



# Department of Environmental Conservation

## Senate Finance Committee

Jason Brune, Commissioner

Ruth Kostik, Administrative Services Director

February 16, 2021



# DEC's Mission

Conserving, improving, and protecting Alaska's natural resources and environment to enhance the health, safety, economic, and social well-being of Alaskans.





# Our Values

We make Objective decisions, based on science and facts.

We are Accountable for our actions and stand proudly behind our work, as individuals and as an organization.

We perform to the highest ethical standards, and produce transparent and consistent regulatory actions to show our Integrity.

We support and encourage Collaboration across programs and partners to meet challenges and further our collective mission.

We strive to provide excellent Customer Service both inside and outside of the organization by being professional, responsive, reliable, and respectful.



# What We Do

Protect Human Health and the Environment

## Air Quality

- Permit industrial air emissions
- Monitor & assess air quality
- Address small & mobile air pollution sources
- Conduct inspections & ensure compliance

## Water Quality

- Permit water discharges
- Oversee water quality standards, assessment & restoration
- Technical assistance for financing
- Conduct inspections & ensure compliance

## Environmental Health

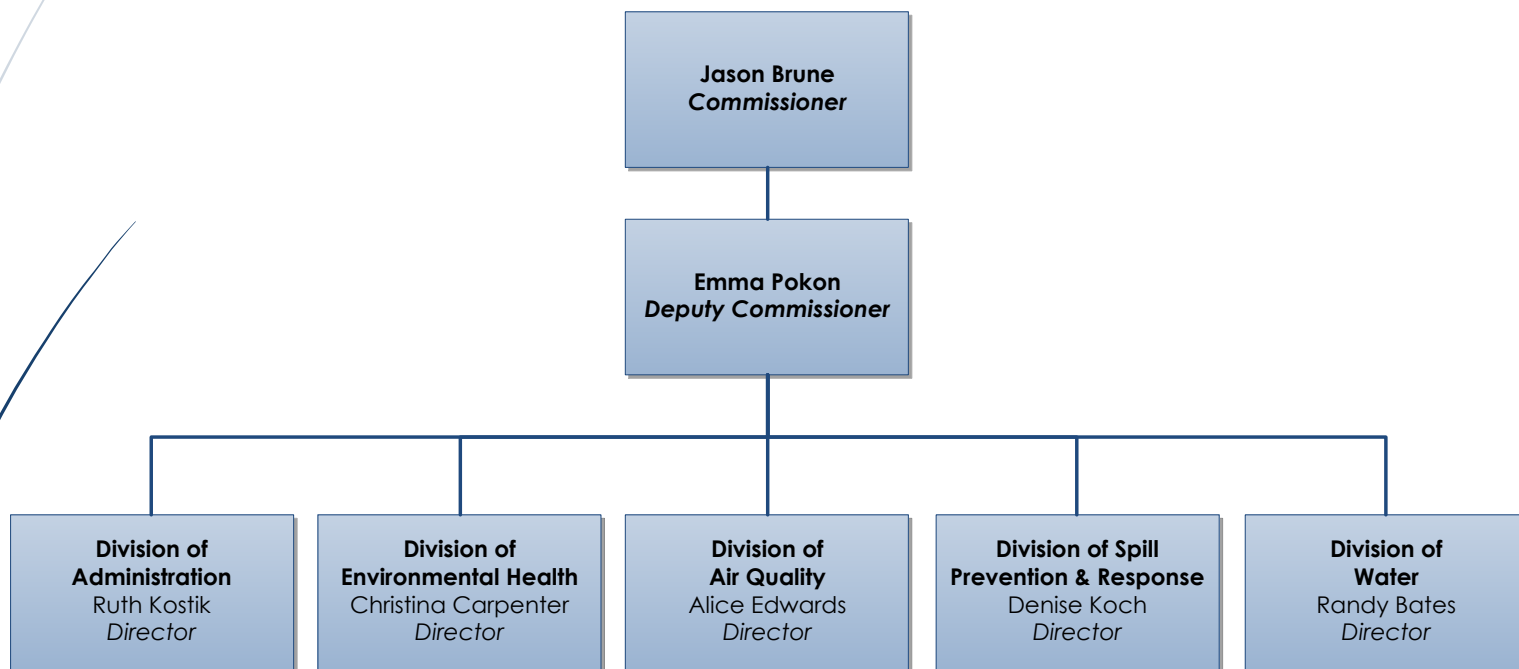
- Ensure safe food & drinking water
- Oversee landfills & pesticide applicators
- Provide animal care & importation standards
- Conduct analytical testing
- Conduct inspections & ensure compliance

## Spill Prevention & Response

- Respond to spills
- Require spill prevention & response plans
- Evaluate response drills
- Manage cleanup of contamination
- Conduct inspections & ensure compliance



# DEC FY2022 Operating Budget: Leadership





# COVID Impacts

- 75% of DEC staff currently teleworking
- Fieldwork safety guidelines
- Reasonable accommodation to permittees
  - Enforcement discretion
  - Increased communication
- Virtual inspections
- Lending workforce, expertise, and supplies to other agencies
- Piloted surveillance testing of wastewater with UAA
- Online public comment system (statewide)
- Digitizing files



# COVID Impacts

- Fee suspensions (April - August 2020)
  - Suspend interest accrual on invoices and imposition of late fees
  - Suspend fees for facilities that have closed, or are operating at reduced capacity
  - Suspend sanctions for failure to pay invoices
  - Suspend application fee due dates
  - Suspend the effective date of the 2020 adjustment of financial responsibility amounts



