



# Division of Spill Prevention and Response (SPAR)

House Finance

Sub-Committee Overview

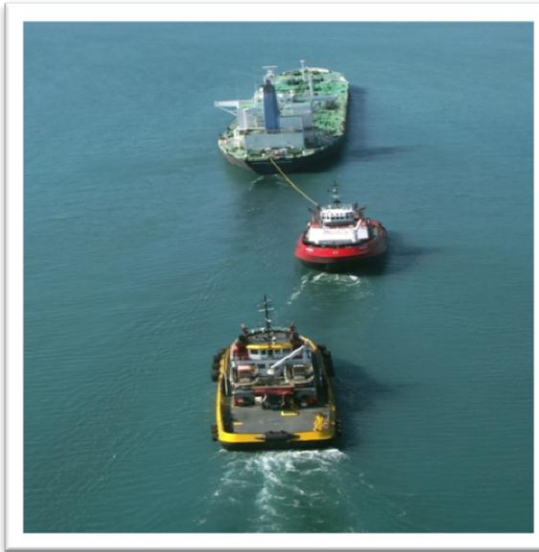
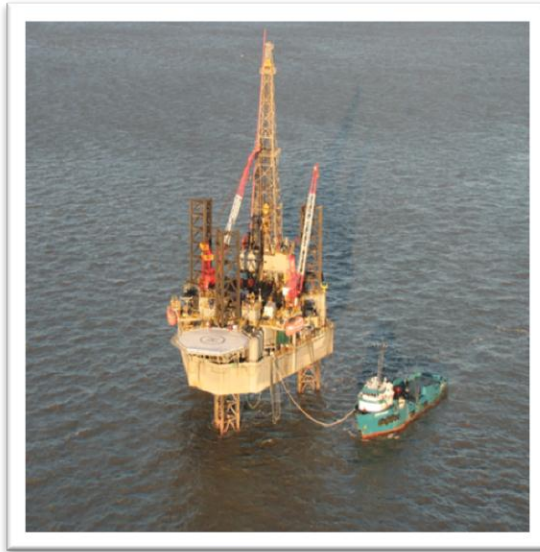
Larry Dietrick, Director

February 7, 2013



# SPAR's Mission

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





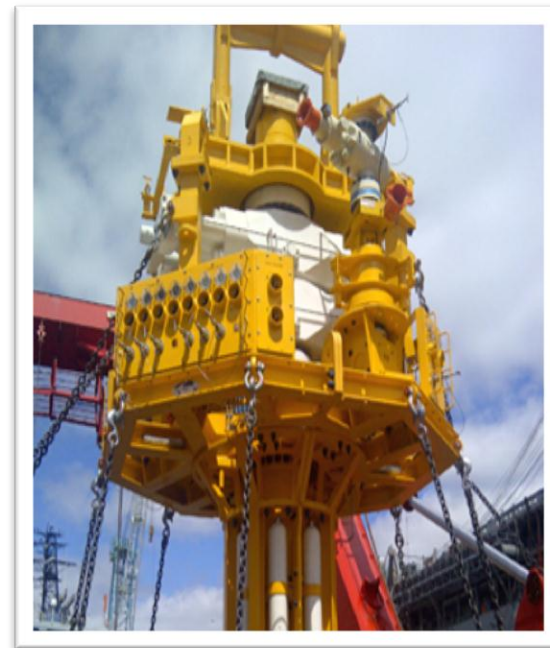
## Core Services

- Identify, oversee, and conduct the cleanup, redevelopment, and management of contaminated sites in Alaska.
- Ensure that producers, transporters, and distributors of crude oil and refined oil products prevent oil spills and are fully prepared materially and financially to clean up spills.
- Prevent and mitigate the effects of oil and hazardous substance releases and ensure their cleanup through government planning, preparedness, and rapid response.
- Manage the Oil and Hazardous Substance Release Prevention and Response Fund as a viable, long-term funding source for the state's core spill prevention and response initiatives and provide administrative support services to the Division's programs.



