



Status of Tsunami Marine Debris Cleanup and Financing & Managing the Response Fund

House Finance

Sub-Committee Overview

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February 13, 2014



Status of Tsunami Marine Debris





DEC Coordination & Funding

- DEC coordinates the activities of state agencies relating to tsunami marine debris, and is primary point of contact for NOAA and other federal agencies.
- A temporary Tsunami Marine Debris Program Coordinator position was created in FY2013 and has continued into FY2014. This position works seasonally, as needed, to lead and coordinate the administrative requirements regarding tsunami marine debris in Alaska.
- DEC received \$1 million from the \$5 million provided to the five impacted states by the Government of Japan and administered by NOAA.





Aerial Survey & Prioritization

- 2012 Aerial Survey Results
- DEC/NOAA Prioritization

July 2012 Aerial Survey Photo
(West side of Tugidak Island)

Prioritization established January, 2013 between DEC, NOAA, and other stakeholders

Priority	Segment Name	Segment Region
1	Kayak Island	Eastern Gulf of Alaska
2	Outer Montague	Prince William Sound
3	Outer Hinchinbrook	Prince William Sound
4	Shuyak and North Afognak Islands (to Pillar Cape)	Kodiak Archipelago
5	Outer Island to Gore Point (including Gore Point)	Central Gulf of Alaska
6	Cape Yakataga to Kayak Island	Eastern Gulf of Alaska
7	Cape Muzon to Suemez Island	Southeast Alaska
8	Baker, Noyes, Lulu, San Fernando and Western Prince of Wales Islands	Southeast Alaska
9	Kruzof Island	Southeast Alaska





Coordinating & Planning 2014 Season

- Evaluate Results from 2013
- Plan Strategy for 2014
 - April – September season, but weather dependent
 - Pending 2014 results, DEC may request additional funding from NOAA
- DEC/NOAA Organizational Database
- Focus on Multi-Agency Awareness
 - Safety
 - Efficiency
 - Effectiveness





Financing & Managing the Oil and Hazardous Substance Release Prevention and Response Fund





SPAR's Mission

Protect public safety, health and the environment through prevention, preparedness and cleanup of oil and hazardous substances.





Programs in the Division of Spill Prevention and Response





Industry Preparedness & Pipeline Operations

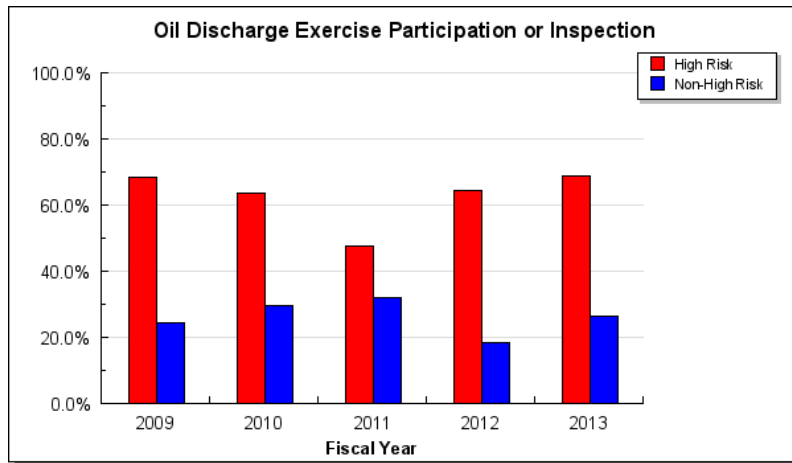
Responsibilities:

- Oil spill contingency plans
- Spill drills
- Inspections
- Operator financial responsibility preparedness
- Oil spill primary response action contractors
- Best available technology

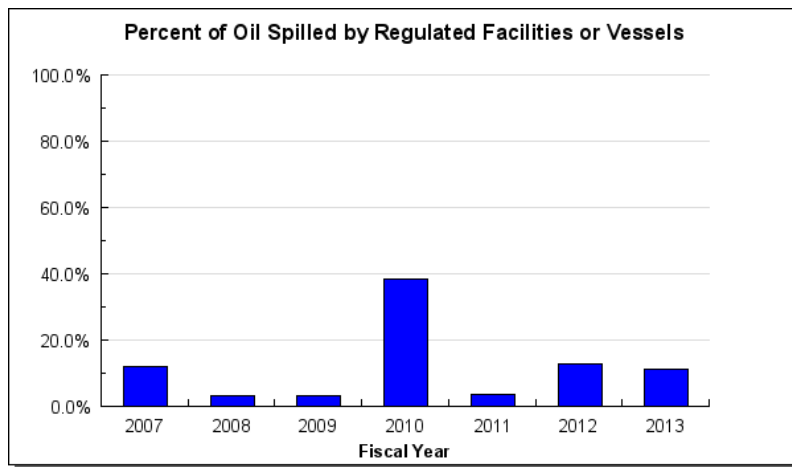




Industry Preparedness Performance Measures



Inspections and drills of regulated facilities are conducted at high risk facilities to verify prevention measures and oil spill readiness.



Spills from regulated facilities and vessels are substantially reduced over those that are not regulated.



Prevention and Emergency Response

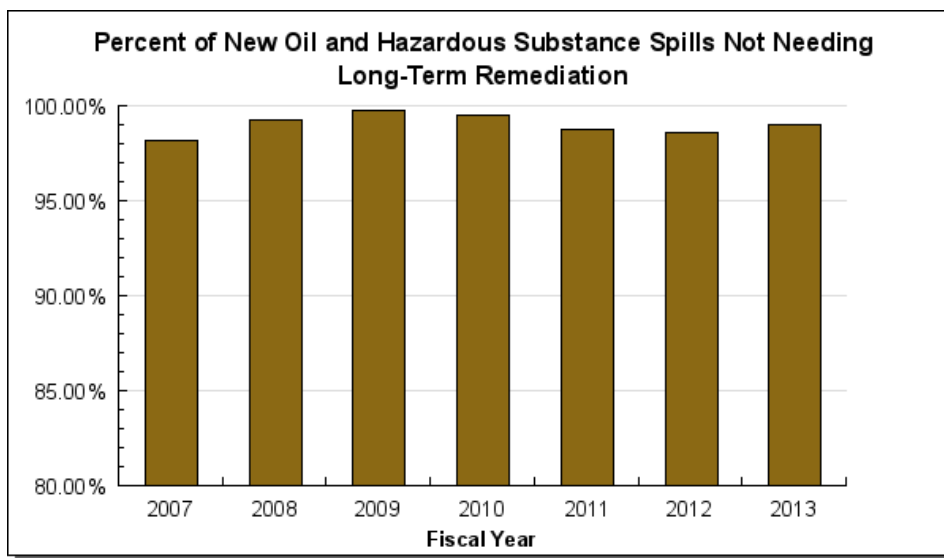
Responsibilities:

- Emergency oil spill response
- Statewide hazmat response
- Drills and exercises
- Government oil spill response plans
- Local spill response agreements
- Disaster response coordination





Prevention and Emergency Response Performance



Rapid containment and cleanup of oil and hazardous substances minimizes the number of spills needing long term remediation. Adverse impacts to public safety, health, and the environment are minimized by quick and effective response to oil and hazardous substance spills.



Contaminated Sites

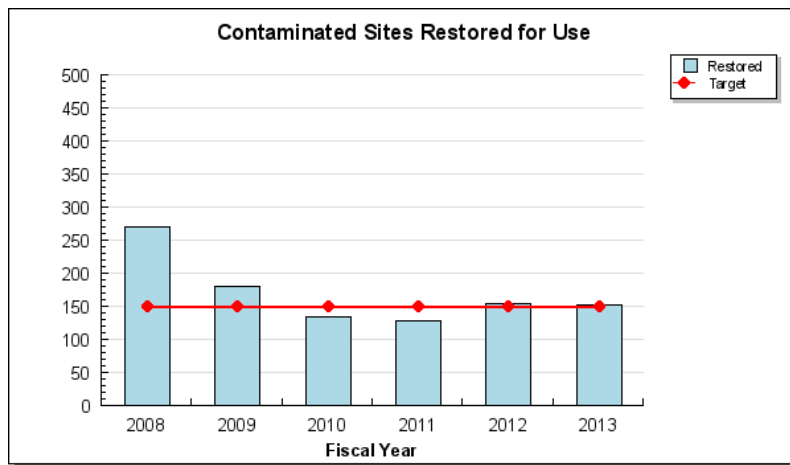
Responsibilities:

- Contaminated site management
- Cleanup of contaminated sites
- Reuse and redevelopment
- Risk-based cleanups
- Cleanup standards

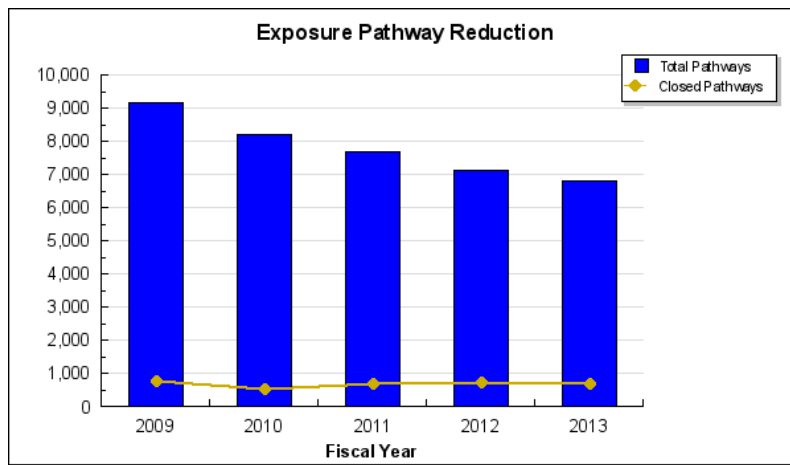




Contaminated Sites Performance Measures



Sites with complex groundwater contamination challenge the technical and economic feasibility of completing site closures.