# COVID Impacts

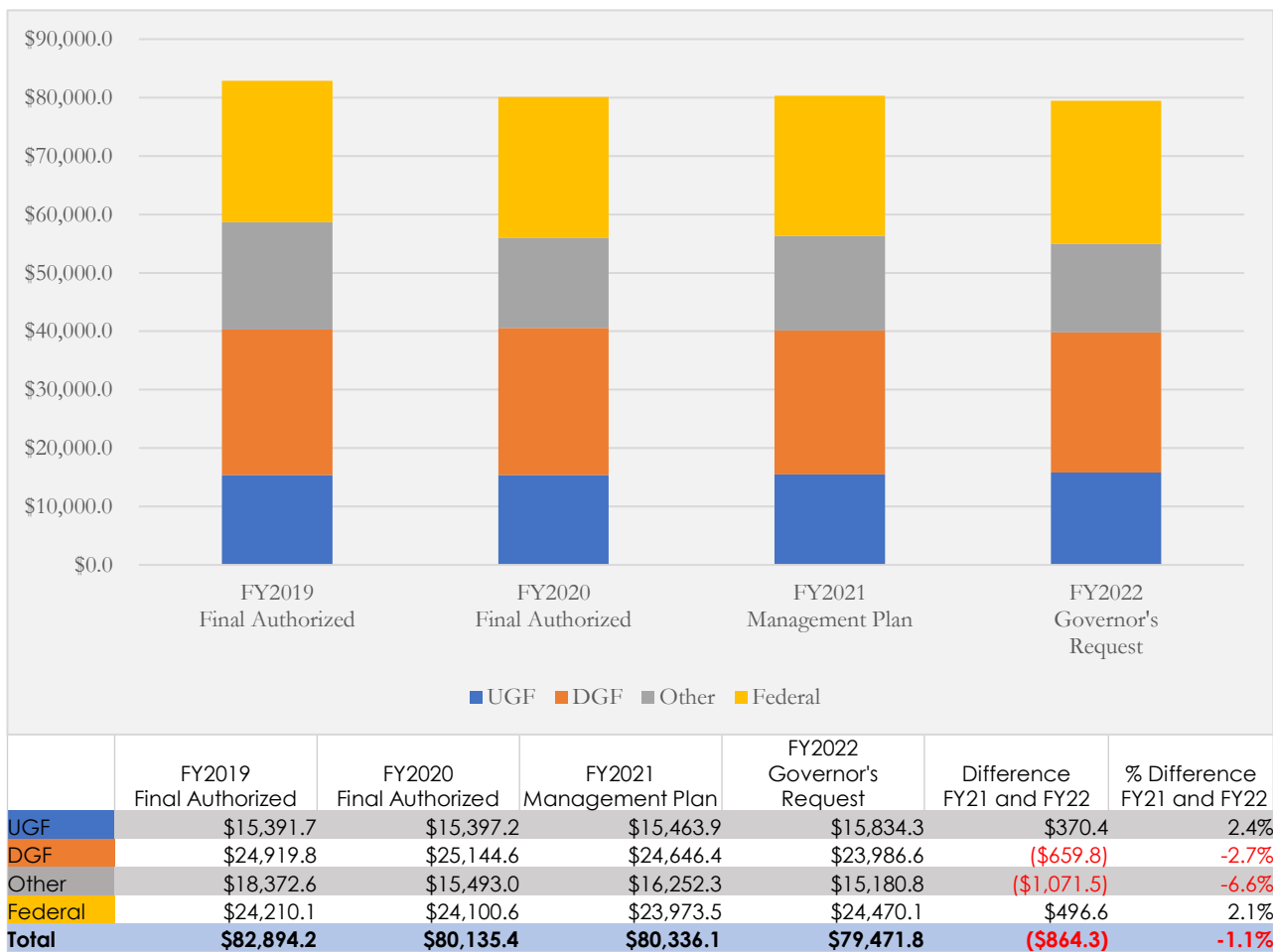
## Cruise Ship Season

- 2020 season saw one small vessel (100% inspection rate!)
  - Conducted baseline ambient water quality sampling in port communities and common corridors
  - Developed approach for ambient air monitoring in port communities and set up new sensors in Juneau and Ketchikan for initial baseline effort
  - Lost revenue ~\$7.6 million to the Commercial Passenger Vessel Environmental Compliance (CPVEC) Fund
  - \$4.5 million appropriation from the CPVEC Fund to DCCED for port communities to prepare for COVID
- 2021 season remains uncertain
  - Canada's ban on cruise ships could stop all large vessels
  - May see a limited season for U.S. flagged small vessels
- If there is no, or a very limited season, the CPVEC Fund is projected to run a deficit in FY2021





# DEC FY2022 Operating Budget: Department Overview (in thousands)





# DEC FY2022 Fund Breakdown: Department Overview (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$15,753.6	\$23,699.0	<b>\$39,452.6</b>	\$12,829.6		<b>\$52,282.2</b>	467
*Duplicate				(\$5,452.8)		(\$5,452.8)	
<b>Non-Duplicate Total</b>	\$15,753.6	\$23,699.0	<b>\$39,452.6</b>	\$7,376.8	\$0.0	<b>\$46,829.4</b>	467

UGF	1004 General Fund	\$11,140.9
	1003 General Fund Match	\$4,693.4
DGF	1005 General Fund Program Receipts	\$8,995.7
	1052 Oil and Hazardous Response Fund	\$14,990.9
Other	1007 Inter-Agency Receipts (Duplicate)	\$1,538.5
	1018 Exxon Valdez Oil Spill Settlement	\$6.9
	1055 Inter-Agency Oil/Haz Fund (Duplicate)	\$382.4
	1061 Capital Improvement Project Receipts (Duplicate)	\$3,433.9
	1093 Clean Air Protection Fund	\$4,603.3
	1108 Statutory Designated Program Receipts	\$78.4
	1166 Commercial Passenger Vehicle Environmental Compliance Fund	\$1,449.7
	1205 Ocean Ranger Berth Fees	\$2,418.1
	1230 Alaska Clean Water Administrative Fund	\$779.9
	1231 Alaska Drinking Water Administrative Fund	\$391.7
Federal	1236 Inter-Agency Alaska Liquid Natural Gas Project Fund (Duplicate)	\$98.0
	1002 Federal Receipts	\$24,470.1