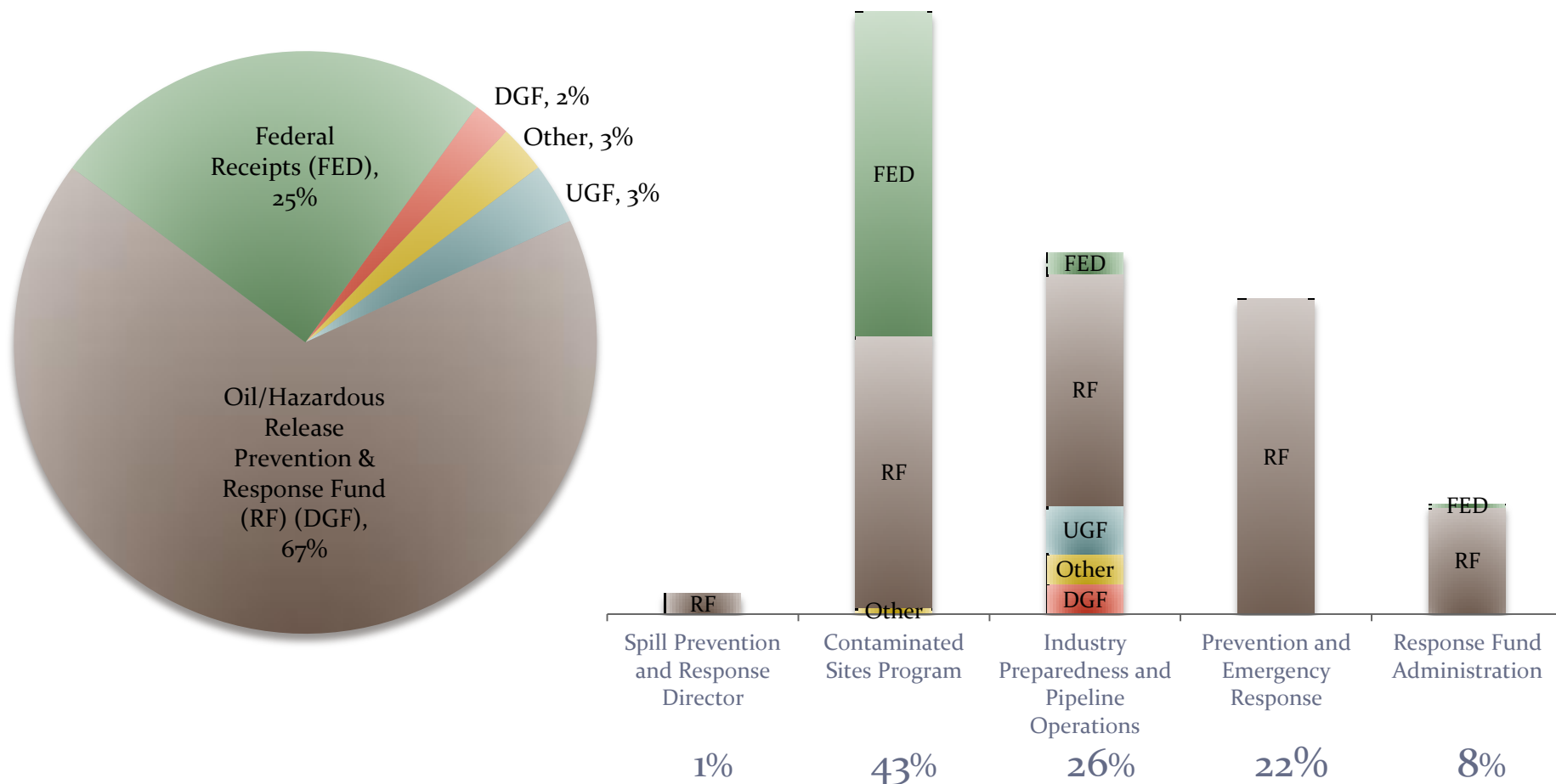
# SPAR Leadership

- Senior leadership:
  - Director
  - Four Program Managers
- Total years of experience: 159
- Average years of experience: >31
- Specialized degrees and education required for job classes
  - Environmental Specialists
  - Environmental Engineers
  - Environmental Technicians





# FY2014 Operating Budget By Fund Source

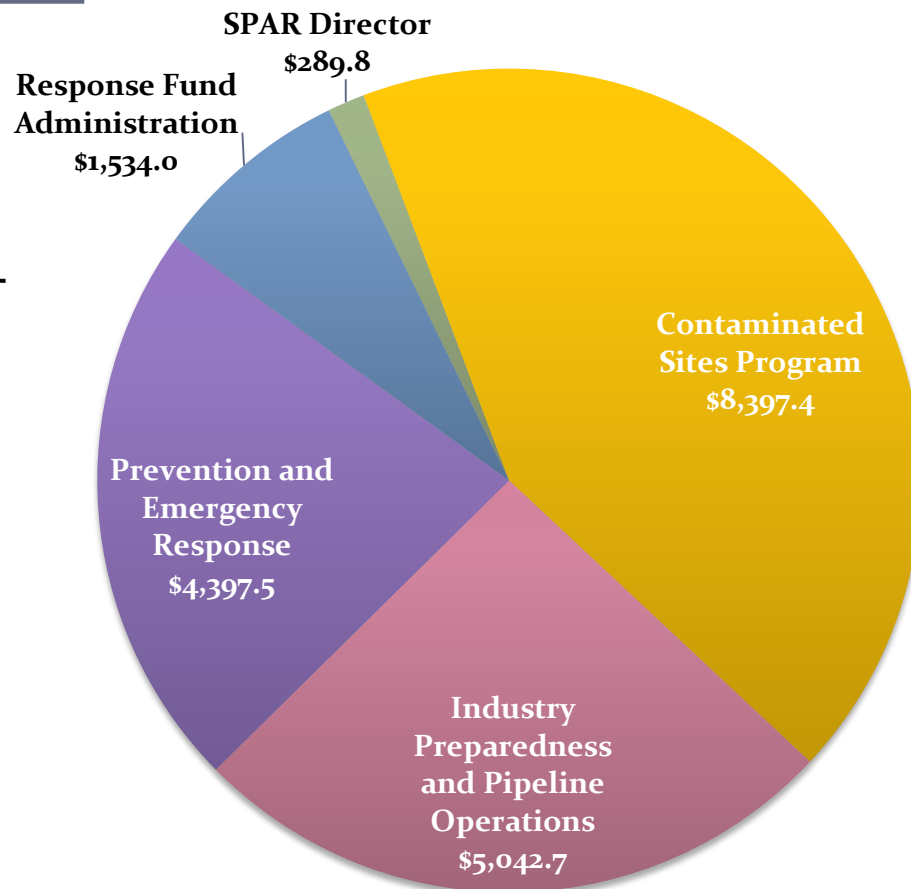




# FY2014 Budget Detail

## Operating Request: \$19,661.4

• Unrestricted GF	\$669.4
• Designated GF	\$415.6
• Response Fund	\$13,190.7
• Other State Funds	\$516.7
• Federal Receipts	\$4,869.0



FY2014 Governor's Operating Budget Request (All Funds)



# Contaminated Sites (CS)

## **Responsibilities:**

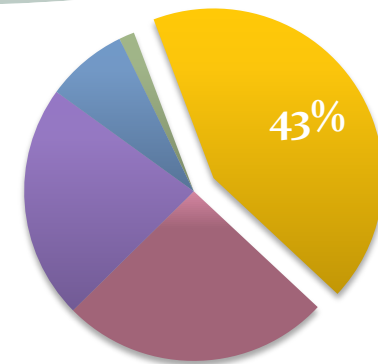
- Contaminated site management
- Cleanup of contaminated sites
- Reuse and redevelopment
- Risk-based cleanups
- Cleanup standards

Program Manager:

Steve Bainbridge

## **Challenges:**

- Groundwater contamination and cleanup
- Cleanup standards

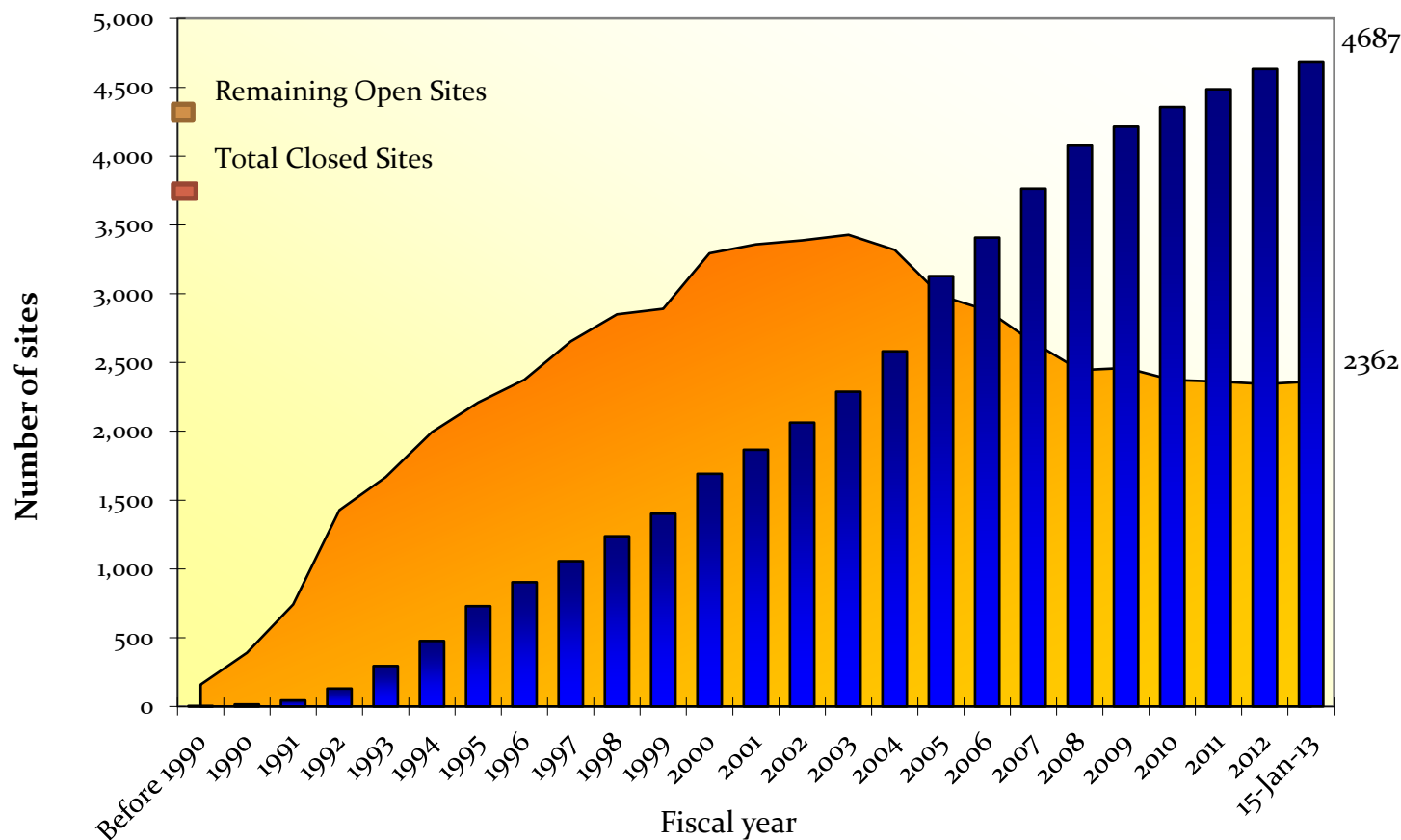






# About Contaminated Sites

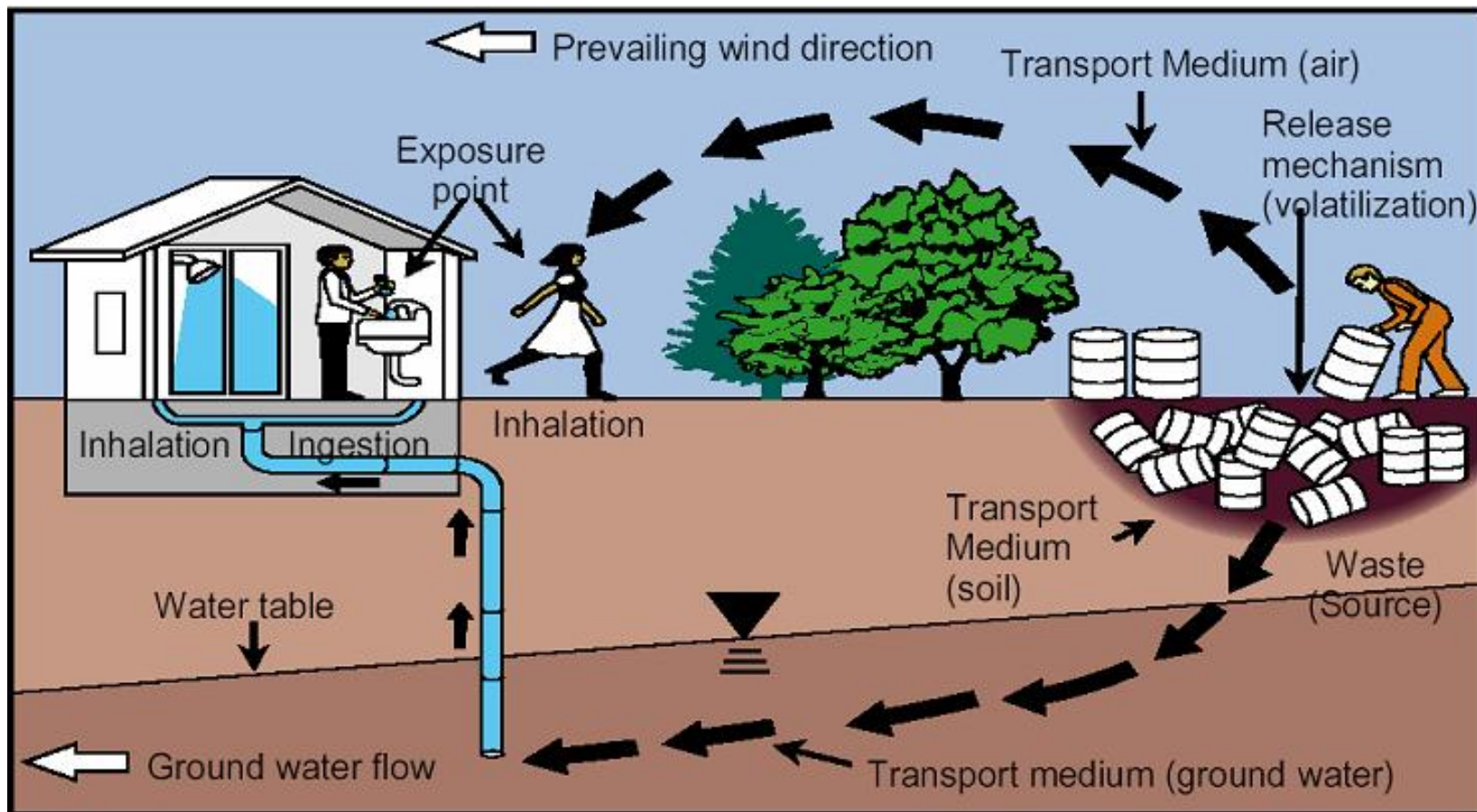
**Total Contaminated Sites Open and Closed**