A partial cleanup may eliminate an exposure pathway even though the site closure may not be attainable.



Budget for the Division of Spill Prevention and Response

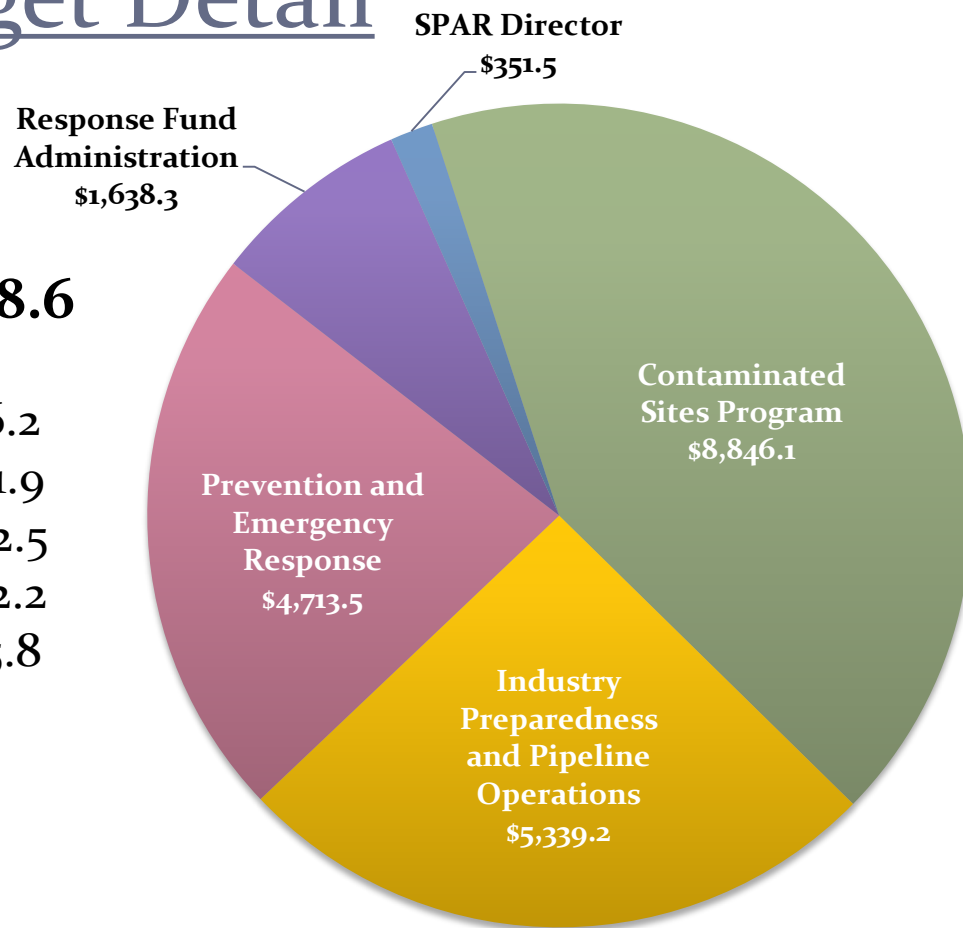




SPAR FY2015 Budget Detail

Operating Request: \$20,888.6

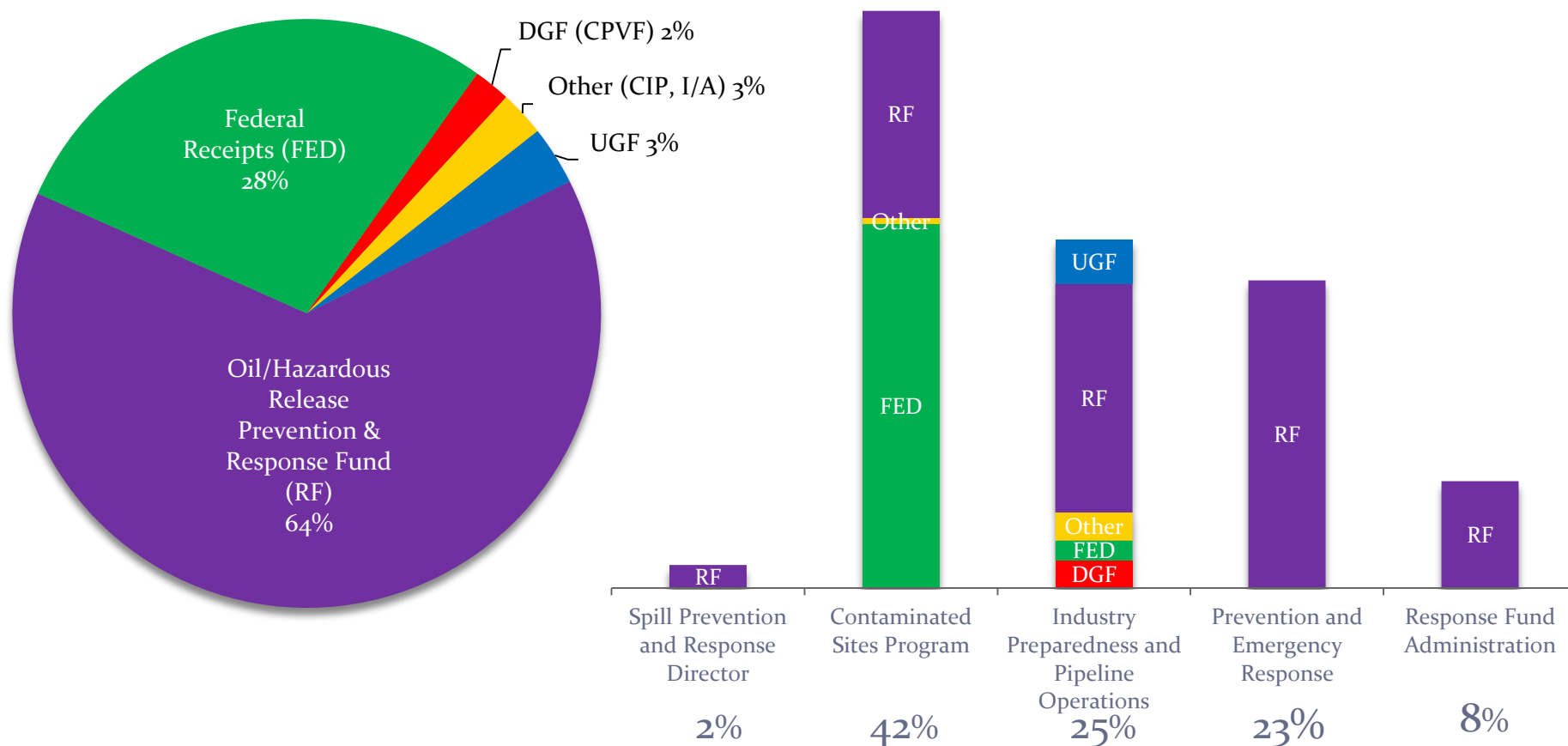
• Unrestricted GF	\$676.2
• Designated GF	\$421.9
• Response Fund	\$13,382.5
• Other State Funds	\$522.2
• Federal Receipts	\$5,885.8



FY2015 Governor's Operating Budget Request (All Funds)