# Division of Administration





# DEC FY2021 Budget Requests:

## Division of Administration (in thousands)

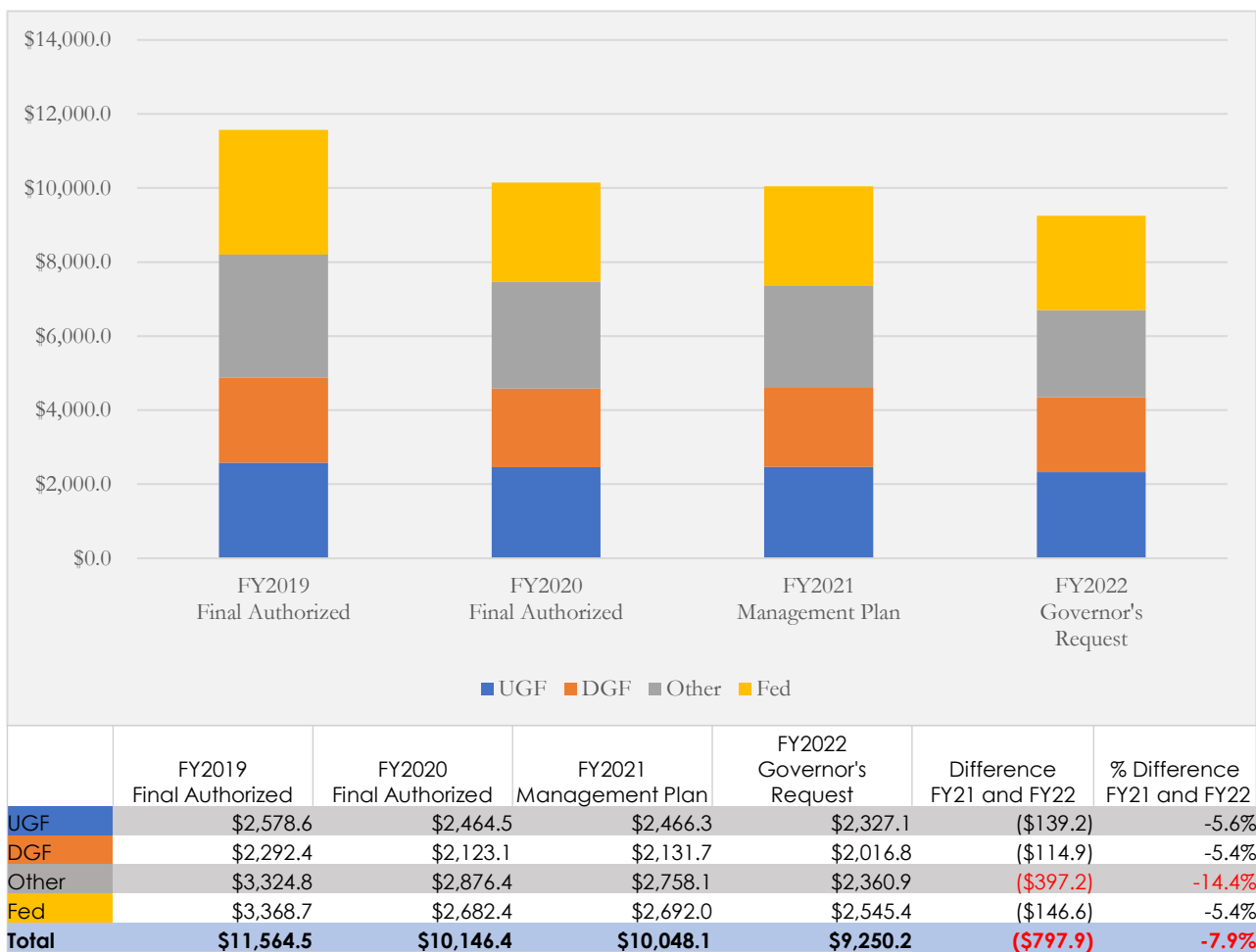
### Delete Accountant IV

- Efficiencies through reorganization and implementation of IRIS accounting system
- (\$134.7) CIP and -1 position
- Legislature accepted



# DEC FY2022 Operating Budget:

## Division of Administration (in thousands)





# DEC FY2022 Operating Budget:

## Division of Administration (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$2,327.1	\$2,016.8	\$4,343.9	\$2,360.9	\$2,545.4	\$9,250.2	42
*Duplicate				(\$1,065.5)			
<b>Non-Duplicate Total</b>	\$2,327.1	\$2,016.8	\$4,343.9	\$1,295.4	\$2,545.4	\$9,250.2	42

UGF	1004 General Fund	\$2,257.5
	1003 General Fund Match	\$69.6
DGF	1052 Oil and Hazardous Response Fund	\$2,016.8
	1007 Inter-Agency Receipts (Duplicate)	\$524.4
	1018 Exxon Valdez Oil Spill Settlement	\$6.9
	1061 Capital Improvement Project Receipts (Duplicate)	\$541.1
	1093 Clean Air Protection Fund	\$518.0
Other	1108 Statutory Designated Program Receipts	\$30.0
	1166 Commercial Passenger Vehicle Environmental Compliance Fund	\$256.2
	1205 Ocean Ranger Berth Fees	\$100.8
	1230 Alaska Clean Water Administrative Fund	\$191.8
	1231 Alaska Drinking Water Administrative Fund	\$191.7
Federal	1002 Federal Receipts	\$2,545.4



# DEC FY2022 Operating Budget:

## Division of Administration (in thousands)

### Reduce Authority Due to Administrative Efficiencies

- ▶ Admin Services Division is able to reduce authority as a result of process improvements
- ▶ Reduce \$466.3 and 3 vacant positions
  - ▶ (\$140.0) UGF
  - ▶ (\$121.0) Oil/Haz
  - ▶ (\$152.7) Fed
  - ▶ (\$52.6) Other



# DEC FY2022 Operating Budget:

## Division of Administration (in thousands)

### Rebalance Use of Admin Fee Accounts

- 0.5% fees on loans from the Clean Water and Drinking Water State revolving loan funds (SRF) to administer the programs
- Fund source change
  - (\$52.7) ACWF
  - \$52.7 ADWF

### Transfer Authority for Grants Administrators

- Three Grant Administrator positions transferred to Water at Management Plan
- Transfers the associated funding authority
  - (\$212.8) CIP
  - (\$88.7) ACWF
  - (\$53.2) ADWF





# DEC FY2022 Operating Budget:

## Division of Administration (in thousands)

### Transfer Positions to DOA for Consolidation

- Procurement staff have already transferred supervision
- Transfer three positions and shift line items to pay chargeback to DOA
  - (\$585.6) Personal Services
  - \$585.6 Services



# Building Maintenance & Operations





# DEC FY2022 Operating Budget:

## Building Maintenance & Operations (in thousands)





# DEC FY2022 Operating Budget:

## Building Maintenance & Operations (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$647.2	\$0.0	<b>\$647.2</b>	\$0.0	\$0.0	<b>\$647.2</b>	2
*Duplicate							
<b>Non-Duplicate Total</b>	\$647.2	\$0.0	<b>\$647.2</b>	\$0.0	\$0.0	<b>\$647.2</b>	2

UGF	1004 General Fund	\$647.2
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# DEC FY2022 Operating Budget:

## Building Maintenance & Operations (in thousands)

### Unrealized Savings due to Delayed Project

- Secured \$2.7 million loan for building improvements to reduce energy consumption
- Energy cost savings expected to offset annual loan payment over 15 years
- Project work completed in December 2020
- Won't realize a full fiscal year of savings
- FY2021 Supplemental request
  - \$70.0 UGF



