



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Environmental  
Conservation**

DIVISION OF ADMINISTRATIVE SERVICES

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February 9, 2016

The Honorable Cathy Muñoz  
Chair, House Finance Subcommittee  
State Capitol Room 501  
Juneau AK, 99801

Dear Representatives Muñoz:

Thank you for the opportunity to provide you with a brief overview of the Department on February 4<sup>th</sup>. During our meeting several questions arose that required additional information. I have responded to these questions below. If you would like additional information, or have additional questions, I am happy to assist.

***The 404 primacy program was going on for a while and we spent millions of dollars on it, did we get any deliverables? What were some of the weaknesses in the Corps program and how they were addressed? (Rep. Seaton)***

The 2013 Legislature passed SB 27 which directed the Department, in partnership with the Departments of Natural Resources (DNR), to study whether the State should pursue assumption of the Clean Water Act section 404 dredge and fill permitting program. The fiscal note on SB 27 added \$1.4 million UGF and five positions to the Department's FY2014 operating budget. Some of that funding was provided, via reimbursable service agreement (RSA), to the DNR and the Department of Law. The funding and positions were removed the following year, although the legislation remains in place.

In that one year, the program was able to gain a better understanding of the application process, program requirements, and timelines for obtaining a State 404 program. Through communication and outreach efforts with the US Army Corps of Engineers (the Corps), EPA, the States of Michigan, New Jersey and Oregon, the agencies were able to compile valuable information regarding how best to accomplish assumption of the 404 Program:

- Copies of the Corps' 404 permit data from 2005-2013 was obtained. This information has provided valuable data including timelines for permit issuance, location of permitted activity, types of activities permitted, and amounts of wetlands or waters impacted by the activity. This data has also provided some information regarding compensatory mitigation.
- A preliminary geo-spatial database was developed that was used to generate a Statewide Waters of the US (including wetlands) map.
- A preliminary report addressing the waters/wetlands over which the State could assume 404 authority was drafted, which led to the formation of an Assumable Waters Subcommittee under the EPA's National Advisory Council for Environmental Policy and Technology (NACEPT).

The intent of this federal subcommittee is to provide clarity as to which waters/wetlands can be assumed by a state or tribe. There is no national guidance to answer this question, so any states considering assumption of the 404 program are not able to accurately determine costs of running a 404 program. Director of Water Michelle Hale is serving on this subcommittee.

- A Compensatory Mitigation Analysis Report was developed that explored potential mitigation options for the State.
- Work was initiated to assess the capacity, financial, and regulatory needs of assuming the 404 program.
- An Information Technology needs assessment was developed to examine existing IT processes within the State, and where those processes could be used with little or no modification to meet the needs of a State 404 Program. Items examined were online permit application, database interface, and geo-spatial information used to assist applicants.

The Corps' Alaska District currently implements Section 404 of the Clean Water Act in the State. The Alaska District is geographically the largest district, and provides oversight of roughly 65% of the all the wetlands in the United States. The main challenges to the program run by the Corps are limited funding, staff capacity and turnover, lack of availability and follow-through with permittees, delays in permit issuance, mitigation requirements, and the changing regulatory environment.

During the exploration of assuming the 404 program, the Corps and the State worked together to identify potential ways to improve the program in Alaska. One possible solution would be the development of Statewide Programmatic General Permits that would allow the State to develop and issue general permits, including nationwide permits, without actually assuming the 404 program.

The State continues to work closely with the Corps to arrive at mitigation options that work for the State of Alaska.

***How many positions in DEC are funded by the federal government? (Rep. Reinbold)***

Of the Department's 518 positions budgeted in FY2017, 351 are funded in some portion by federal receipts. Only three positions are budgeted as 100% federally funded, 122 are 50% or more federally funded, and 61 have 10% or less of their costs budgeted to federal receipts.

***How many people actually got released from their duties? Are these seven positions getting deleted in FY2017 filled or not? (Rep. Reinbold)***

The Department eliminated a total of 37 positions going into FY2016. Of these positions, 25 were deleted as part of the Governor's proposed FY2016 budget, two were deleted to meet the unallocated reduction, and an additional ten vacant positions the Department could not afford to fill were deleted as part of the development of the FY2016 Management Plan. The Department is proposing to eliminate an additional seven positions in FY2017. As soon as a position is identified for deletion, the Department makes that employee aware. Employees whose positions have been identified for deletion often choose to leave before they are laid off. They may choose to retire, move on to the private sector, or find work within State service, either staying in the Department or moving to other agencies.

Attached please find a breakdown of the positions that were eliminated, including filled versus vacant, and how many employees were ultimately laid off.