SPAR FY2015 Operating Budget by Fund Source



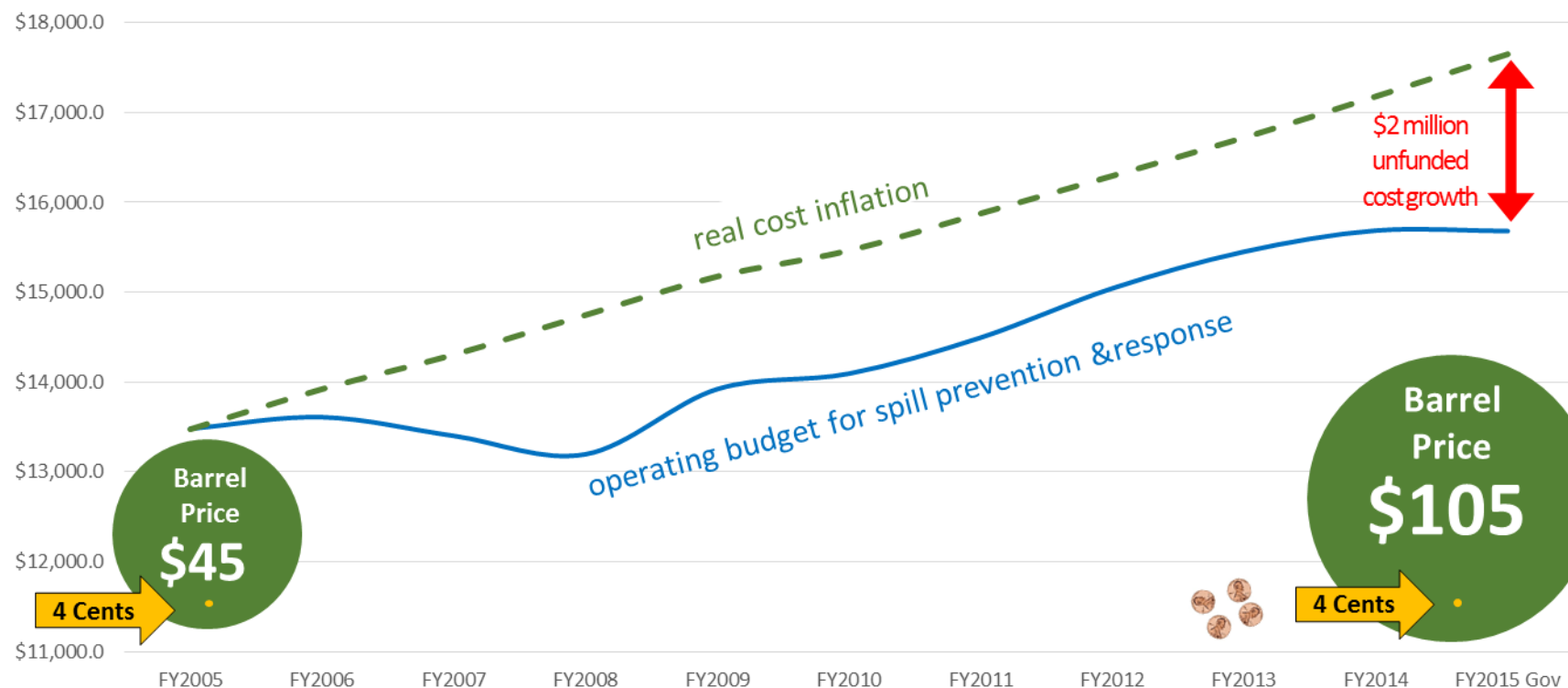


Prevention Account & Inflation

Response Funds to DEC: FY2005 to FY2015

Authorized RF Appropriations vs. Inflation

using Anchorage CPI





Response Fund Structure & Purpose





How does the Response Fund Work?

- *“It is the intent of the Legislature and declared to be the public policy of the State that funds for the abatement of a release of oil or a hazardous substance will always be available.” (A.S. 46.08.030)*
- Response Account
 - Funded by 1¢ surcharge on each barrel of oil.
 - Surcharge suspended when fund exceeds \$50 Million.
 - Pays for emergency response activities.
 - Department recovers costs from identified responsible parties.
- Prevention Account
 - Funded by a 4¢ surcharge on each barrel of oil.
 - Pays for operational costs and readiness activities within the Spill Prevention & Response Division.
 - Pays for non-emergency response activities.
 - Department recovers costs from identified responsible parties.

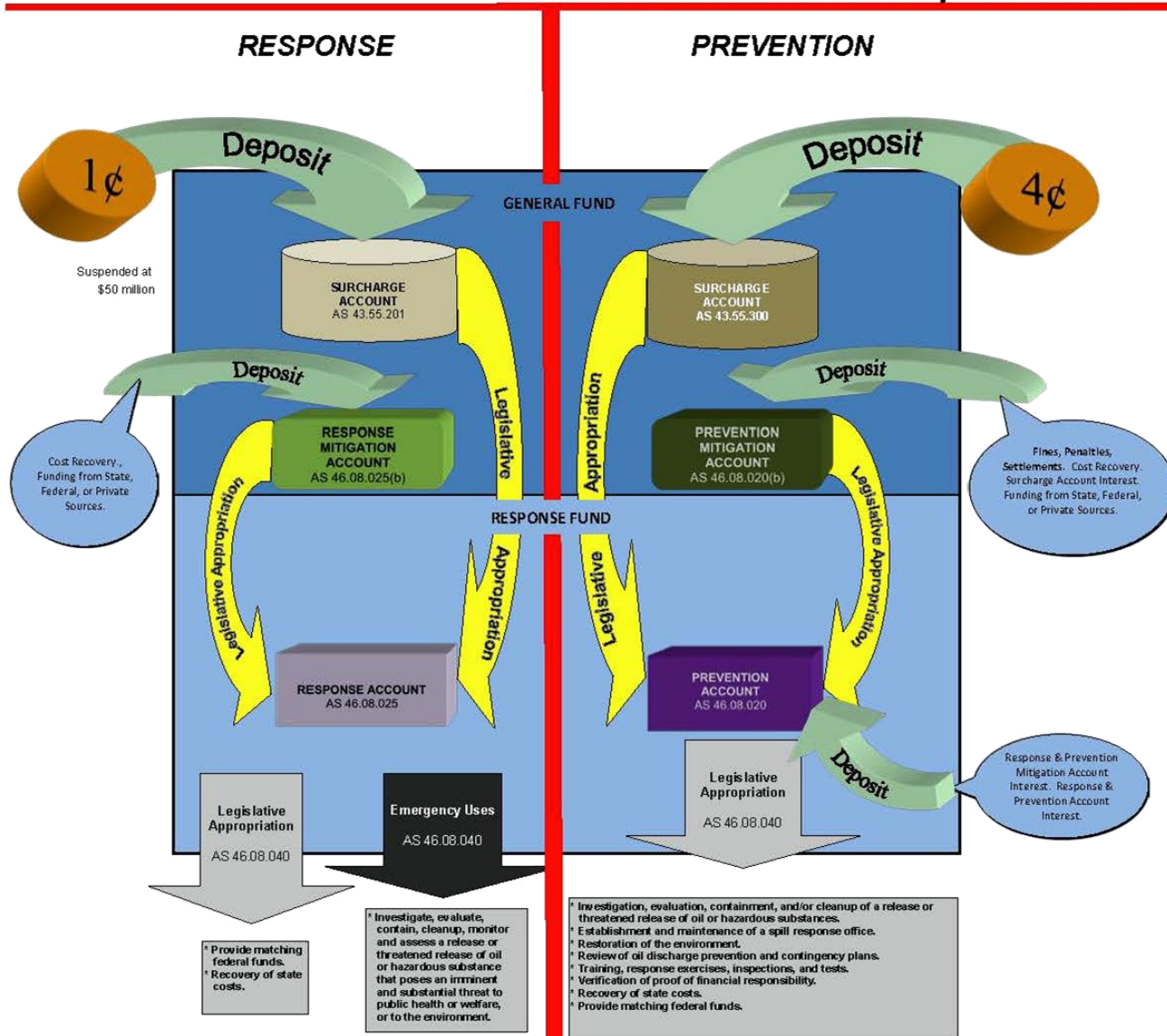


Statutory Authority

- **Funds from the Response Account are used to:**
 - investigate and evaluate the release or threatened release of oil or a hazardous substance, and contain, clean up, and take other necessary action, such as monitoring and assessing, to address a release or threatened release of oil or a hazardous substance that ***poses an imminent and substantial threat*** to the public health or welfare, or to the environment -- AS 46.08.040(1)(A)
 - recover the costs to the state, a municipality, a village, or a school district of a containment and cleanup resulting from the release or the threatened release of oil or a hazardous substance for which money was expended from the response account; -- AS 46.08.040(1)(C)
- **Funds from the Prevention Account are used to:**
 - investigate and evaluate the release or threatened release of oil or a hazardous substance... and contain, clean up, and take other necessary action, such as monitoring and assessing, to address a release or threatened release of oil or a hazardous substance-- AS 46.08.040(2)(A)
 - pay all costs incurred to establish and maintain the oil and hazardous substance response office; to review oil discharge prevention and contingency plans; to conduct training, response exercises, inspections, and tests; and to verify or establish proof of financial responsibility-- AS 46.08.040(2)(B)
 - recover the costs to the state, a municipality, a village, or a school district of a containment and cleanup resulting from the release or threatened release of oil or a hazardous substance for which money was expended from the prevention account -- AS 46.08.040(2)(I)
 - restore the environment by addressing the effects of an oil or hazardous substance release. -- AS 46.08.040(2)(K)



Oil & Hazardous Substance Release Prevention and Response Fund





Where do Recovered Costs go?