# About Contaminated Sites



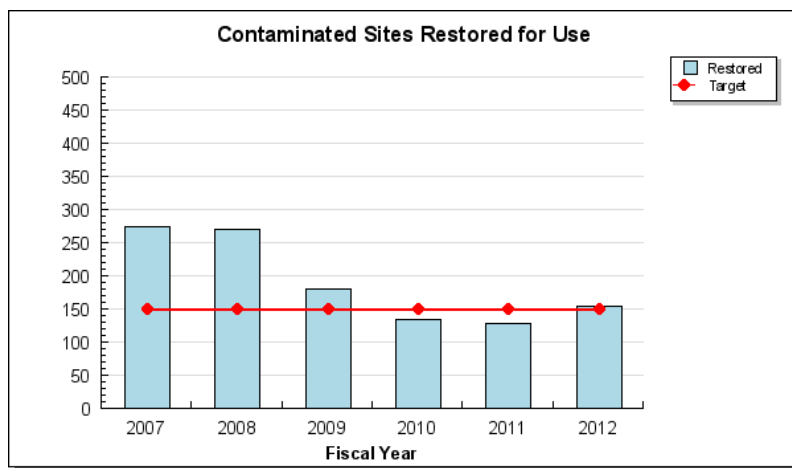


# Contaminated Sites Accomplishments

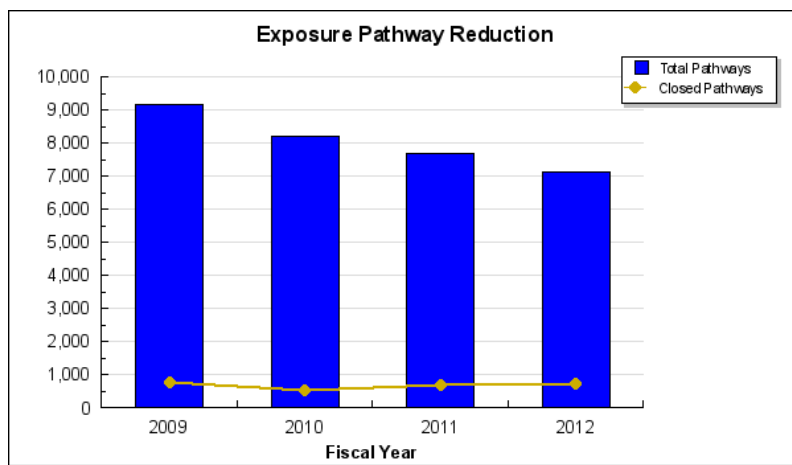
- Assessment, cleanup, monitoring or closure at 1,205 contaminated sites.
- Risk reduction measures implemented at 154 sites.
- Completed site review and risk evaluations for 161 new contaminated sites
- Completed oversight of lead cleanup at Kincaid park and reuse as soccer fields
- Continued investigation of areawide groundwater contamination in Fairbanks and the Kenai
- Evaluated cleanup standards for existing and new contaminants of concern



# 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.



# Contaminated Sites Budget

(Subcommittee Book p. 36-37)

FY2014 Operating Request: \$8,397.4

• Unrestricted GF	\$0.0
• Designated GF	
• Response Fund	\$3,783.2
• Other State Funds	\$92.3
• Federal Receipts	\$4,521.8

## Budget Changes:

- None (excluding salary/health).



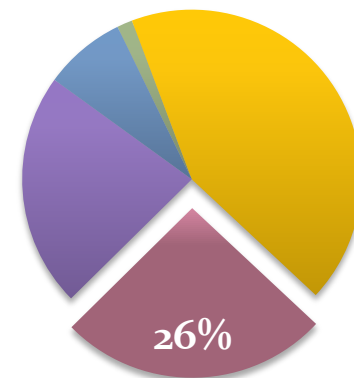


# Industry Preparedness & Pipeline Operations (IPP)

## **Responsibilities:**

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

Program Manager:  
Betty Schorr



## **Challenges:**

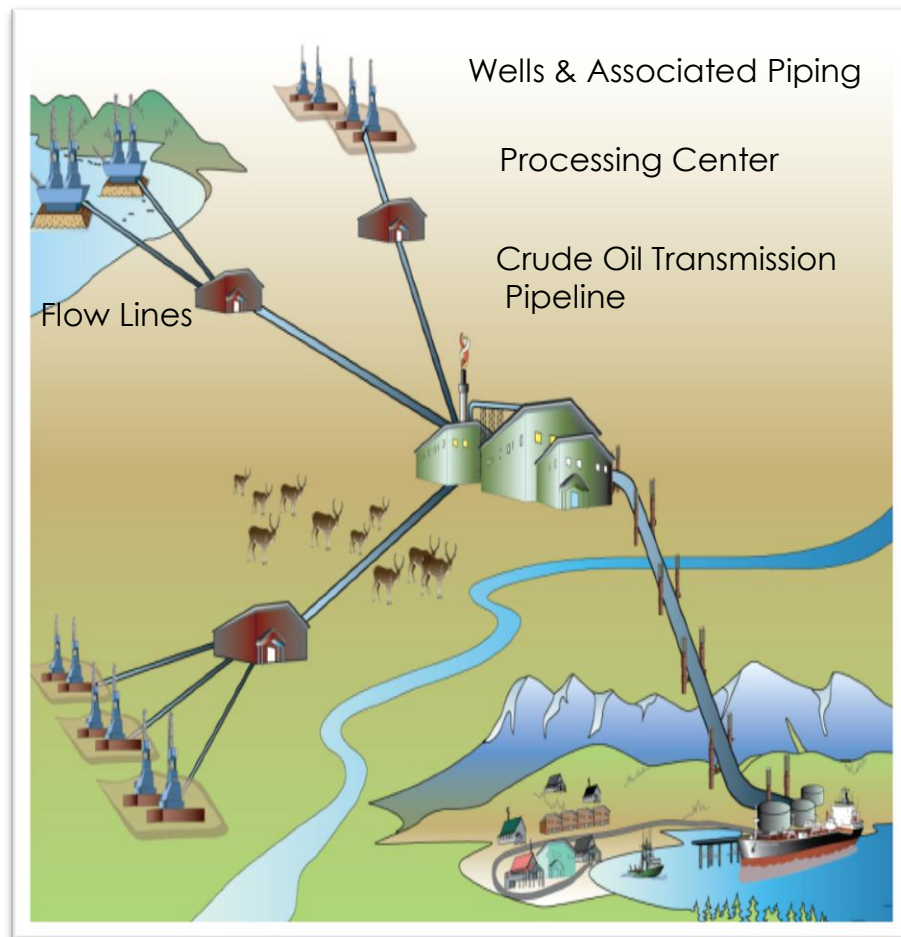
- Aging oil and gas infrastructure
- Prevention of pipeline spills





