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264

HOUSE COMMITTEE REPORT

(9)

Date Referred: May 1, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 5-3-89

The RESOURCES Committee considered:

CSSB 264 (FIN)

CS FOR SENATE BILL NO. 264 (Finance)

[OIL/HAZ. SUBSTANCE RESPONSE CORPS]

"An Act establishing an oil and hazardous substance response office, corps, and depots; authorizing use of money in the oil and hazardous substance release response fund for certain related expenses; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with _____ [] the same title
- [] have attached amendment(s) [] a new title
- [X] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

- [X] fiscal note(s) DEC 4-28-89
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

Carl Mummolo

W. J. ...

Ray ...

Bill ...

SIGNING:

(Check approp. column)

	Do Not Pass	No Rec	Amend

_____		X	
_____		X	
_____		X	



 Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: April 28, 1989
Title: An Act establishing an oil and hazardous substance response office and corps, etc.
Sponsor: Vally Sturgelowski, Eliason, etc.
Requestor: _____

Agency Affected: Environmental Conservation
BRU: Environmental Quality
Administrative Services
Components: Environmental Quality
Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		443.9	443.9	443.9	443.9	443.9
TRAVEL		40.0	40.0	40.0	40.0	40.0
CONTRACTUAL		2872.0	2872.0	1772.0	1772.0	1772.0
SUPPLIES		259.0	259.0	259.0	259.0	259.0
EQUIPMENT		295.0	295.0	295.0	295.0	295.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		3909.9	3909.9	2809.9	2809.9	2809.9

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		3909.9	3909.9	2809.9	2809.9	2809.9
TOTAL		3909.9	3909.9	2809.9	2809.9	2809.9

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Lynn Kent Phone: 465-2630
Division: Environmental Quality Date: 4/28/89

Approved by Commissioner: *Adolph* Date: 4/28/89
Agency: Alaska Department of Environmental Conservation

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

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FISCAL ANALYSIS

CSSB 264 (Finance)

April 28, 1989

Contact: Lynn Kent

ESTABLISH DEPOTS AND RESPONSE STATIONS (\$2000.0)

The Department estimates that \$2000.0 will be required for each of the first two years to establish and stock depots and response stations at a minimum of two locations: Valdez and on the Kenai Peninsula. Once established, subsequent year costs are expected to decline to \$500.0 for contracted services to maintain inventories and response readiness.

100	\$ -0-
200	\$ -0-
300	\$1,500.0
400	\$ 250.0
500	\$ 250.0
Total	\$2,000.0*

*includes \$1,500.0 in first and second year costs

ESTABLISH OIL AND HAZARDOUS SUBSTANCE RESPONSE OFFICE (\$1909.9)

The Response Office would consist of a full-time staff of nine agency personnel: a director, six response specialists, one clerk-typist and one administrative assistant. The contractual line includes \$100.0 for the first two years for establishment of an office; this money will not be necessary in subsequent years. Other costs include training contracts (\$200.0), contracts with local governments (500.0), wages and per diem for volunteer training (\$300.0), contracts with private response specialists (\$100.0), and contracts for oil spill response research (\$100.0).

Position	100	200	300	400	500	Total
1 Env. Cons. Mgr. (Range 22)	65.9	5.0	8.0	1.0	5.0	84.9
1 Ecologist III (Range 20)	57.7	5.0	8.0	1.0	5.0	76.7
3 Ecologist II (Range 18)	159.9	15.0	24.0	3.0	15.0	216.9
2 Ecologist I (Range 16)	87.4	10.0	16.0	2.0	10.0	125.4
1 Clk Typist III (Range 8)	29.3	0	8.0	1.0	5.0	43.3
1 Admin Asst. III (Range 16)	43.7	5.0	8.0	1.0	5.0	62.7
Totals	443.9	40.0	72.0	9.0	45.0	609.9

Position Costs	\$ 609.9
Contractual Costs	\$1,300.0
Total	\$1,909.9

This fiscal note shows "other" funds as the funding source because funding will come from the Oil and Hazardous Substance Release Fund. However, additional resources will need to be provided to the Response Fund, as there is not currently an adequate balance to support this effort.

SB264 Cost Estimate

Response Office.....\$1,960,000

Salaries & Benefits

Office Expenses

Travel

Office Equipment

Response Corps Establishment & Training.....\$5,000,000

Depots (11)

Booms, absorbants, pumps, etc. \$8,250,000

Speciality Equipment 3,000,000

Contractual Storage 550,000

Subtotal.....\$11,800,000

Oil Spill Containment & Clean-up Technology Research.....\$1,000,000

TOTAL \$19,760,000

MEMORANDUM

Date: May 3, 1989
To: House Resources Committee
From: Senator Tim Kelly
Subj: CSSB264 (Finance)

CSSB264 (Finance) and the House companion bill (HB287) would establish a system and management structure to give the State of Alaska its own emergency backup oil and hazardous substance spill response capability.

It is based on the premise that the people of Alaska can no longer put their faith in industry to protect them from the environmental damage and economic hardships caused by a catastrophic oil spill. We must have the capability to respond if industry can't or won't.

In summary, the bill would do three things.

- it would establish an oil spill response office in DEC. This office would be staffed by a small core group of professions. It would be responsible for oil spill response research, planning, operations, command and control.
- It would create an oil spill response corps. The corps would be composed of volunteers from around the state who would be trained to respond rapidly to oil and hazardous substances spills. The corps would be patterned after a new incident command system developed to combat large forest fires like the one that ravaged the western states last summer. And it would be similar to the system of volunteer fire fighters who battle blazes in rural Alaska. The National Guard is another comparison. Members of the corps would be average citizens who would be trained and then called up in case of an emergency. They would be paid only during training and when they were called out.
- It would establish a string of depots around the state where we would stockpile containment and cleanup equipment. As I envision it, we would contract for warehouses for the depots. The location of these depots would be established during the planning process in SB261 which the committee passed out on Tuesday.

It's a rough estimate only, but the cost of implementing this system is estimated at about \$20 million. Funding would come from the existing oil and hazardous substance release response fund. Again, a final determination on cost will be based on the results of the planning process detailed in SB261.

During the Senate committee process, several major changes were made in the bill to tighten it up and clarify legislative intent. These changes represent the major differences between CSSB264 and HB287 and include:

- The addition of a findings and purposes section to clarify our intent that the state must have a backup response capability in cases of spills which represent a grave and substantial threat to the economy and the environment. We don't want this legislation to authorize DEC to to out and dig up every gas station storage tank in the state, but we also don't want to be caught off guard again like we were in Prince William Sound. Also in this regard, we added a duties of the office section to specifically define when the corps may be called to action.
- Language to make it clear that the state would be relieved of liability for actions of the corps except in cases of gross negligence or intentional misconduct. This is the good samaritan protection we've given various volunteers over the years.
- Language also to make it clear that the bill does not relieve the oil industry of responsibility for containing and cleaning up spills as required by current law. Again, I see the corps as an emergency backup and do not want to relieve industry of its primary responsibility.
- Elimination of the word wages from the language concerning compensation for members of the corps. My intent was not to create a whole new class of state employees although members of the corps would be covered by state workers compensation laws.

LETTER OF INTENT
CSSB 264 (Finance)

Notwithstanding the provisions of AS 46.08.070 and similar laws, it is the intent of the legislature that the attorney general not seek to recover money expended by the Department of Environmental Conservation for the costs of establishing the oil and hazardous substance response office and oil and hazardous substance response depots even though that money is expended from the oil and hazardous substance release response fund.

*Senate Letter of Intent adopted
4/59*