- Cost recovery receipts are generally deposited to the account from which the State made expenditures
 - Cost recovery receipts for a site that was responded to using funds from the Response Account (emergency responses) are generally deposited back to the Response Account
 - Cost recovery receipts for a site that was responded to using funds from the Prevention Account (non-emergency responses) are generally deposited back to the Prevention Account
- However, all cost recovery receipts deemed “settlements, fines, and penalties” are deposited to the Prevention Account, regardless of which account was used to respond to the site in question



Breakdown of Spills

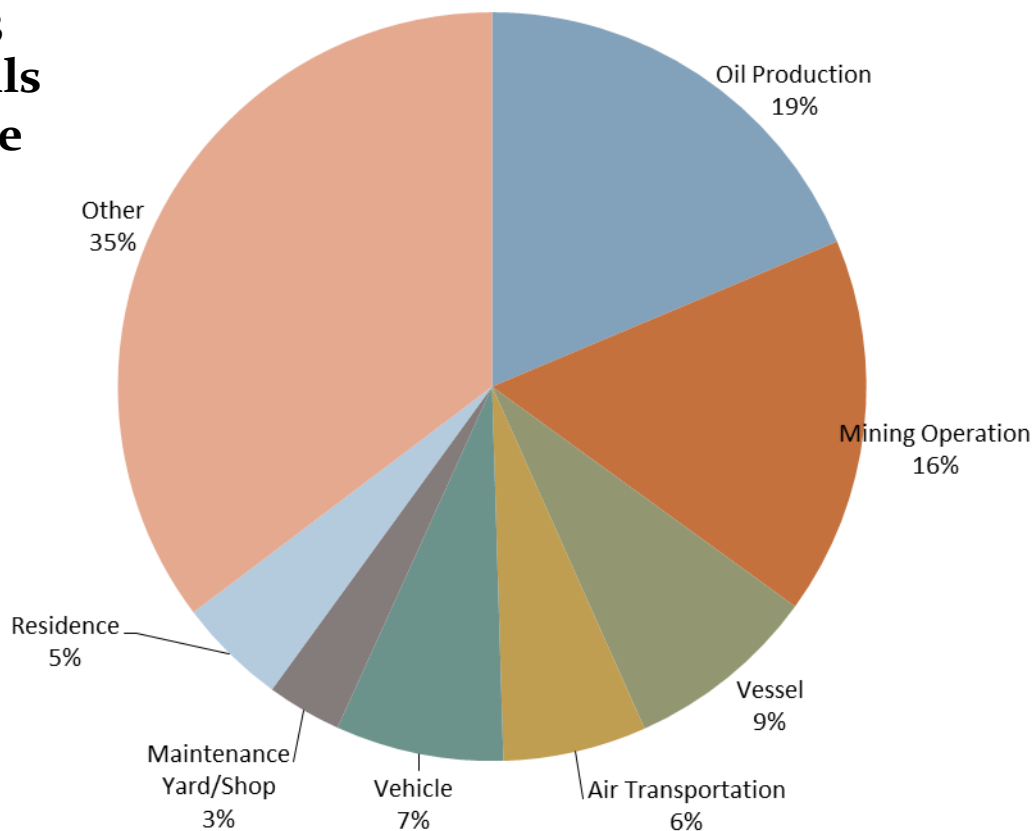




Spills by Industry Type

FY 2009 - 2013 Number of Spills by Facility Type

'Other' includes facility categories comprising less than 3% of total number of spills such as Harbors/Ports, Gas Stations, Transmission Pipelines, Oil Exploration, Natural Gas Production, Schools, Canneries, Logging Operations, and Landfills/Dumps

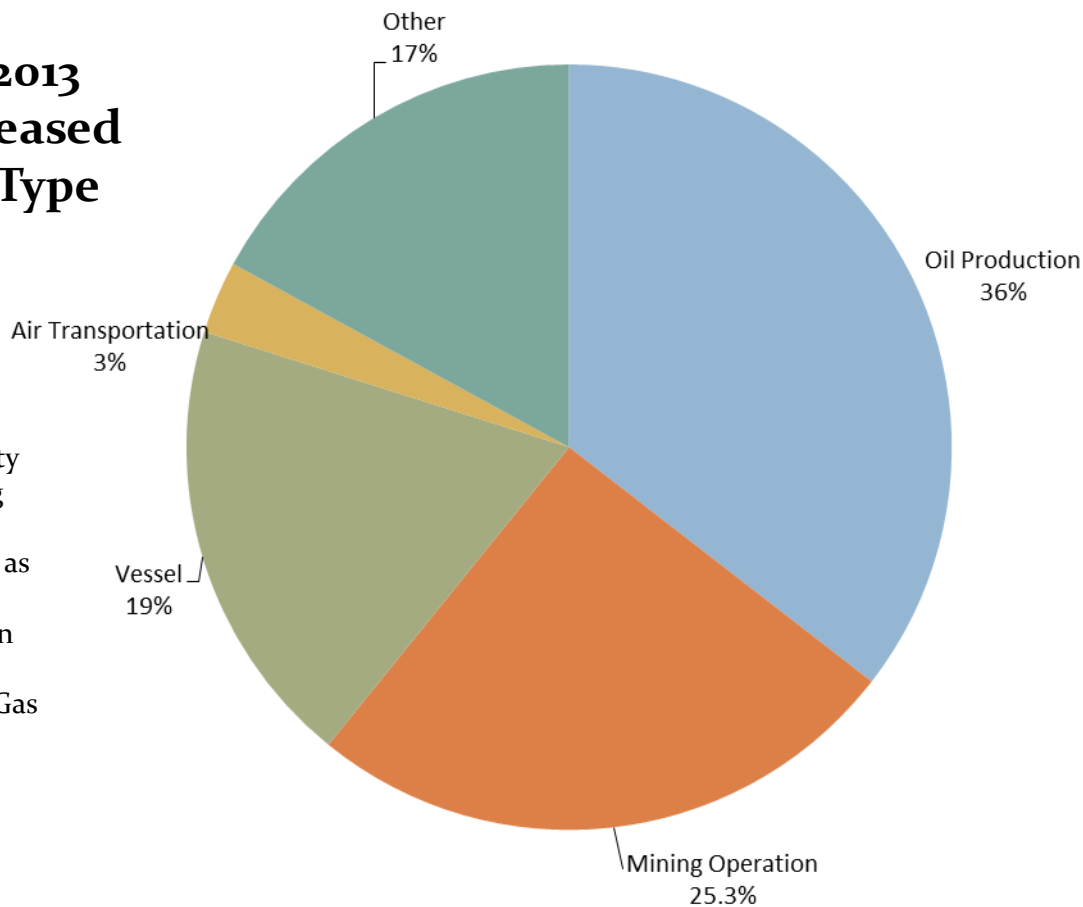




Spill Volume by Industry Type

FY 2009 - 2013 Volume Released by Facility Type

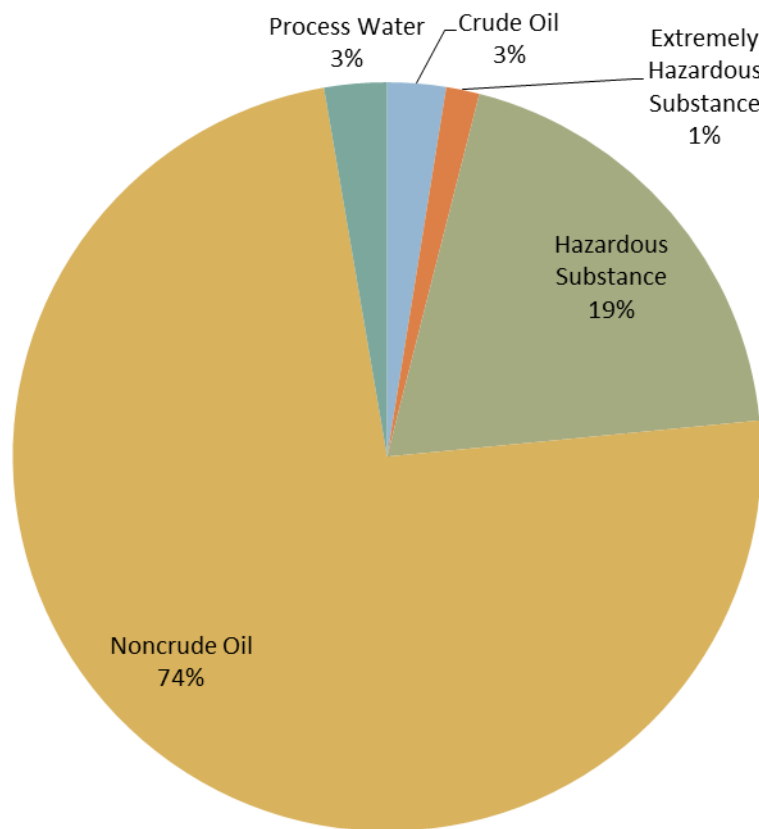
'Other' includes facility categories comprising less than 3% of total volume released such as Harbors/Ports, Gas Stations, Transmission Pipelines, Oil Exploration, Natural Gas Production, Schools, Canneries, Logging Operations, and Landfills/Dumps