# About Industry Preparedness

- Pipeline regulation
- Drills and Oil Spill Cooperatives
- Offshore Drilling





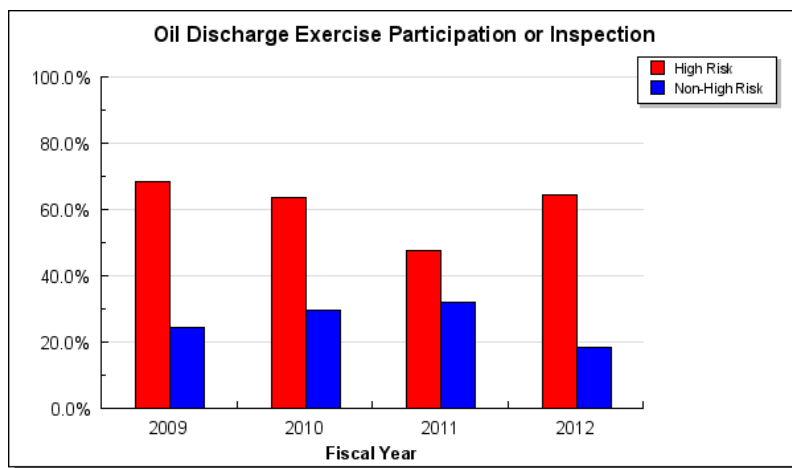
# Industry Preparedness Accomplishments

- 633 contingency plan actions.
- 79 inspections of regulated facilities.
- 38 industry spill exercises.
- 68 underground storage tank repairs.
- 254 underground storage tank inspections.
- 103 pipeline engineering review and inspections.
- Pipeline Leak Detection Technology Conference.

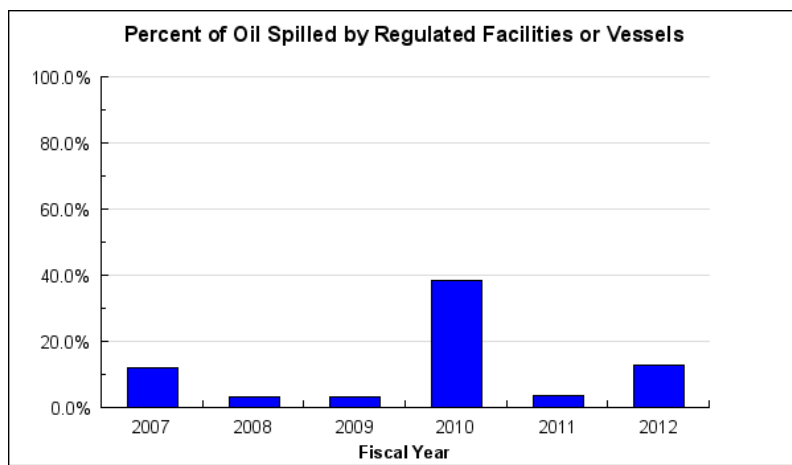




# Industry Preparedness Performance Measures



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.



# Industry Preparedness Budget

(Subcommittee Book p. 38-39)

FY2014 Operating Request: \$5,042.7

• Unrestricted GF	\$669.4
• Designated GF	\$415.6
• Response Fund	\$3,228.5
• Other State Funds	\$424.4
• Federal Receipts	\$304.8

## Budget Changes:

- None (excluding salary/health).

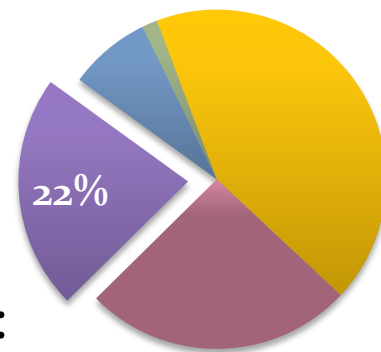


# Prevention and Emergency Response (PERP)

## **Responsibilities:**

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

Program Manager:  
Gary Folley



## **Challenges:**

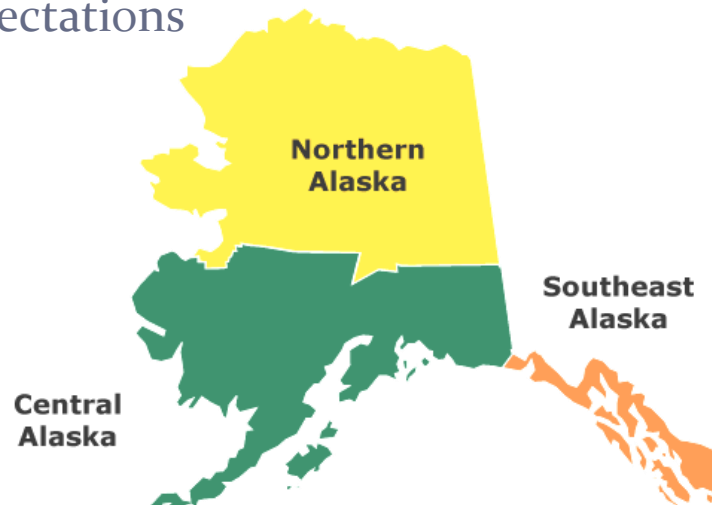
- Enhancing local readiness
- Statewide Hazmat coordination
- Spill planning and preparedness for Arctic shipping and offshore oil and gas exploration and development