# Division of Environmental Health





# DEC FY2021 Budget Requests:

## Division of Environmental Health (in thousands)

### Eliminate Dairy Safety Program

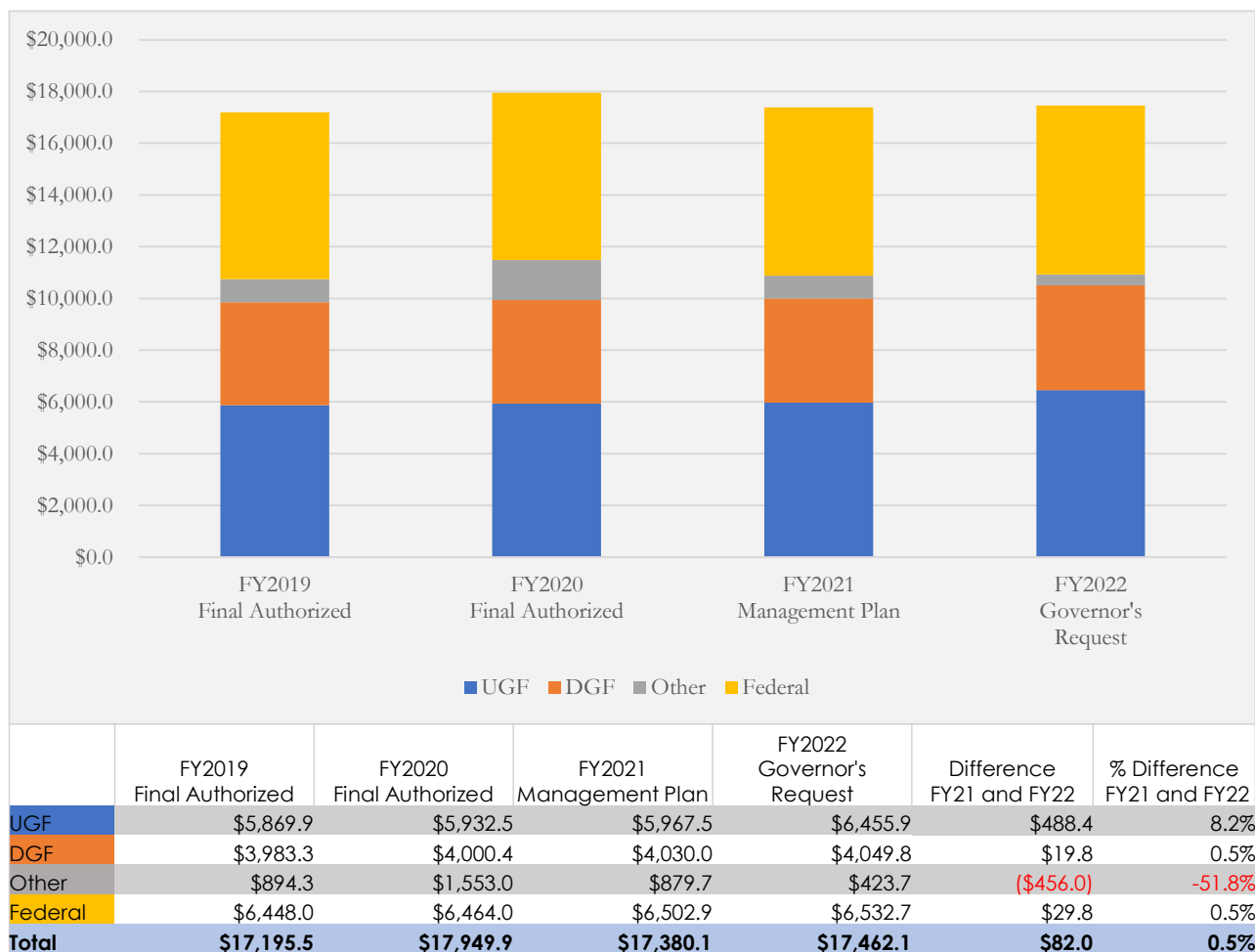
- Legislature and Governor restored FY2021 funding
- Dairy inspections and testing continue
- Permittees began to pay minimal fees

### Reduce Commercial Shellfish Testing Subsidy

- Replaced commercial passenger vessel environmental compliance fees with UGF and fees to be paid by industry
- Legislature denied



# DEC FY2022 Operating Budget: Division of Environmental Health (in thousands)







# DEC FY2022 Operating Budget:

## Division of Environmental Health (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$6,455.9	\$4,049.8	\$10,505.7	\$423.7	\$6,532.7	\$17,462.1	124
*Duplicate				(\$91.3)		(\$91.3)	
<b>Non-Duplicate Total</b>	\$6,455.9	\$4,049.8	\$10,505.7	\$332.4	\$6,532.7	\$17,370.8	124

UGF	1004 General Fund	\$5,276.7
	1003 General Fund Match	\$1,826.4
DGF	1005 General Fund Program Receipts	\$4,049.8
	1007 Inter-Agency Receipts (Duplicate)	\$91.3
Other	1108 Statutory Designated Program Receipts	\$15.1
	1205 Ocean Ranger Berth Fees	\$317.3
Federal	1002 Federal Receipts	\$6,532.7



# DEC FY2022 Operating Budget:

## Division of Environmental Health (in thousands)

### Replace CPVEC Fees for Shellfish Testing

- ▶ The use of Commercial Passenger Vessel Environmental Compliance fees for shellfish testing violates the Tonnage Clause of the U.S Constitution
- ▶ Fund source change
  - ▶ (\$459.7) CPVEC
  - ▶ \$459.7 UGF



# DEC FY2022 Operating Budget:

## Division of Environmental Health (in thousands)

### Unanticipated Legal Expenditures

- ▶ Enforcement case against public water system owner/operator
- ▶ Above and beyond normal annual legal costs
- ▶ FY2021 Supplemental Request
  - ▶ \$120.0 UGF