Spills by Product Type

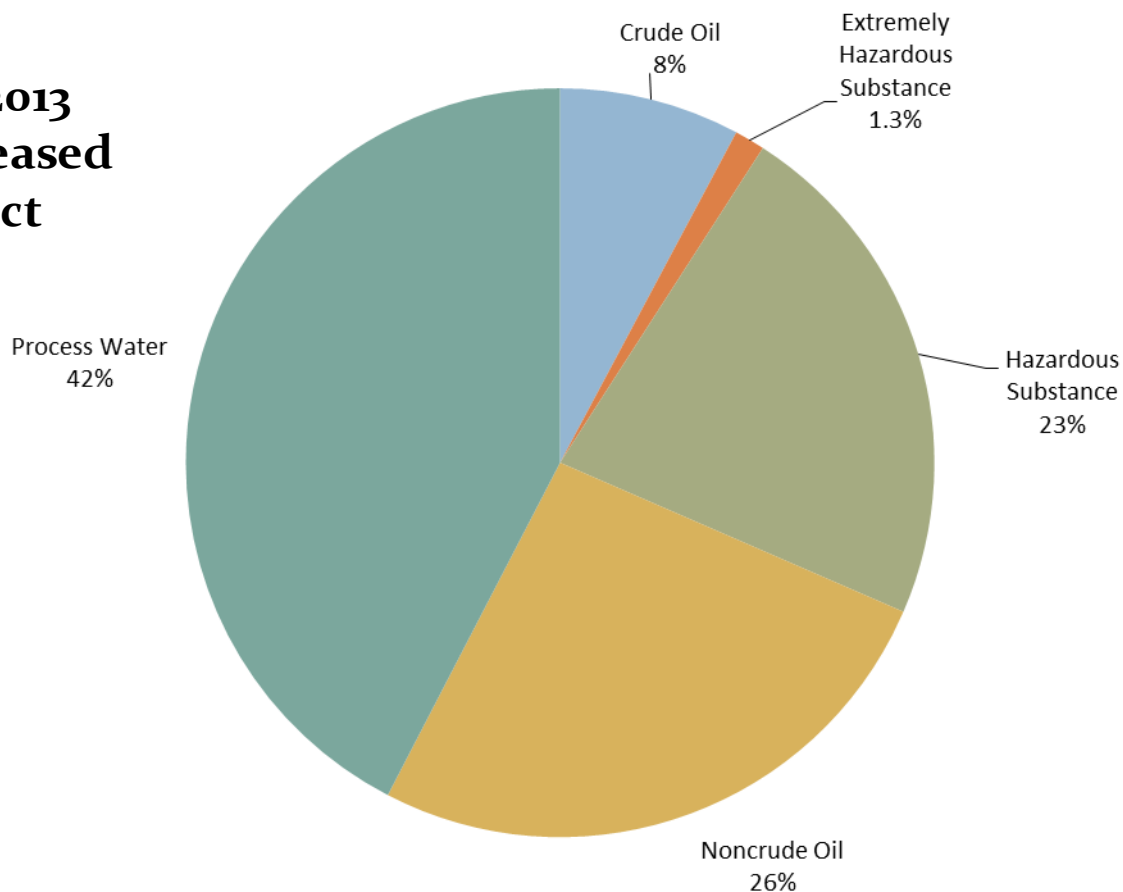
**FY 2009 - 2013
Number of Spills
by Product**





Spill Volume by Product Type

**FY 2009 - 2013
Volume Released
by Product**





Sustaining the Prevention Account

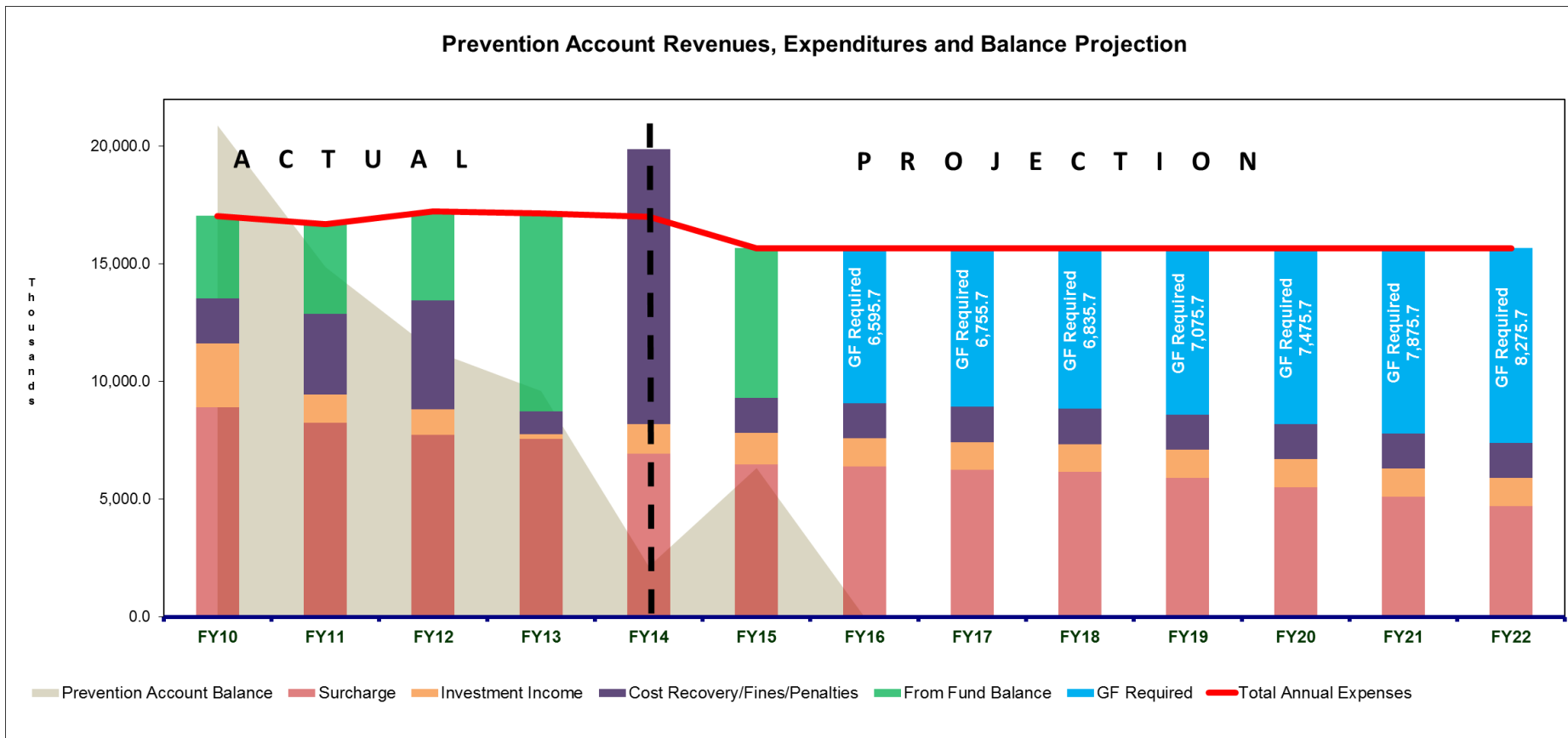




Status of the Prevention Account

PREVENTION ACCOUNT REVENUES, EXPENDITURES, AND BALANCE PROJECTION

Actuals FY2010 – FY2013, Projected FY2014 – FY2022 based on 12.05.2013 Fall 2013 Forecast - 4¢ Surcharge





Status of the Prevention Account

PREVENTION ACCOUNT REVENUES, EXPENDITURES, AND BALANCE PROJECTION

Actuals FY2010 – FY2013, Projected FY2014 – FY2022 based on 12.05.2013 Fall 2013 Forecast - 4¢ Surcharge

Line	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
1 Unobligated Beginning Balance	20,891.9	14,870.3	11,323.0	9,599.2	2,139.3	6,325.6	(40.2)	0.0	0.0	0.0	0.0	0.0	0.0
2 REVENUE to PREVENTION ACCOUNT													
3 Surcharge Revenue	8,922.5	8,255.2	7,736.1	7,558.6	6,951.2	6,480.0	6,400.0	6,240.0	6,160.0	5,920.0	5,520.0	5,120.0	4,720.0
4 Cost Recovery/Fines/Penalties	1,911.9	3,425.0	4,625.4	976.4	11,689.3	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
5 Investment Income	2,690.2	1,199.7	1,079.8	215.8	1,238.5	1,334.9	1,185.0	1,185.0	1,185.0	1,185.0	1,185.0	1,185.0	1,185.0
6 Total Annual Revenue	13,524.6	12,879.9	13,441.3	8,750.8	19,879.0	9,314.9	9,085.0	8,925.0	8,845.0	8,605.0	8,205.0	7,805.0	7,405.0
7 EXPENSES from PREVENTION ACCOUNT													
8 Operating	13,334.3	14,447.3	15,030.7	15,344.8	15,692.7	15,680.7	15,680.7	15,680.7	15,680.7	15,680.7	15,680.7	15,680.7	15,680.7
9 Capital	3,710.3	2,250.4	2,210.5	1,806.3	1,320.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 Total Annual Expenses	17,044.6	16,697.7	17,241.2	17,151.1	17,013.5	15,680.7	15,680.7	15,680.7	15,680.7	15,680.7	15,680.7	15,680.7	15,680.7
11 Use of Fund Balance	3,520.0	3,817.8	3,799.9	8,400.3	0.0	6,365.8							
12 Obligations and Other Activity													
13 New Capital Appropriations	5,750.0	2,000.0	100.0	750.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14 Less: Capital Expenses	(3,710.3)	(2,250.4)	(2,210.5)	(1,806.3)	(1,320.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15 Increase (Decrease) in Outstanding Capital Appropriations	2,039.7	(250.4)	(2,110.5)	(1,056.3)	(1,320.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
16 Other Activity - Changes in Receivables and Liabilities	461.9	(20.1)	34.4	115.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17 Total Increase (Decrease) in Obligations and Other Activity	2,501.6	(270.5)	(2,076.1)	(940.4)	(1,320.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18 Summary													
19 Unobligated Beginning Balance	20,891.9	14,870.3	11,323.0	9,599.2	2,139.3	6,325.6							
20 Add: Total Annual Revenue	13,524.6	12,879.9	13,441.3	8,750.8	19,879.0	9,314.9							
21 Less: Total Annual Expenses	(17,044.6)	(16,697.7)	(17,241.2)	(17,151.1)	(17,013.5)	(15,680.7)							
22 Less: Total Increase (Decrease) in Obligations and Other Activity	(2,501.6)	270.5	2,076.1	940.4	1,320.8	0.0							
23 Unobligated Ending Balance	14,870.3	11,323.0	9,599.2	2,139.3	6,325.6	(40.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
24 Other Appropriations:													
25 General Fund Other							6,595.7	6,755.7	6,835.7	7,075.7	7,475.7	7,875.7	8,275.7
26 Transfers from Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	6,595.7	6,755.7	6,835.7	7,075.7	7,475.7	7,875.7	8,275.7



