.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	14.0	14.0	14.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	55.0	110.0	110.0	220.0	220.0	110.0	110.0	165.0
<b>Formula Programs</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-formula Programs</b>	0.0	0.0	155.0	397.4	361.9	391.8	512.0	522.7	403.8	415.4	482.4
General Fund	0.0	0.0	155.0	342.4	251.9	261.8	272.0	282.7	293.8	305.4	317.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	6.0	6.0	6.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	14.0	14.0	14.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	55.0	110.0	110.0	220.0	220.0	110.0	110.0	165.0
<b>Capital</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

#### Describe department assumptions for gasline appropriations estimates:

Growth to the budget related to the gasline includes the following assumptions:

Growth to the budget related to the gasline includes the following assumptions:

- Assumes AGIA startup on 2017. AGIA only--does not include affiliated projects (bullet line or Alaska Natural Gas Development Authority).

- Assumes the following activities will be needed from DEC:

- o Air permits, monitoring and pre-construction review efforts. Food safety & sanitation, drinking water and solid waste permitting activity for pipeline camps during construction phase for 2015 to 2018. Construction of water and wastewater systems in temporary construction camps beginning in FY2012 and increasing each year by 4% based on population growth as found on the Department of Labor projection report during oil pipeline development (1970's). A 4% increase was determined by taking the average of the population growth trend during the construction period.



## Environmental Conservation

### Initiatives (Except Gasline)

(thousands \$)

	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<b>Total Appropriations</b>	0.0	0.0	23,303.3	32,373.3	42,093.3	51,918.3	61,918.3	64,543.3	64,543.3	64,543.3	64,543.3
General Fund	0.0	0.0	21,843.3	30,843.3	40,843.3	50,843.3	60,843.3	63,468.3	63,468.3	63,468.3	63,468.3
General Fund Match	0.0	0.0	391.5	456.0	375.0	322.5	322.5	322.5	322.5	322.5	322.5
Federal Funds	0.0	0.0	913.5	1,064.0	875.0	752.5	752.5	752.5	752.5	752.5	752.5
Other State Funds	0.0	0.0	155.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operations</b>	0.0	0.0	2,050.0	1,620.0	1,340.0	1,165.0	1,165.0	1,165.0	1,165.0	1,165.0	1,165.0
General Fund	0.0	0.0	590.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
General Fund Match	0.0	0.0	391.5	456.0	375.0	322.5	322.5	322.5	322.5	322.5	322.5
Federal Funds	0.0	0.0	913.5	1,064.0	875.0	752.5	752.5	752.5	752.5	752.5	752.5
Other State Funds	0.0	0.0	155.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Formula Programs</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-formula Programs</b>	0.0	0.0	2,050.0	1,620.0	1,340.0	1,165.0	1,165.0	1,165.0	1,165.0	1,165.0	1,165.0
General Fund	0.0	0.0	590.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
General Fund Match	0.0	0.0	391.5	456.0	375.0	322.5	322.5	322.5	322.5	322.5	322.5
Federal Funds	0.0	0.0	913.5	1,064.0	875.0	752.5	752.5	752.5	752.5	752.5	752.5
Other State Funds	0.0	0.0	155.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Capital</b>	0.0	0.0	21,253.3	30,753.3	40,753.3	50,753.3	60,753.3	63,378.3	63,378.3	63,378.3	63,378.3
General Fund	0.0	0.0	21,253.3	30,753.3	40,753.3	50,753.3	60,753.3	63,378.3	63,378.3	63,378.3	63,378.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**Describe department assumptions for initiatives (except gasoline) appropriations estimates below:**

Growth to the budget related to the new initiatives includes the following assumptions:

- Increased funding needed for increased monitoring of air quality with additional federal regulation implementation and adoption related to climate change and other environmental monitoring efforts.
- Federal appropriations for rural sanitation CIP projects will decline at a rate of \$10 million per year until zeroing out in FY2016. Assumption that State General Funds will replace federal appropriations to maintain an annual CIP total of \$125.6 million is included in "New Initiatives" section and not included in "Baseline Budget Growth" scenario.