# About Prevention and Emergency Response

## Response Considerations:

- Operational conditions
- Logistics
- Risks
- Expectations



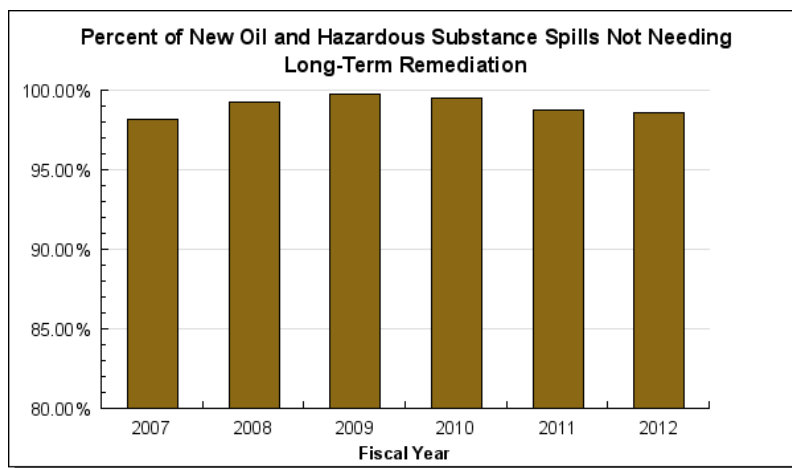


# Prevention and Emergency Response Accomplishments

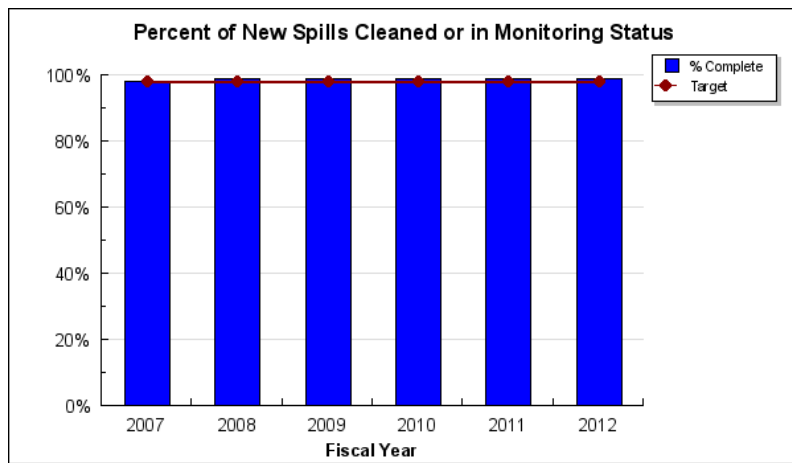
- 821 responses out of 1,888 reported spills.
- 23 significant oil and hazardous substance spills.
- 30 oil spill drills and exercises.
- Alaska Shield 2012 Hazmat Symposium.
- 72 Geographic Response Strategies.
- Unified and Subarea Response Plans updates.
- Vessel risk assessments for Southeast, Cook Inlet, and the Aleutians.
- Arctic offshore drilling and Arctic shipping preparedness.



# 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.



# Prevention and Emergency Response Budget

(Subcommittee Book p. 40-41)

FY2014 Operating Request: \$4,397.5

• Unrestricted GF	\$0.0
• Designated GF	
• Response Fund	\$4,397.5
• Other State Funds	\$0.0
• Federal Receipts	\$0.0

## Budget Changes:

- None (excluding salary/health).





# Response Fund Administration (RFA)

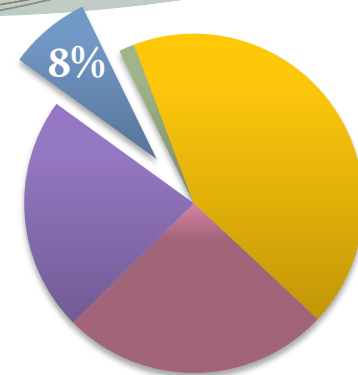
## **Responsibilities:**

- Response fund management
- Cost recovery
- Contract management
- Emergency response – Finance section
- Biennial Response Fund reporting
- Information and database management