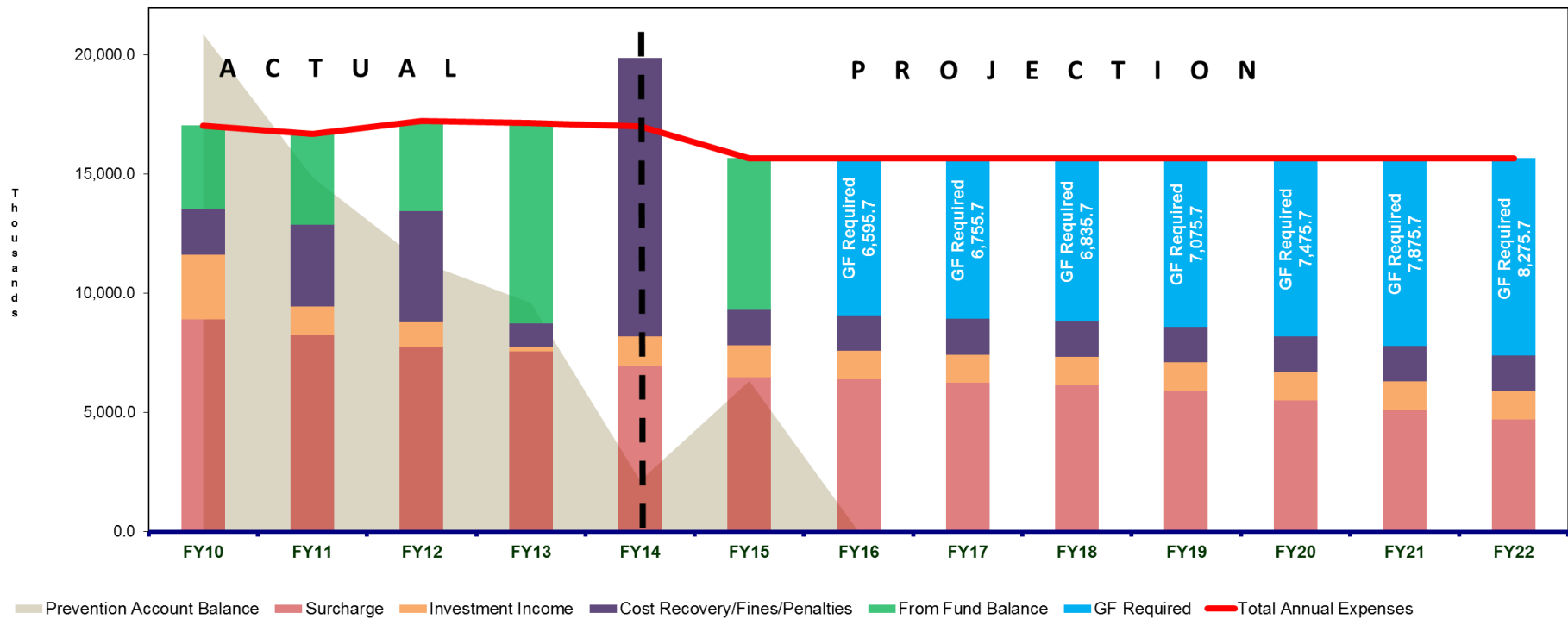
Response Fund Projection Variables & Outcomes





Status Quo – No Change & No Growth

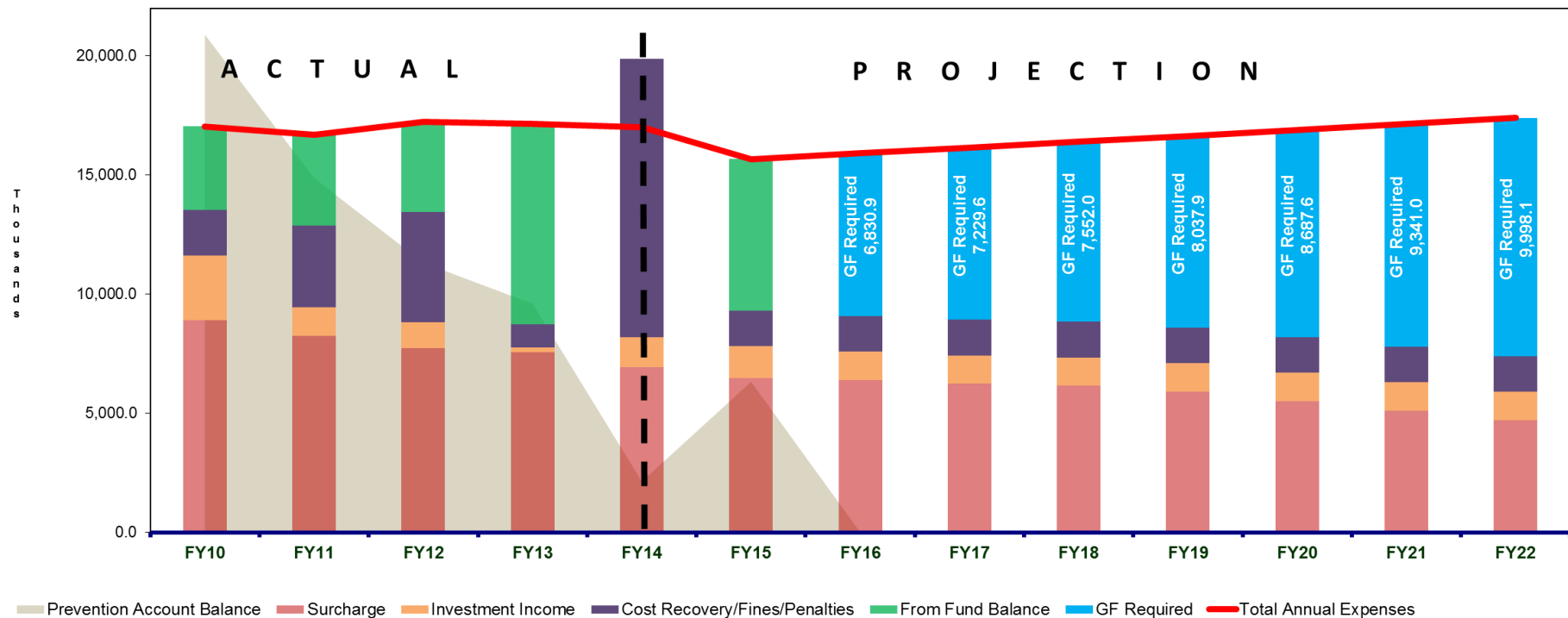
Prevention Account Revenues, Expenditures and Balance Projection





Typical Expense Growth (1.5%)

