

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 55(TRA)
 (H) Publish Date: 2/7/01
 Dept. Affected: Envir. Conservation
 BRU: Spill Prev. & Response
 Component: Industry Prep. and Pipeline
 Component Number: 1922

Revision Date/Time (Note if correction): _____
 Title: Oil Discharge Prevention: Nontank Vessels/RR
 Sponsor: Rules
 Requester: Transportation

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|------------------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services | 59.7 | 232.5 | 232.5 | 119.4 | 119.4 | 119.4 |
| Travel | 3.5 | 14.0 | 14.0 | 7.0 | 7.0 | 7.0 |
| Contractual | 7.5 | 28.6 | 26.8 | 13.7 | 13.7 | 13.7 |
| Supplies | 0.4 | 1.6 | 1.6 | 0.8 | 0.8 | 0.8 |
| Equipment | 6.9 | 21.0 | 1.2 | 0.6 | 0.6 | 0.6 |
| Land & Structures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Grants & Claims | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Miscellaneous | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL OPERATING | 78.0 | 297.7 | 276.1 | 141.5 | 141.5 | 141.5 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---------------------------|-------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) 1052 | 78.0 | 297.7 | 276.1 | 141.5 | 141.5 | 141.5 |
| TOTAL | 78.0 | 297.7 | 276.1 | 141.5 | 141.5 | 141.5 |

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | 1 | 2 | 2 | 2 | 2 | 2 |
| Part-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Temporary | 0 | 2 | 2 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

Funding and staffing needs are based on the assumption that approximately 500 contingency plan applications covering more than 900 vessels and the Alaska Railroad will be submitted for approval under the new requirements. This is based on the number of financial responsibility applications that have been submitted by the same operators under existing law. It is assumed that the vast majority of reviews will be done under the "streamlined" process, but each operator has the option of submitting a more detailed individual plan to meet the requirements. Assuming about 480 streamlined applications and 20 individual plan reviews, staff will be reviewing approximately 500 plans every three years (165 plans per year), with corresponding drills and verifications at the facilities covered by the legislation on an annual basis. CONTINUED ON NEXT PAGE

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 Approved by: Kurt Fredriksson Date 1/19/01
 Agency: DEC

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ANALYSIS: (continued)

This needs analysis takes into account the "phasing in" of requirements over the three fiscal years prior to full program implementation and the increased level during the initial plan review process. In year 1 (FY 02) (1) Environmental Specialist III will be added to the Industry Preparedness and Pipeline Program (IPPP) to draft and promulgate regulations to implement the legislation and provide technical assistance and training to the spill cooperatives, the Marine Exchange, and other stakeholders. In year 2 (FY 03) operators will begin to submit plans under the new regulations to the Department. These plans will be conditionally approved by the Department upon receipt, and plan reviews will be staggered over the three-year plan renewal cycle to smooth out staff workload. In FY 03 the IPPP Marine Vessel Section will add (1) permanent Environmental Specialist III and (2) nonpermanent Environmental Specialist IIIs to assist in registration of primary response action contractors, initial reviews of the plans, and technical assistance to stakeholders in gaining compliance with the new regulations. The nonpermanent ES III positions will carry over into FY 04 in order to continue to assist in these activities and in drills and verifications, which will also be conducted on a three year cycle beginning with the first year's approved plans. This analysis anticipates that in FY 05 the bulk of initial reviews will be completed and the two permanent ES IIIs will be responsible for plan renewals, drills and verifications in this and subsequent years. This fiscal note relies heavily on the ability of ships' agents, spill cooperatives and the newly-formed Marine Exchange to facilitate streamlined contingency plans and shared response capabilities. In FY 04 the Department will assess the actual workload associated with these activities and may modify its FY 05 budget request based on this assessment.

The annual travel budget for year 1 includes funding to attend public and task force meetings, information workshops on the new regulations, and other related duties. The year 2 travel budget adds related costs for technical assistance in contingency plan development and review. Year 3 and subsequent travel budgets include funding for on-site facility verifications, drills and exercises, and training. Contractual costs will fund ongoing support costs such as telephones, copiers, office space, postage, and training as new staff are added. Costs budgeted in supplies will fund office and scientific supplies. Equipment funds are requested to purchase equipment such as office furniture and computers and provide continued maintenance and replacement.