# Division of Air Quality





# DEC FY2021 Budget Requests:

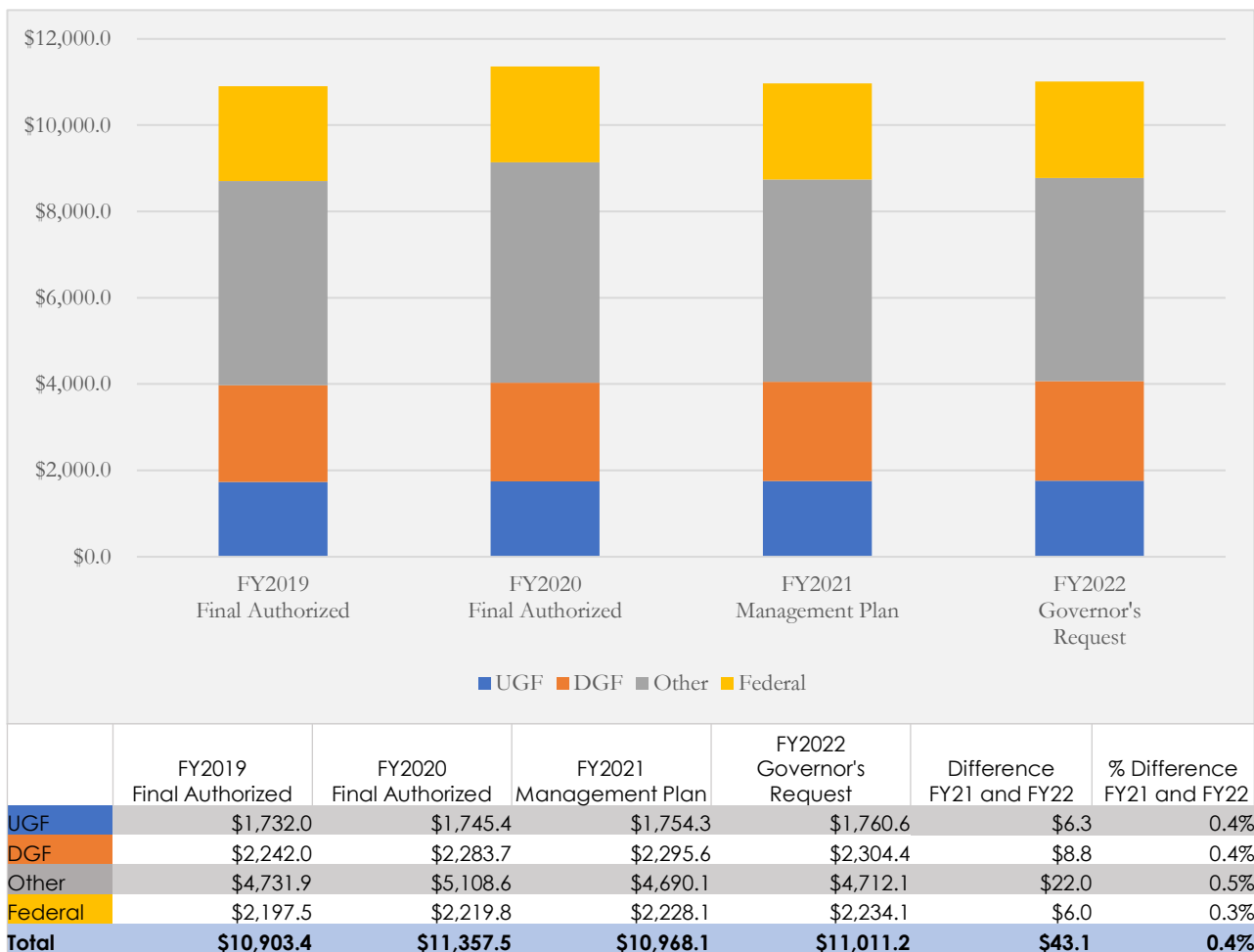
## Division of Air Quality (in thousands)

### Transfer Monitoring of Cruise Ship Air Emissions

- Moved monitoring and enforcement from Division of Water to Division of Air Quality
- Transfer \$312.6 commercial passenger vessel environmental compliance fees and one position
- No change in service level
- Legislature accepted



# DEC FY2022 Operating Budget: Division of Air Quality (in thousands)





# DEC FY2022 Operating Budget:

## Division of Air Quality (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$1,760.6	\$2,304.4	\$4,065.0	\$4,712.1	\$2,234.1	\$11,011.2	66
*Duplicate				(\$294.4)		(\$294.4)	
<b>Non-Duplicate Total</b>	\$1,760.6	\$2,304.4	\$4,065.0	\$4,417.7	\$2,234.1	\$10,716.8	66

UGF	1004 General Fund	\$304.6
	1003 General Fund Match	\$1,456.0
DGF	1005 General Fund Program Receipts	\$2,304.4
	1007 Inter-Agency Receipts (Duplicate)	\$41.6
	1061 Capital Improvement Project Receipts (Duplicate)	\$165.3
Other	1093 Clean Air Protection Fund	\$4,085.3
	1108 Statutory Designated Program Receipts	\$18.3
	1166 Commercial Passenger Vehicle Environmental Compliance Fund	\$314.1
	1236 Inter-Agency Alaska Liquid Natural Gas Project Fund (Duplicate)	\$87.5
Federal	1002 Federal Receipts	\$2,234.1