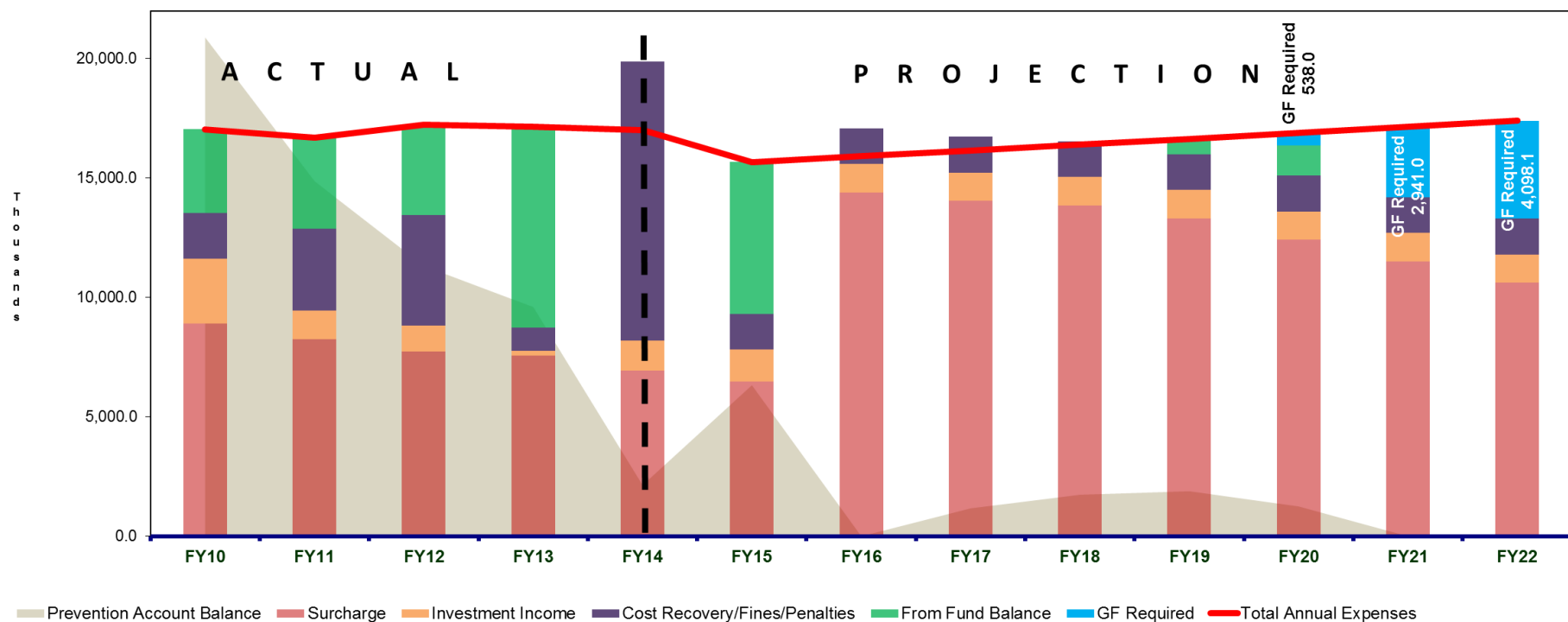
Prevention Account Revenues, Expenditures and Balance Projection





Typical Expense Growth (1.5%) & Surcharge Increase to 9-cents

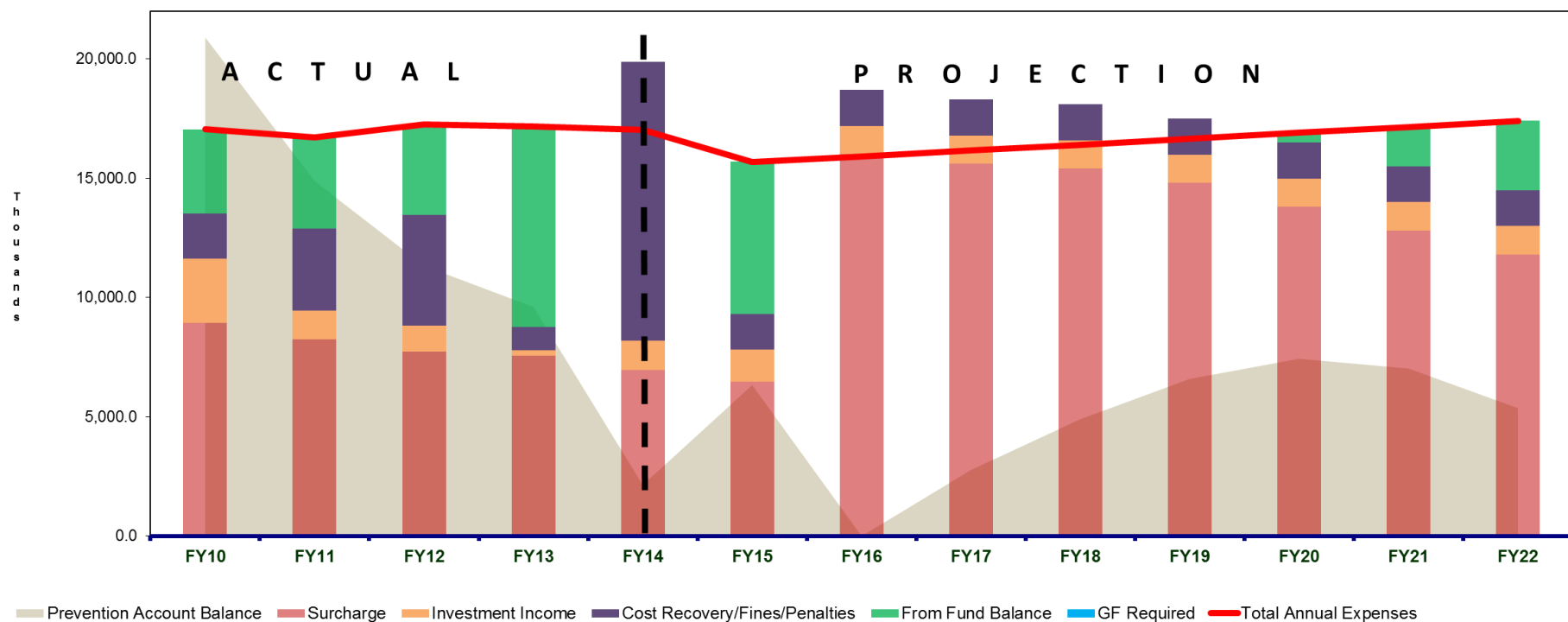
Prevention Account Revenues, Expenditures and Balance Projection





Typical Expense Growth (1.5%) & Surcharge Increase to 10-cents

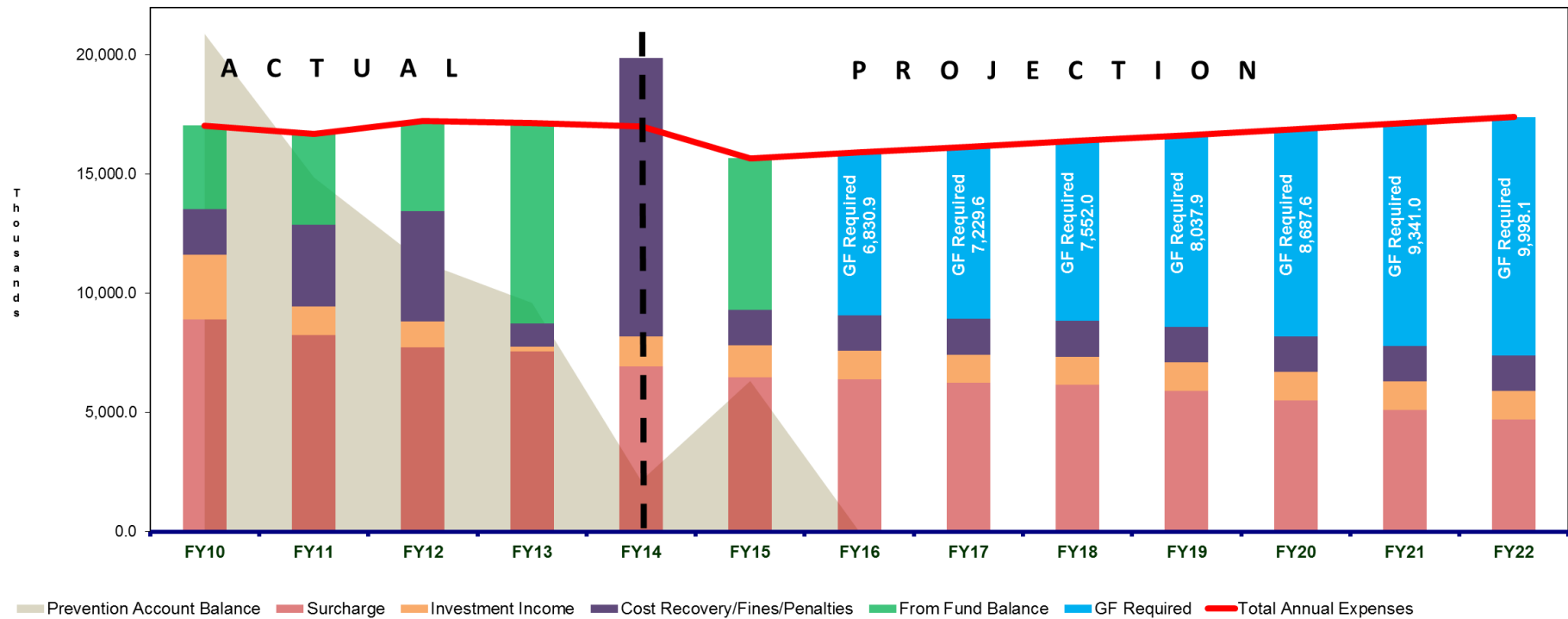
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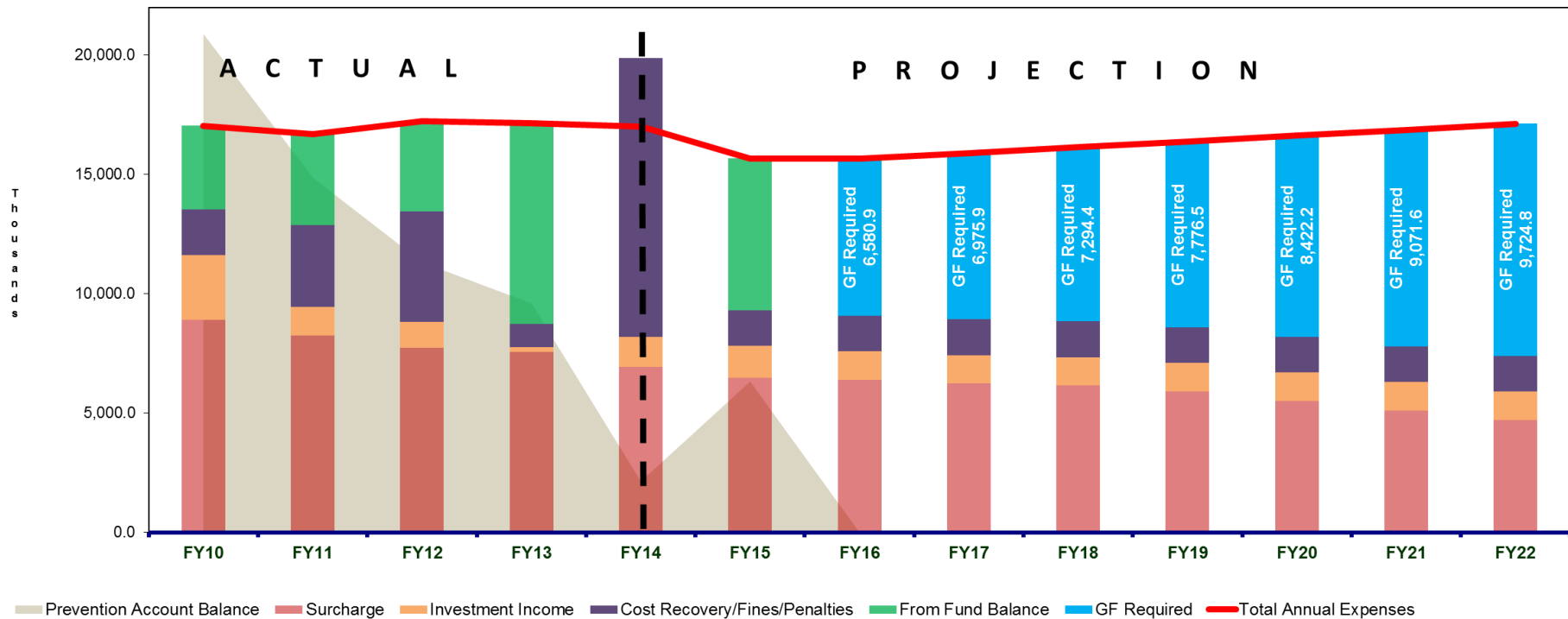
Prevention Account Revenues, Expenditures and Balance Projection





