



THE STATE  
of ALASKA  
GOVERNOR MICHAEL J. DUNLEAVY

Office of the Governor

OFFICE OF MANAGEMENT AND BUDGET  
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March 22, 2019

Representative Neal Foster, Co-Chair  
House Finance Committee  
State Capitol, Rm 505  
Juneau, AK 99801

Representative Tammie Wilson, Co-Chair  
House Finance Committee  
State Capitol, Room 511  
Juneau, AK 99801

Dear Co-Chairs Foster and Wilson,

Below, please see the responses to questions asked during the Office of Management and Budget's presentation to the House Finance Committee on March 14, 2019.

1. *Representative Carpenter: Are there any filings that cannot be made electronically?*

Only plats must be presented by paper (mylar) for recording.

2. *Representative Merrick: Could recorders work from home?*

Technically, e-Recording could be performed from the homes of employees; however, due to Alaska being a race notice state, when technology fails we must halt all recording processes until the problem is corrected. Examples of technology issues include the following: printing a label in the incorrect district, label machines jamming, Simplifile queue issues, internet connection disruptions, etc. Currently, when this happens we call the four recorder offices to tell them to halt recording. If we were to have multiple employees working from home, it would be harder to notify them in a timely manner.

Regarding the four regional offices closing, constituents would not benefit from employees recording from home because they would still need to mail, e-Record, or walk into the Anchorage office for one-on-one, in-person service. Additionally, these recorders (entry level state employees, range 10/11) require extensive training and oversight; telecommuting would make this difficult.

3. *Representative LeBon: Please provide a summary of the Agriculture Revolving Loan Fund (ARLF) portfolio.*

As of February 28, 2019, there are 58 outstanding loans. In addition to the outstanding balance, the portfolio has \$12.9 million cash on hand.

<u>Loan Type</u>	<u>Total</u>	<u>Description</u>	<u>Outstanding Balances</u>
C Loan	5	Chattel Loans - Equipment/Livestock purchase	\$ 58,399.64
F Loan	40	Farm Development Loans	\$ 5,993,658.34
P Loan	5	Product Processing Loan	\$ 513,524.94
S Loan	5	Short Term loan ≤ 1yr.	\$ 217,448.35
AG Contracts	3	Land Sale Contracts	\$ 1,189,545.79
	<b>58</b>		<b>\$ 7,972,577.06</b>

4. *Representative Ortiz: What do the other inspection programs look like and what is the frequency of the inspections?*

**Cruise Ship:** The main priority of cruise ship inspection program staff is to review new ships entering Alaskan waters. The staff's other priority is to verify that an operator is taking corrective actions following notification of a violation. The goal of the cruise ship program is to conduct inspections on one-third of the total large cruise ships, small cruise ships, and ferries that travel in Alaskan waters each year.

The staff conducted eight inspections (of five large ships and three small ships/ferries) during the 2018 cruise ship season. Additionally, 480 opacity readings were taken by contractors and staff to monitor air quality at multiple locations. The frequency of site visits are predicated by complaints, inquiries, and other response actions similar to other areas of private industry in Alaska.

**Water Quality:** These programs assure compliance with the Alaska Pollutant Discharge Elimination System (APDES) permit, which monitors wastewater discharges authorized under the Clean Water Act, state wastewater discharge authorizations to land/water, and various other requirements. Permittees are required to meet the self-monitoring and reporting requirements of their permits. An annual Compliance Monitoring Strategy (CMS), negotiated with EPA, sets the targets for APDES inspections. There are over 2,000 permitted APDES discharges from placer miners, small communities, and large industrial facilities. During FY18, staff conducted 131 inspections. This program sets priorities for all inspections by considering:

- The Environmental Protection Agency's (EPA) national priorities
- Requirements of the Performance Partnership Agreement with EPA (renewed every two years)

- Major discharger (>1 million gallons per day): inspect 50% of the major facilities annually
- Minor discharger: inspect 20% of the minor facilities annually such that 100% of the minor facilities are inspected during each five year permit cycle,
- Risk based on type of wastewater discharge, volume, frequency, and receiving environment
- Violations, compliance history, legitimate complaint of human health or environmental hazards
- Logistics (time since last inspection, seasonality, location, opportunity for joint inspection)

**Air Quality:** In a negotiated agreement with EPA, for the implementation of our Title V permits program or the State Implementation Plan for the Division as a whole, air quality inspections are a part of the Compliance Monitoring Strategy. Of 589 active permits in 484 facilities, the Division of Air completed 156 Full Compliance Evaluations in FY18 which is 26% of active permits.

**Solid Waste:** During FY18, the Solid Waste program inspected 39%, or 103 of 267 permitted facilities (Class I and II municipal landfills, monofills, inactive reserve pits, etc., including 54 Class III landfills).

**Drinking Water:** This program performs and/or contracts sanitary surveys that facilitate the protection of public health. During FY18, approximately 330 water systems received a sanitary survey, which is the annual target. Compliance and technical assistance actions focus on educational and information-oriented activities in an effort to increase public water system operators' abilities to effectively operate their systems, thereby reducing the necessity for formal enforcement.

**Food Safety & Sanitation:** In FY18, there were 4,818 permitted retail food establishments, of which 31% were inspected by department staff. Additionally, the program inspected 35% of the 1,066 permitted food manufacturing facilities (seafood and shellfish processors, general food manufacturers).

**Contaminated Sites:** Program staff conducted approximately 70 field inspections during FY18, which entailed conducting observations at 205 of 3,605 individual contaminated sites. This represents approximately 10% of the sites that were classified as active or closed with institutional controls.

The Underground Storage Tank (UST) unit relies on certified private inspectors to conduct inspections on regulated UST facilities. During FY18, inspections were completed on 324 of approximately 1,000 UST systems. The department requires triennial inspections of UST systems - approximately one-third of the regulated facilities are inspected each field season. For quality assurance, the Department completed UST Inspector audits at approximately 65 facilities in accordance with our EPA grant requirements.

**Prevention, Preparedness, and Response (PPR):** Staff routinely conducts Oil Discharge Prevention Contingency Plan exercises and inspections. In FY18, PPR performed 31 exercises, 19 facility inspections, and 10 Non Tank Vessel inspections. The inspections and exercises are

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prioritized by facility: facilities that are deemed “high risk” are subject to annual inspections and drills. The target inspect ratio is 100% of high risk and 20% of non-high risk contingency plan holders on an annual basis. In FY18, there were a total of 138 regulated plan-holders. The percent of inspections or response exercises conducted on High Risk plan holders increased from 30% in FY17 to 40% in FY18.

Please let me know if you have additional questions.

Sincerely,



Donna Arduin, Director  
Office of Management and Budget

cc: Ms. Suzanne Cunningham, Director, Governor’s Legislative Office  
Mr. David Teal, Director, Legislative Finance Division