# Division of Spill Prevention & Response







# DEC FY2021 Budget Requests: Spill Prevention & Response (in thousands)

## Reduce Prevention Account Expenditures

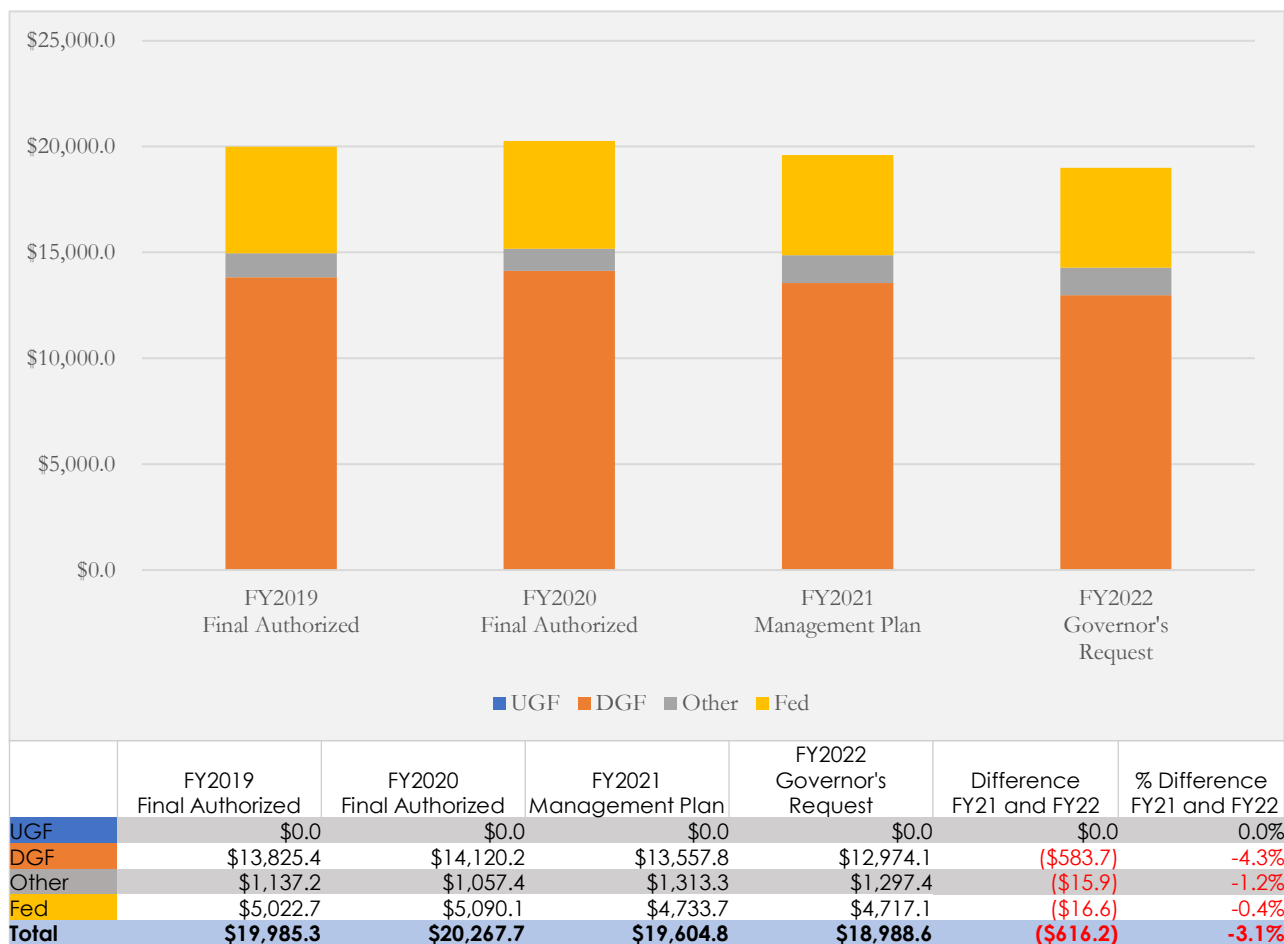
- Prevention Account fund sustainability concerns
- Reduced \$1,019.1 and 7 positions
- Legislature rejected
- Governor vetoed

## Increase Oil/Haz Interagency Receipt Authority

- Accurately reflect average annual personal services charged to emergency responses
- Increased Oil/Haz IA \$375.0
- Legislature accepted



# DEC FY2022 Operating Budget: Spill Prevention & Response (in thousands)





# DEC FY2022 Operating Budget: Spill Prevention & Response (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$0.0	\$12,974.1	<b>\$12,974.1</b>	\$1,297.4	\$4,717.1	<b>\$18,988.6</b>	123
*Duplicate				(\$869.8)		<b>(\$869.8)</b>	
<b>Non-Duplicate Total</b>	<b>\$0.0</b>	<b>\$12,974.1</b>	<b>\$12,974.1</b>	<b>\$427.6</b>	<b>\$4,717.1</b>	<b>\$18,118.8</b>	123

DGF	1052 Oil and Hazardous Response Fund	\$12,974.1
	1007 Inter-Agency Receipts (Duplicate)	\$418.2
Other	1055 Inter-Agency Oil/Haz Fund (Duplicate)	\$382.4
	1061 Capital Improvement Project Receipts (Duplicate)	\$69.2
	1166 Commercial Passenger Vehicle Environmental Compliance Fund	\$427.6
Federal	1002 Federal Receipts	\$4,717.1



# DEC FY2022 Operating Budget: Spill Prevention & Response (in thousands)

## Reduce Prevention Account Expenditures

- ▶ Prevention Account funded by
  - ▶ \$0.04 per barrel of crude oil
  - ▶ \$0.0095 per gallon of refined fuel
- ▶ Fund projected to run a deficit as early as FY2026
- ▶ Reduce \$692.7 and 5 vacant positions
  - ▶ \$641.3 Oil/Haz
  - ▶ \$29.8 Fed
  - ▶ \$21.6 CPVEC



# DEC FY2022 Operating Budget: Spill Prevention & Response (in thousands)

## Program Impacts

- Reduced Capacity in Program Support Unit
- Reduced Capacity in the Aleutian/Western AK region
  - Five positions remain in this unit to cover the area in the event of a spill
- Reduced Capacity in Contaminated Sites
- Reduced administrative support