Typical Expense Growth (1.5%) & \$250.0 Operating Decrement

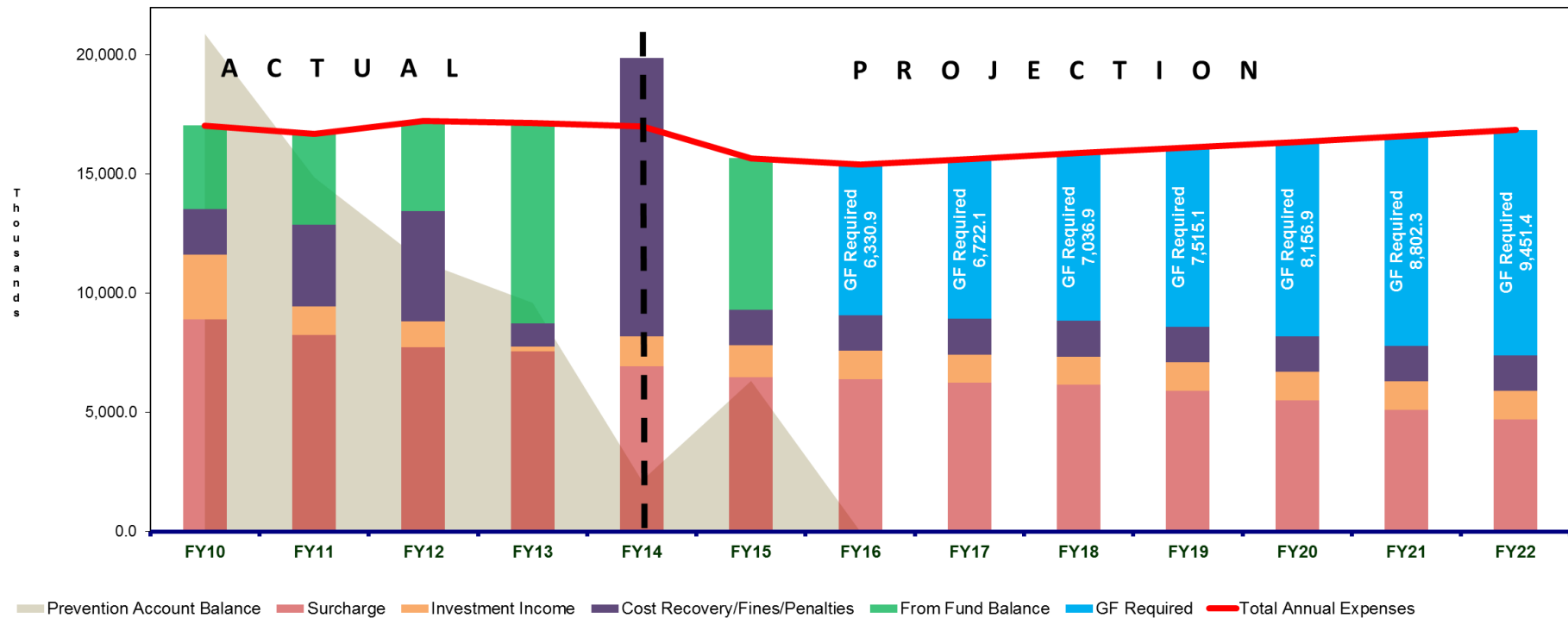
Prevention Account Revenues, Expenditures and Balance Projection





Typical Expense Growth (1.5%) & \$500.0 Operating Decrement

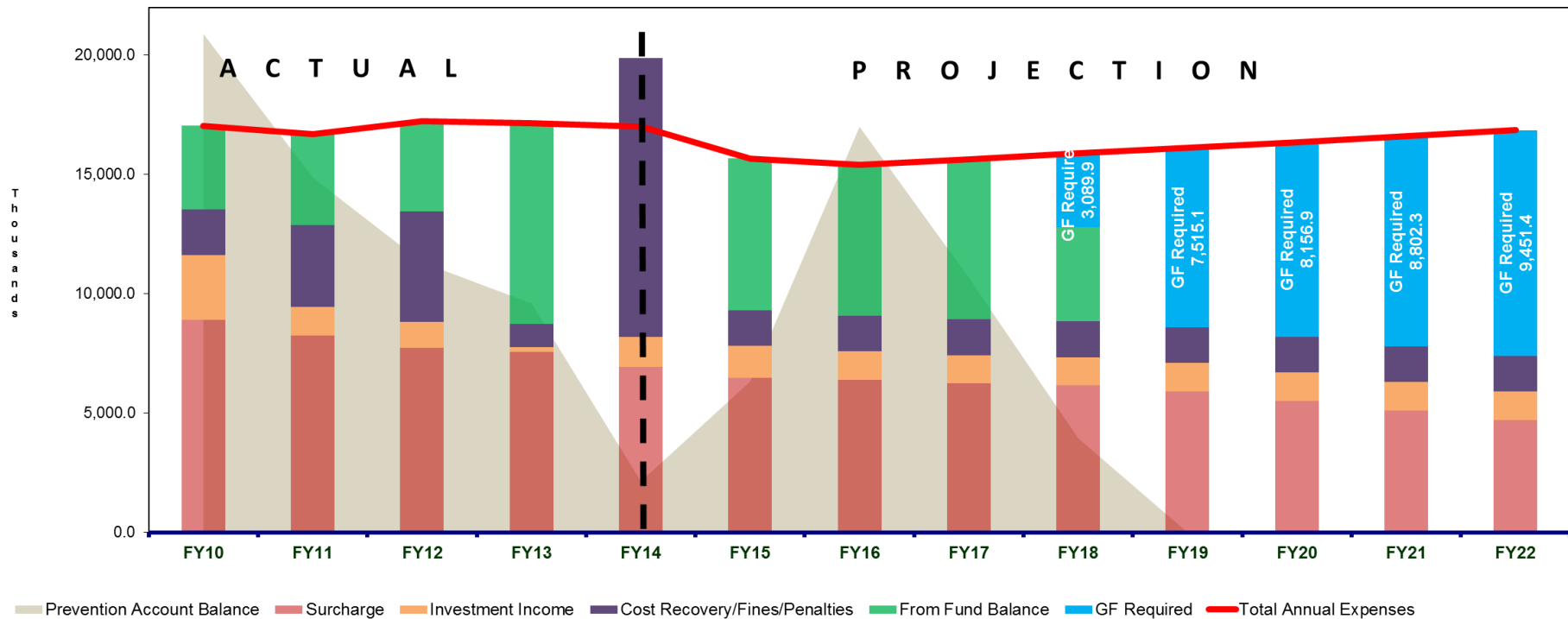
Prevention Account Revenues, Expenditures and Balance Projection





Typical Expense Growth (1.5%) & Repay State-Owned Contaminated Sites

Prevention Account Revenues, Expenditures and Balance Projection





Questions?