***Can we get some information on Lab Services? Are will billing for them, and if not, can we bill for them? (Rep. Muñoz)***

The Laboratory Services (EHL) component provides analytical and technical information in support of state and national environmental health programs including, but not limited to, those associated with the surveillance of air, food, seafood, soil, water, and zoonotic diseases from domestic and wild animals. Staff conduct chemical and microbiological sampling of food, water, and soils; certify commercial and municipal laboratories to conduct analyses of drinking water; and accredit commercial laboratories to conduct analyses including soil remediation in conjunction with the Department's Contaminated Sites program.

Included in the EHL is the Office of the State Veterinarian, which is responsible for the prevention, control, and eradication of animal diseases in all animals in the State including livestock and pets. This includes oversight of the dairy industry in the production of milk and cheeses, and ensuring that the commercial supply of reindeer meat is safe, wholesome, and correctly labeled and packaged. These activities involve safeguarding the health and food production capacity of the State's livestock, reindeer, and poultry, and preventing the transmission of animal diseases to man. The component is also responsible for the Fish Tissue Monitoring Program that is evaluating Alaskan fish for mercury, trace metals, and other environmental contaminants.

Of the \$130.0 collected in program receipts by EHL, approximately \$115.0 is from the laboratory certification program. The remaining \$15.0 is comprised of receipts from health certification booklets issued by the Office of the State Veterinarian, non-industry shellfish toxins testing, and manufactured food testing.

Many services provided by the laboratory are fully funded or heavily supplemented with UGF. For example, the two dairies in Alaska pay an annual permit fee of \$200.00, however the direct cost of dairy oversight (permitting, inspections, laboratory certification, and product testing) exceeds \$300.0 UGF. It is unreasonable to assume Alaskan dairies would be able to pay the fees required to maintain the EHL's dairy program. This program is federally required if dairies want to sell their products to schools or U.S. military installations. The federal government does not operate a dairy inspection and certification program, so these dairies would likely close if the State program goes away.

The EHL spent an average of \$450.0 during FY12-15 to maintain the shellfish toxin program, which conducts federally required toxin testing on commercial shellfish products harvested in Alaska. A \$103.6 from the Commercial Passenger Vessel Environmental Compliance Fund covers a portion of these costs, with the remaining \$345.0 of expenditures being covered largely by UGF. The current fee in regulation for paralytic shellfish testing is \$125/sample, but it is not currently paid for commercial industry samples.

Sincerely,



Tom Cherian  
Director, Division of Administrative Services

Attachments:

FY2016 & FY2017 Position Deletions

Cc: Alexei Painter, Legislative Finance Division  
Samantha Gatton, Office of Management and Budget  
Crystal Koeneman, Staff to Representative Muñoz

**Department of Environmental Conservation**  
**FY2016 and FY2017 Position Deletion Summary as of February 8, 2016**

Fiscal Year	PCNs Removed from Budget	Personal Services Budget Authorization Removed	Vacant	Filled	Layoff	Retired or Left State Service	Transfer within State Service
2016	37	\$1,456.9	27	10	3	2	5
2017	7	\$1,114.6	2	5			
<b>TOTAL</b>	<b>44</b>	<b>\$2,571.5</b>					

Postion Type
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FT	42
PT	0
NP	2
<b>TOTAL</b>	<b>44</b>

Position Level
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25	57%	Expert/Professional Level (range 17 and above)
12	27%	Technical Level (range 12-16)
7	16%	Entry Level (range 5-11)
<b>44</b>	<b>100%</b>	<b>TOTAL</b>

Location
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Anchorage	24
Fairbanks	6
Juneau	11
Valdez	1
Wasilla	2
<b>TOTAL</b>	<b>44</b>

Deletions by Division	Filled	Vacant	Total
Administration	1	1	2
Environmental Health	5	12	17
Air Quality	0	0	0
Spill Prevention & Response	2	4	6
Water	7	12	19
<b>TOTAL</b>	<b>15</b>	<b>29</b>	<b>44</b>