Program Manager:  
Cassidy Kearney

## **Challenges:**

- Expanded use of information technology and database development





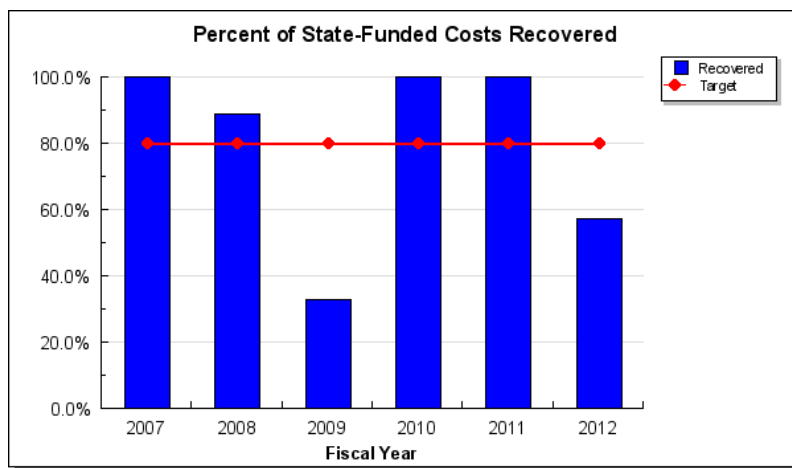
# Response Fund Administration

## Accomplishments

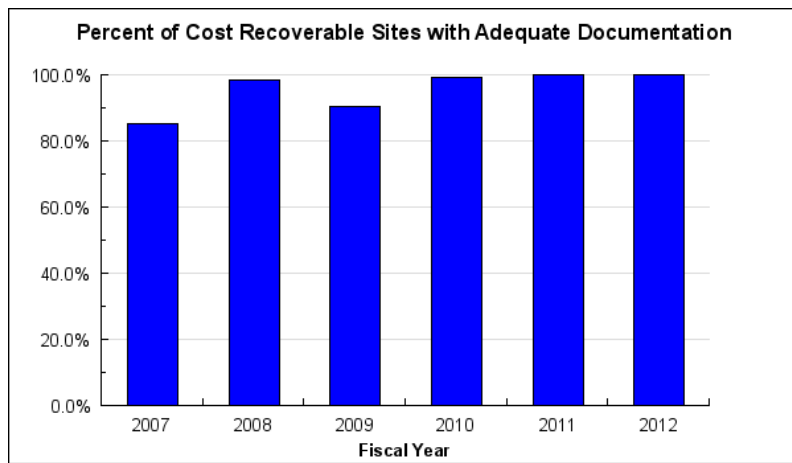
- Managed the Oil and Hazardous Substance Release Prevention and Response accounts
- 1,756 responsible parties billed for \$2.7 million
- Issued 54 notices to proceed for \$4.2 million in state contracts for assessment and cleanup.
- Managed \$3.3 million in reimbursable services agreements.
- Coordinated \$6.4 million in funding associated with 21 federal grants.



# Response Fund Administration Performance



Not all costs are recovered in the same year as the expenditures. It may take several months or even several years to recover costs, depending on the size and complexity of the spill.



For the state to recover costs, staff must adequately document costs associated with each site.



# Response Fund Administration Budget

(Subcommittee Book p. 42-43)

FY2014 Operating Request: \$1,534.0

• Unrestricted GF	\$0.0
• Designated GF	
• Response Fund	\$1,491.6
• Other State Funds	\$0.0
• Federal Receipts	\$42.4

## Budget Changes:

- None (excluding salary/health).

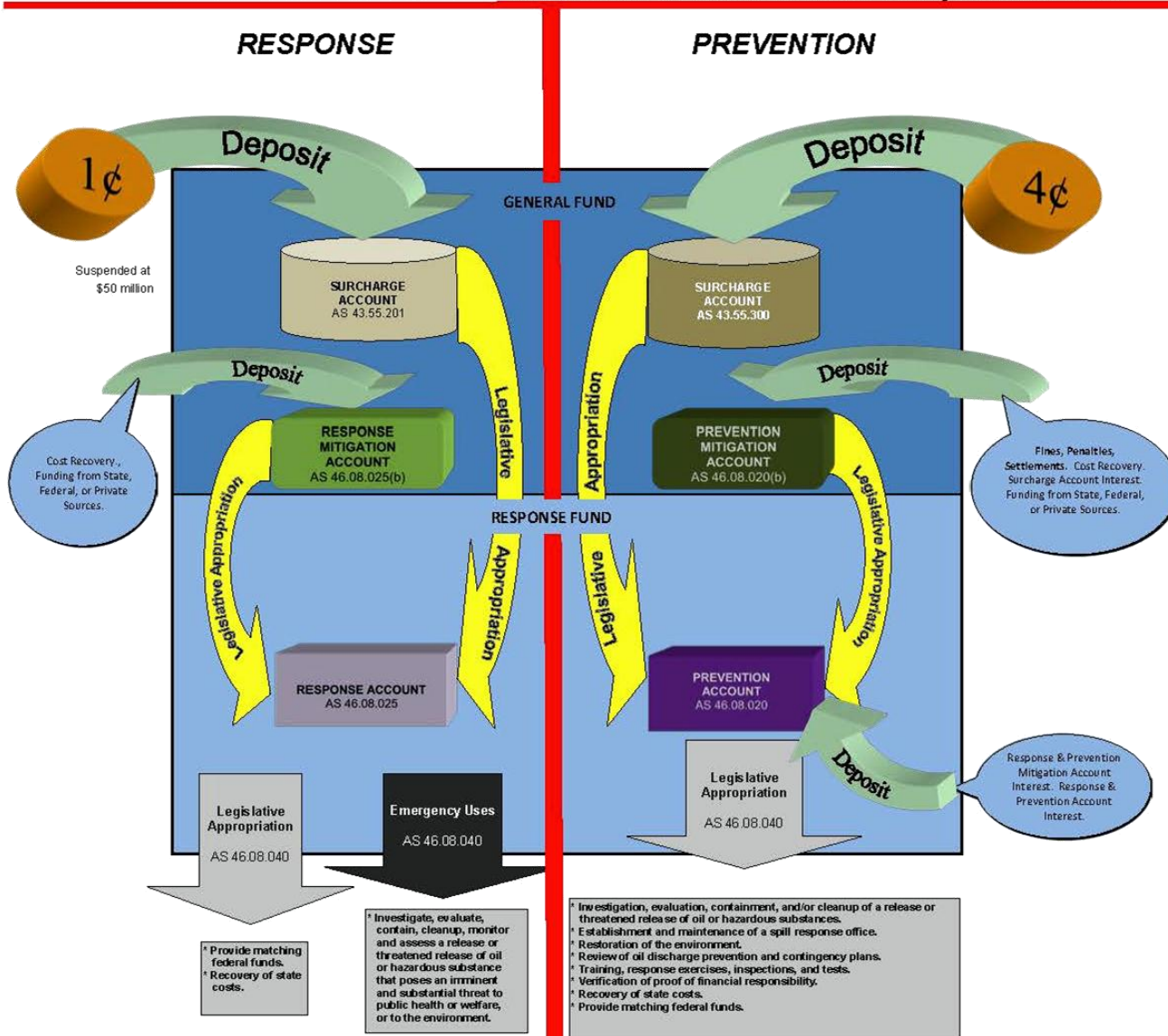


# How the Response Fund Works

- Response Account
  - Funded by 1¢ surcharge on each barrel of oil.
  - Surcharge suspended when fund exceeds \$50 Million.
    - Suspended as of January 1, 2013
  - 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.