## Environmental Conservation

### Baseline plus Gasline

	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<b>Total Appropriations</b>	199,454.4	194,741.0	182,260.2	173,274.4	164,189.8	154,409.5	144,806.7	142,448.4	142,899.3	143,172.9	143,817.1
General Fund	38,856.2	40,125.9	64,181.0	64,693.4	65,102.9	65,112.8	65,163.0	65,133.7	65,144.8	65,156.4	65,168.4
General Fund Match	26,886.1	18,056.2	18,037.6	18,038.6	18,039.6	18,046.6	18,047.6	18,048.6	18,043.6	18,044.6	18,045.6
Federal Funds	100,125.3	73,622.6	62,502.6	52,502.6	43,002.6	33,016.6	23,016.6	20,891.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,586.8	62,936.3	37,539.0	38,039.8	38,044.7	38,233.5	38,579.5	38,374.5	38,833.3	39,094.3	39,725.5
<b>Operations</b>	73,486.0	74,135.0	74,004.2	74,868.4	75,983.8	76,203.5	76,600.7	76,867.4	77,118.3	77,591.9	78,236.1
General Fund	15,025.8	15,125.9	15,941.6	16,504.0	16,913.5	16,923.4	16,973.6	16,944.3	16,955.4	16,967.0	16,979.0
General Fund Match	3,976.6	4,014.6	3,996.0	3,997.0	3,998.0	4,005.0	4,006.0	4,007.0	4,002.0	4,003.0	4,004.0
Federal Funds	21,396.8	21,497.6	20,377.6	20,377.6	20,877.6	20,891.6	20,891.6	20,891.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,086.8	33,496.9	33,689.0	33,989.8	34,194.7	34,383.5	34,729.5	35,024.5	35,283.3	35,744.3	36,375.5
<b>Formula Programs</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-formula Programs</b>	73,486.0	74,135.0	74,004.2	74,868.4	75,983.8	76,203.5	76,600.7	76,867.4	77,118.3	77,591.9	78,236.1
General Fund	15,025.8	15,125.9	15,941.6	16,504.0	16,913.5	16,923.4	16,973.6	16,944.3	16,955.4	16,967.0	16,979.0
General Fund Match	3,976.6	4,014.6	3,996.0	3,997.0	3,998.0	4,005.0	4,006.0	4,007.0	4,002.0	4,003.0	4,004.0
Federal Funds	21,396.8	21,497.6	20,377.6	20,377.6	20,877.6	20,891.6	20,891.6	20,891.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,086.8	33,496.9	33,689.0	33,989.8	34,194.7	34,383.5	34,729.5	35,024.5	35,283.3	35,744.3	36,375.5
<b>Capital</b>	125,968.4	120,606.0	108,256.0	98,406.0	88,206.0	78,206.0	68,206.0	65,581.0	65,781.0	65,581.0	65,581.0
General Fund	23,830.4	25,000.0	48,239.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4
General Fund Match	22,909.5	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6
Federal Funds	78,728.5	52,125.0	42,125.0	32,125.0	22,125.0	12,125.0	2,125.0	0.0	0.0	0.0	0.0
Other State Funds	500.0	29,439.4	3,850.0	4,050.0	3,850.0	3,850.0	3,850.0	3,350.0	3,550.0	3,350.0	3,350.0



## Environmental Conservation

### Baseline plus Gasline plus Initiatives

	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<b>Total Appropriations</b>	199,454.4	194,741.0	205,563.5	205,647.7	206,283.1	206,327.8	206,725.0	206,991.7	207,442.6	207,716.2	208,360.4
General Fund	38,856.2	40,125.9	86,024.3	95,536.7	105,946.2	115,956.1	126,006.3	128,602.0	128,613.1	128,624.7	128,636.7
General Fund Match	26,886.1	18,056.2	18,429.1	18,494.6	18,414.6	18,369.1	18,370.1	18,371.1	18,366.1	18,367.1	18,368.1
Federal Funds	100,125.3	73,622.6	63,416.1	53,566.6	43,877.6	33,769.1	23,769.1	21,644.1	21,630.1	21,630.1	21,630.1
Other State Funds	33,586.8	62,936.3	37,694.0	38,049.8	38,044.7	38,233.5	38,579.5	38,374.5	38,833.3	39,094.3	39,725.5
<b>Operations</b>	73,486.0	74,135.0	76,054.2	76,488.4	77,323.8	77,368.5	77,765.7	78,032.4	78,283.3	78,756.9	79,401.1
General Fund	15,025.8	15,125.9	16,531.6	16,594.0	17,003.5	17,013.4	17,063.6	17,034.3	17,045.4	17,057.0	17,069.0
General Fund Match	3,976.6	4,014.6	4,387.5	4,453.0	4,373.0	4,327.5	4,328.5	4,329.5	4,324.5	4,325.5	4,326.5
Federal Funds	21,396.8	21,497.6	21,291.1	21,441.6	21,752.6	21,644.1	21,644.1	21,644.1	21,630.1	21,630.1	21,630.1
Other State Funds	33,086.8	33,496.9	33,844.0	33,999.8	34,194.7	34,383.5	34,729.5	35,024.5	35,283.3	35,744.3	36,375.5
<b>Formula Programs</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-formula Programs</b>	73,486.0	74,135.0	76,054.2	76,488.4	77,323.8	77,368.5	77,765.7	78,032.4	78,283.3	78,756.9	79,401.1
General Fund	15,025.8	15,125.9	16,531.6	16,594.0	17,003.5	17,013.4	17,063.6	17,034.3	17,045.4	17,057.0	17,069.0
General Fund Match	3,976.6	4,014.6	4,387.5	4,453.0	4,373.0	4,327.5	4,328.5	4,329.5	4,324.5	4,325.5	4,326.5
Federal Funds	21,396.8	21,497.6	21,291.1	21,441.6	21,752.6	21,644.1	21,644.1	21,644.1	21,630.1	21,630.1	21,630.1
Other State Funds	33,086.8	33,496.9	33,844.0	33,999.8	34,194.7	34,383.5	34,729.5	35,024.5	35,283.3	35,744.3	36,375.5
<b>Capital</b>	125,968.4	120,606.0	129,509.3	129,159.3	128,959.3	128,959.3	128,959.3	128,959.3	129,159.3	128,959.3	128,959.3
General Fund	23,830.4	25,000.0	69,492.7	78,942.7	88,942.7	98,942.7	108,942.7	111,567.7	111,567.7	111,567.7	111,567.7
General Fund Match	22,909.5	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6
Federal Funds	78,728.5	52,125.0	42,125.0	32,125.0	22,125.0	12,125.0	2,125.0	0.0	0.0	0.0	0.0
Other State Funds	500.0	29,439.4	3,850.0	4,050.0	3,850.0	3,850.0	3,850.0	3,350.0	3,550.0	3,350.0	3,350.0