# Division of Water





# DEC FY2021 Budget Requests:

## Division of Water (in thousands)

### Increase Inspections under Alaska Pollutant Discharge Elimination System (APDES) Program

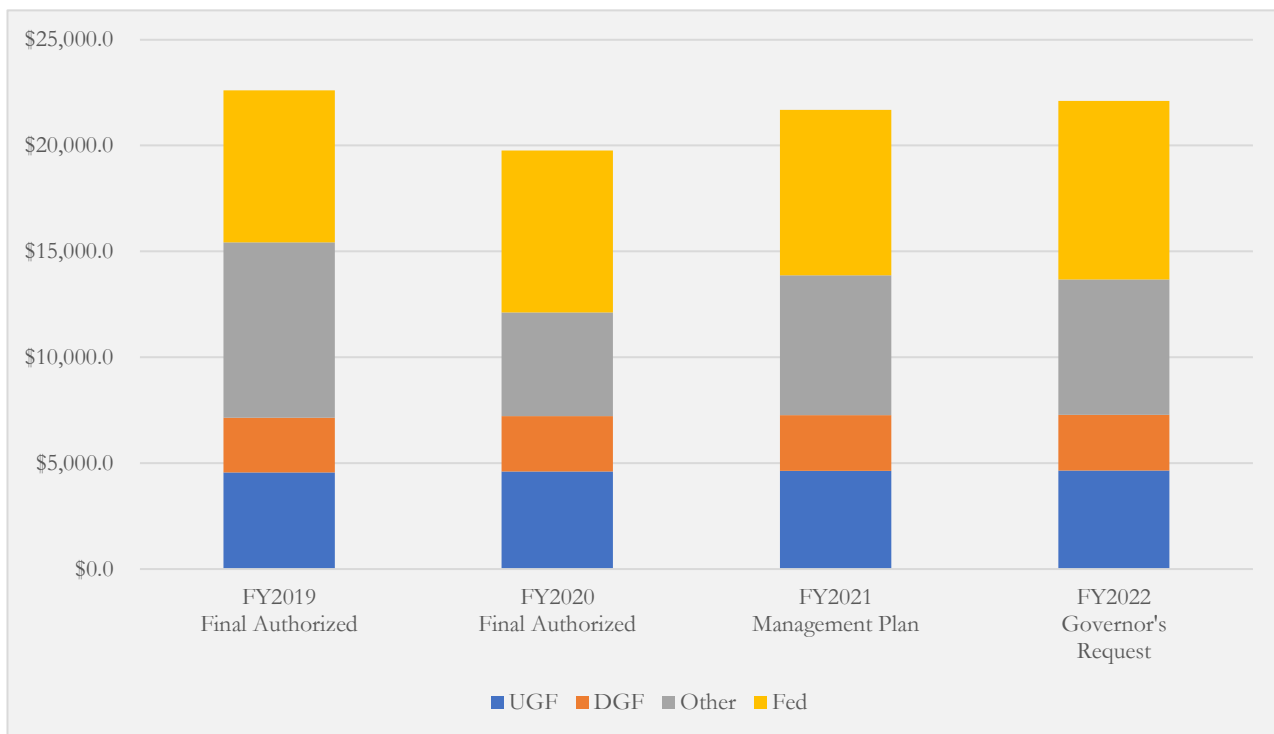
- Improve program inspection and enforcement performance
- Increased federal authority by \$573.0 and added four positions
- Legislature accepted

### Regulate Wastewater in Port Communities

- Increased daily load in the summer has significant impacts on shore-based systems
- Fund source change \$454.6 UGF to commercial passenger vessel environmental compliance fees
- Legislature denied



# DEC FY2022 Operating Budget: Division of Water (in thousands)



	FY2019 Final Authorized	FY2020 Final Authorized	FY2021 Management Plan	FY2022 Governor's Request	Difference FY21 and FY22	% Difference FY21 and FY22
UGF	\$4,565.3	\$4,608.2	\$4,628.6	\$4,643.5	\$14.9	0.3%
DGF	\$2,576.7	\$2,617.2	\$2,631.3	\$2,641.5	\$10.2	0.4%
Other	\$8,284.4	\$4,897.6	\$6,611.1	\$6,386.7	(\$224.4)	-3.4%
Fed	\$7,173.2	\$7,644.3	\$7,816.8	\$8,440.8	\$624.0	8.0%
<b>Total</b>	<b>\$22,599.6</b>	<b>\$19,767.3</b>	<b>\$21,687.8</b>	<b>\$22,112.5</b>	<b>\$424.7</b>	<b>2.0%</b>





# DEC FY2022 Operating Budget:

## Division of Water (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula							
Non-Formula	\$4,643.5	\$2,641.5	\$7,285.0	\$6,386.7	\$8,440.8	\$22,112.5	110
*Duplicate				(\$3,131.8)		(\$3,131.8)	
<b>Non-Duplicate Total</b>	\$4,643.5	\$2,641.5	\$7,285.0	\$3,254.9	\$8,440.8	\$18,980.7	110

UGF	1004 General Fund	\$3,302.1
	1003 General Fund Match	\$1,341.4
DGF	1005 General Fund Program Receipts	\$2,641.5
	1007 Inter-Agency Receipts (Duplicate)	\$463.0
	1061 Capital Improvement Project Receipts (Duplicate)	\$2,658.3
	1108 Statutory Designated Program Receipts	\$15.0
Other	1166 Commercial Passenger Vehicle Environmental Compliance Fund	\$451.8
	1205 Ocean Ranger Berth Fees	\$2,000.0
	1230 Alaska Clean Water Administrative Fund	\$588.1
	1231 Alaska Drinking Water Administrative Fund	\$200.0
	1236 Inter-Agency Alaska Liquid Natural Gas Project Fund (Duplicate)	\$10.5
Federal	1002 Federal Receipts	\$8,440.8



# DEC FY2022 Operating Budget:

## Division of Water (in thousands)

### Transfer Authority for Grants Administrators

- Three Grant Administrator positions transferred from Admin Services at Management Plan
- Transfers the associated funding authority
  - \$212.8 CIP
  - \$88.7 ACWF
  - \$53.2 ADWF

### Rebalance Use of Admin Fee Accounts

- State Revolving Loan Fund (SRF) admin fees
- Fund source change
  - \$600.0 Fed
  - (\$462.5) ACWF
  - (\$137.5) ADWF



# DEC FY2022 Operating Budget:

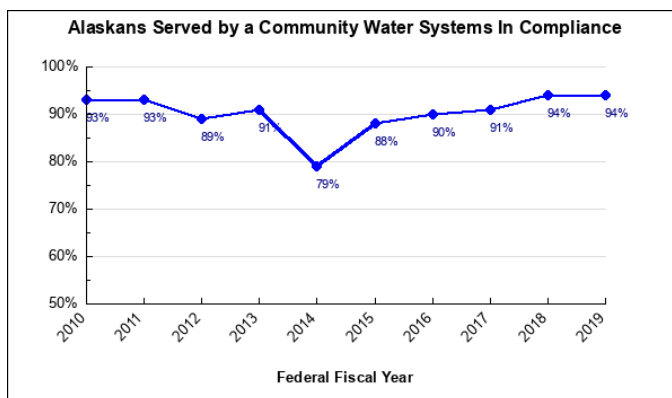
## Division of Water (in thousands)

### Unanticipated Legal Expenditures

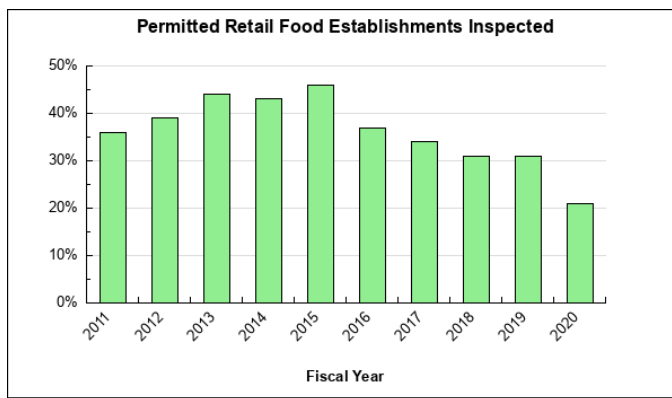
- Multiple high profile permit appeals
- Increased compliance monitoring in line with primacy requirements from EPA
- Above and beyond normal annual legal costs
- FY2021 Supplemental Request
  - \$236.9 UGF