**Department of Environmental Conservation**  
**FY2016 and FY2017 Position Deletion Detail as of February 8, 2016**

PCN	Componant	Title	Range	BU	Status	Location	Scenario
<b>FY2016</b>							
18-7767	Office of the Commissioner	Program Coordinator II	20	GP	FT	Juneau	FY2016 Gov
18-7044*	Environmental Health Director/Drinking Water	Administrative Assistant I	12	GP	FT	Anchorage	FY2016 Gov
18-7789	Drinking Water	Engineer I, DEC	22	SS	FT	Wasilla	FY2016 Gov
18-7367	Drinking Water	Environmental Program Specialist I	14	GP	FT	Anchorage	FY2016 Gov
18-7833	Drinking Water	Environmental Program Specialist I	14	GP	FT	Anchorage	FY2016 Gov
18-7249	Drinking Water	Technical Engineer II/Architect II	25	SS	FT	Anchorage	FY2016 Gov
18-7220	Food Safety & Sanitation	Environmental Health Officer I	14	GP	FT	Fairbanks	FY2016 Gov
18-7698	Food Safety & Sanitation	Environmental Health Officer I	14	GP	FT	Anchorage	FY2016 Gov
18-7344	Food Safety & Sanitation	Environmental Health Officer III	18	GP	FT	Valdez	FY2016 Gov
18-7758	Food Safety & Sanitation	Environmental Health Officer III	18	SS	FT	Anchorage	FY2016 Gov
18-7461	Food Safety & Sanitation	Environmental Health Technician	13	GP	FT	Fairbanks	FY2016 Gov
18-7209	Food Safety & Sanitation	Environmental Program Manager I	21	SS	FT	Anchorage	FY2016 Gov
18-7762	Food Safety & Sanitation	Office Assistant II	10	GP	FT	Anchorage	FY2016 Gov
18-7448	Food Safety & Sanitation	Publications Specialist III	19	GP	FT	Anchorage	FY2016 Gov
18-7679	Laboratory Services	Microbiologist II	16	GP	FT	Anchorage	FY2016 Gov
18-7838	Laboratory Services	Microbiologist II	16	GP	FT	Anchorage	FY2016 Gov
18-7507	Solid Waste Management	Environmental Program Specialist I	14	GP	FT	Wasilla	FY2016 Gov
18-7494	Spill Prevention and Response	Analyst/Programmer III	18	GP	FT	Juneau	FY2016 Gov
18-7577	Spill Prevention and Response	Environmental Program Specialist III	18	SS	FT	Anchorage	FY2016 Gov
18-7601	Spill Prevention and Response	Environmental Program Specialist III	18	GP	FT	Anchorage	FY2016 Gov
18-7138	Spill Prevention and Response	Office Assistant I	8	GP	FT	Anchorage	FY2016 Gov
18-7147	Water Quality	Accountant III	18	GP	FT	Juneau	FY2016 Gov
18-N08060	Water Quality	Engineer II, DEC	23	GP	NP	Fairbanks	FY2016 Gov
18-7851	Water Quality	Environmental Program Manager III	23	SS	FT	Juneau	FY2016 Gov
18-N08016	Facility Construction	Office Assistant I	8	GP	NP	Anchorage	FY2016 Gov
18-7811	Spill Prevention and Response	Engineer I, DEC	22	GP	FT	Anchorage	FY2016 Unalloc
18-7813	Spill Prevention and Response	Engineer I, DEC	22	GP	FT	Anchorage	FY2016 Unalloc
18-7318	Administrative Services	Supply Technician I	10	GP	FT	Anchorage	FY2016 Mgt Plan
18-7701	Water Quality	Engineering Associate I, DEC	21	GP	FT	Anchorage	FY2016 Mgt Plan
18-7784	Water Quality	Environmental Program Specialist I	14	GP	FT	Fairbanks	FY2016 Mgt Plan
18-7156	Water Quality	Environmental Program Specialist II	16	GP	FT	Juneau	FY2016 Mgt Plan

18-7079	Water Quality	Environmental Program Specialist III	18	GP	FT	Fairbanks	FY2016 Mgt Plan
18-7290	Water Quality	Environmental Program Specialist III	18	GP	FT	Anchorage	FY2016 Mgt Plan
18-7778	Water Quality	Environmental Program Specialist III	18	GP	FT	Juneau	FY2016 Mgt Plan
18-7203	Water Quality	Environmental Program Technician	13	GP	FT	Juneau	FY2016 Mgt Plan
18-7741*	Water Quality/Facility Construction	Analyst/Programmer IV	20	GP	FT	Juneau	FY2016 Mgt Plan
18-7198*	Water Quality/Facility Construction	Grants Administrator II	17	GP	FT	Juneau	FY2016 Mgt Plan

**FY2017**

18-7520	Food Safety & Sanitation	Office Assistant II	10	GP	FT	Fairbanks	FY2017 Gov
18-7560	Water Quality	Environmental Program Manager I	21	SS	FT	Juneau	FY2017 Gov
18-7847	Water Quality	Environmental Program Specialist III	18	GP	FT	Anchorage	FY2017 Gov
18-7513	Water Quality	Environmental Program Specialist IV	20	GP	FT	Anchorage	FY2017 Gov
18-7398	Water Quality	Program Coordinator I	18	GP	FT	Anchorage	FY2017 Gov
18-7742	Water Quality	Office Assistant I	8	GP	FT	Anchorage	FY2017 Gov
18-7671*	Water Quality/Facility Construction	Office Assistant I	8	GP	FT	Juneau	FY2017 Gov

\*Denotes a Split Position

**FY2016 Deleted Positions** 37

**FY2017 Deleted Position** 7

**TOTAL** 44