# Oil & Hazardous Substance Release Prevention and Response Fund

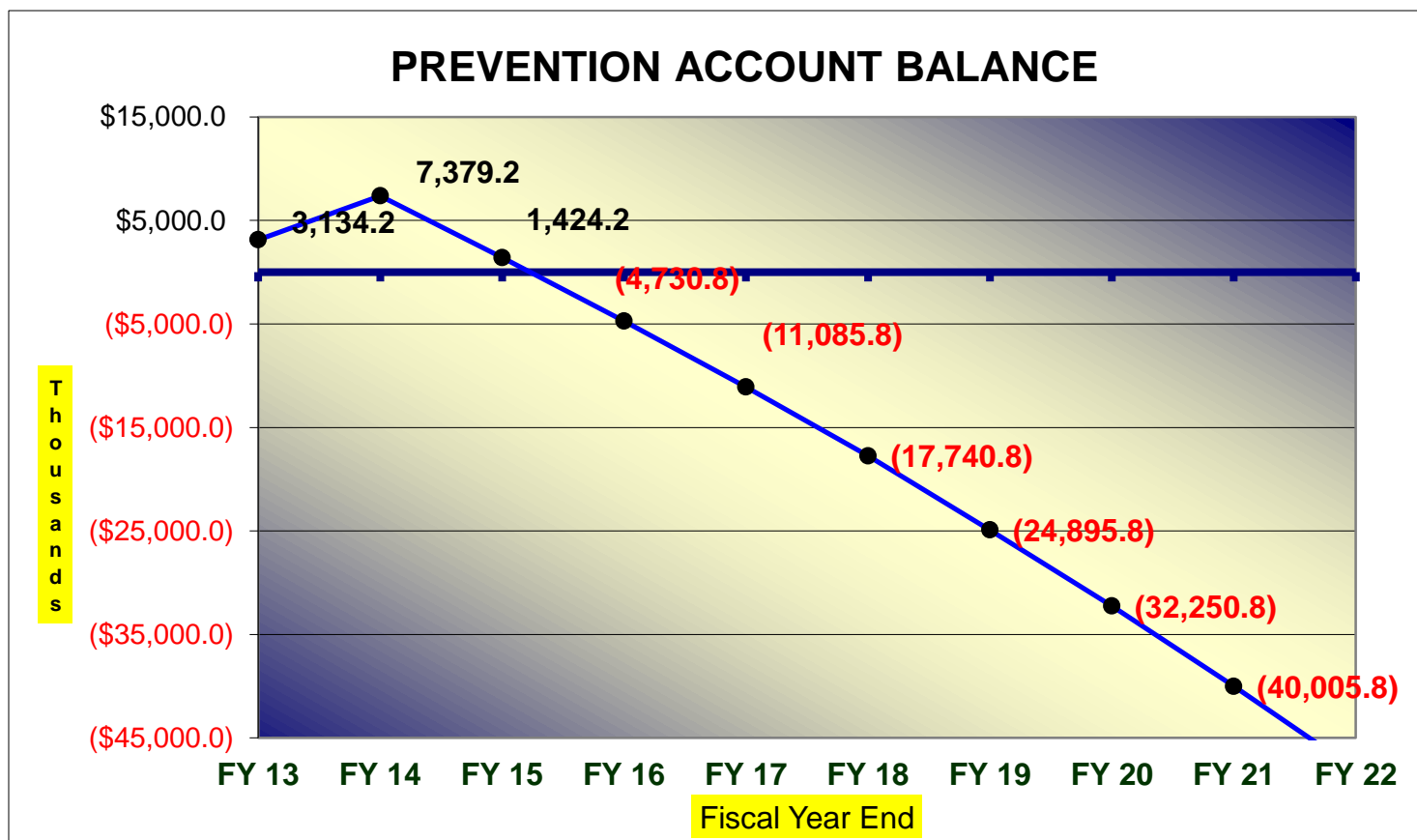




# Status of the Prevention Account

PREVENTION ACCOUNT - BALANCE PROJECTION

12.4.2013 UPDATE - 4¢ Surcharge







# Status of the Prevention Account

## PREVENTION ACCOUNT - BALANCE PROJECTION

12.4.2013 UPDATE - 4¢ Surcharge

FY 12 YEAR END PREVENTION ACCOUNT BALANCE	9,599.2									
	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
<b>REVENUE to PREVENTION ACCOUNT</b>										
4¢ Surcharge (Fall 2012 Revenue Sources)	7,558.6	7,000.0	6,800.0	6,600.0	6,400.0	6,100.0	5,600.0	5,400.0	5,000.0	4,700.0
Cost Recovery/Fines/Penalties	976.4	11,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
Investment Income	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0
<b>Total Projected Annual Revenue</b>	<b>9,735.0</b>	<b>19,700.0</b>	<b>9,500.0</b>	<b>9,300.0</b>	<b>9,100.0</b>	<b>8,800.0</b>	<b>8,300.0</b>	<b>8,100.0</b>	<b>7,700.0</b>	<b>7,400.0</b>
<b>EXPENSES from PREVENTION ACCOUNT</b>										
Governor's Operating Budget	15,450.0	15,455.0	15,455.0	15,455.0	15,455.0	15,455.0	15,455.0	15,455.0	15,455.0	15,455.0
Governor's Capital Budget	750.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Projected Annual Expenses</b>	<b>16,200.0</b>	<b>15,455.0</b>	<b>15,455.0</b>	<b>15,455.0</b>	<b>15,455.0</b>	<b>15,455.0</b>	<b>15,455.0</b>	<b>15,455.0</b>	<b>15,455.0</b>	<b>15,455.0</b>
<b>Projected Annual Surplus (Deficit)</b>	<b>(6,465.0)</b>	<b>4,245.0</b>	<b>(5,955.0)</b>	<b>(6,155.0)</b>	<b>(6,355.0)</b>	<b>(6,655.0)</b>	<b>(7,155.0)</b>	<b>(7,355.0)</b>	<b>(7,755.0)</b>	<b>(8,055.0)</b>
<b>PROJECTED YEAR END PREVENTION ACCOUNT BALANCE</b>	<b>3,134.2</b>	<b>7,379.2</b>	<b>1,424.2</b>	<b>(4,730.8)</b>	<b>(11,085.8)</b>	<b>(17,740.8)</b>	<b>(24,895.8)</b>	<b>(32,250.8)</b>	<b>(40,005.8)</b>	<b>(48,060.8)</b>



# Division 10-Year Plan Highlights

- Operating Budget
  - Assumes AGIA startup in FY2016.
    - Contaminated sites research.
    - Contingency plan review.
    - Response activities.
  - Permits, approvals, research, oversight, and response to possible spills for large mining projects throughout the state starting in FY2015.
- Capital Budget
  - Statewide contaminated sites cleanup.
  - First responder equipment and preparedness.



# Questions?