# FY2020 Performance Measures: Division of Environmental Health



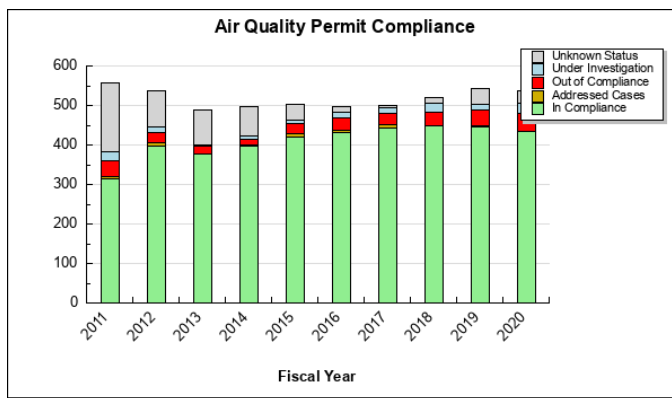
Federal Primacy Program ensures community water systems are safe, healthy, and in compliance with federal guidelines



Inspections prioritized at high-risk and medium-risk facilities, or by complaint basis. Remote nature of facilities makes more regular inspections difficult.



## FY2020 Performance Measures: Division of Air Quality



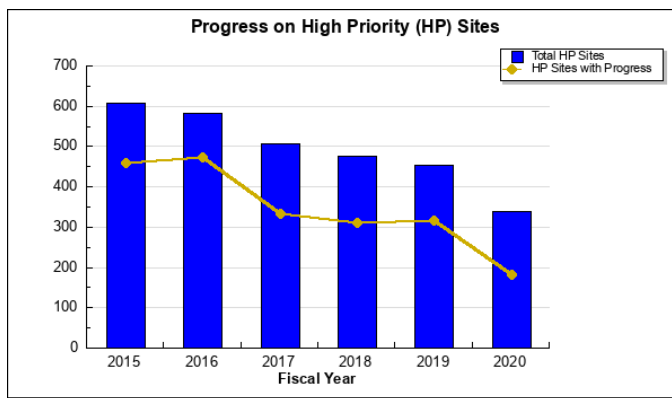
Compliance of permitted stationary sources of pollution such as power plants, refineries, and oil and gas production has increased from 58% to 81% since FY2011



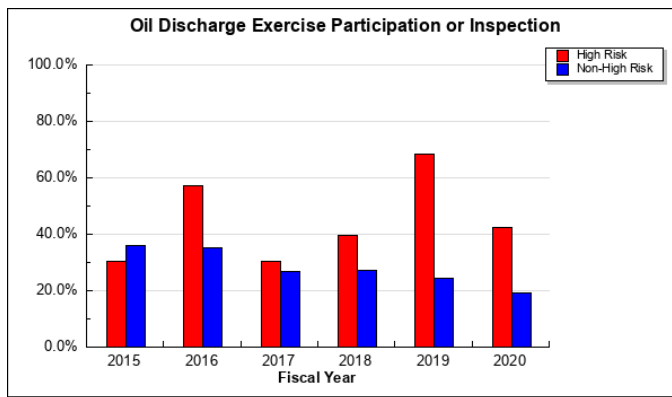
Timely issuance of Air Quality permits is a high priority for the department. Permit issuance rates can be linked directly to economic activity in the exploration and development sectors.



## FY2020 Performance Measures: Division of Spill Prevention & Response



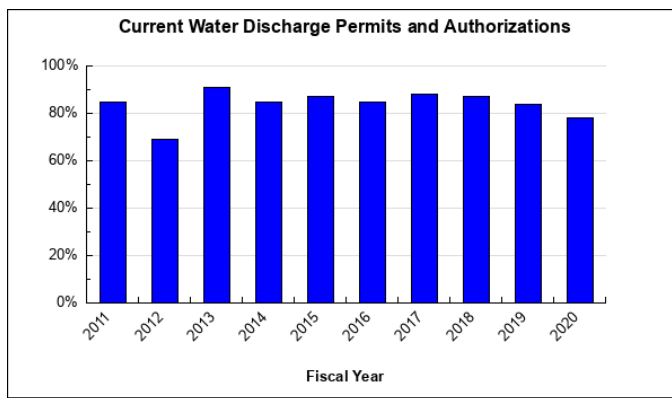
Steadily reducing the number of high priority contaminated sites. Progress slows as remaining sites are the most challenging.



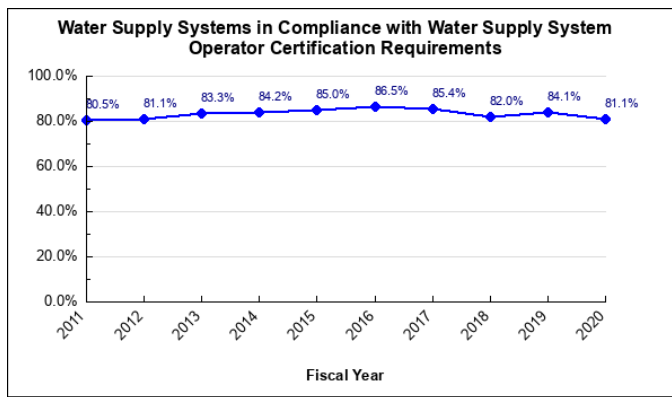
Regular inspections of regulated facilities and vessel operators for required Oil Discharge Prevention and Contingency Plans.



## FY2020 Performance Measures: Division of Water



Alaska APDES primacy program is responsive to industry permitting needs with a robust review and issuance rate of permits which protects public health and the environment.



Statewide certification levels for water operators remains consistently above 80%, but certification levels for water operators in rural communities is only 50%.



# PFAS Contamination & Real Estate Transactions

- No PFAS-specific requirements related to real estate transactions
- DCCED under the Real Estate Commission has statutes requiring the disclosure of water supply contaminants and environmental concerns
  - DCCED or Law would need to determine if this applies to PFAS
- Uniform Environmental Covenants Act (UECA)
  - Residences with known contamination may sign covenants with requirements such as residents not using groundwater on the property (ex. Moose Creek)
  - Responsibility of the seller to disclose
  - Also shows up in a title search





# Questions?

